Appendix No. **23**
to the Client Service Regulations
Approved by Order No. 01-25
of the Director of **Rioni Capital LLC**
_________________________ Badri Gobechia
dated *11 October* **202**5

Brokerage Company "Rioni Capital"
INTERNALISATION RULES

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1. GENERAL PROVISIONS

Internalisation – internal matching of client orders (**internal matching**) and internal execution of client transactions (**internal execution**) without routing individual client orders to external trading venues or other external liquidity providers.

1.1. Purpose of the Document

These Rules define the rules, conditions, and limitations under which **Rioni Capital LLC** (hereinafter – the **"Broker"**) is authorised to perform internal matching of client orders (**internal matching**) and internal execution of client transactions (**internal execution**) without routing individual client orders to external trading venues or other external liquidity providers (hereinafter collectively – **"External Trading Venues"**).

The objectives of this document are to:
- establish transparent and controllable internalisation procedures;
- ensure the priority of clients' interests;
- ensure compliance with the Client Order Best Execution Policy;
- minimise conflicts of interest;
- ensure compliance with the requirements of the **National Bank of Georgia** and best practices under **MiFID II**.

Internalisation shall not be applied if it violates or reduces the quality of execution of a client order.

1.2. Legal Basis

Internalisation is permitted only in compliance with the following requirements:
- legislation of Georgia on the securities market;
- normative acts of the **National Bank of Georgia (NBG)**;
- directives and guidance documents under **MiFID II**, including:
  - Directive 2014/65/EU (MiFID II);
  - Regulation 600/2014 (MiFIR);
  - ESMA Guidelines on Best Execution;
  - ESMA Q&A on Market Structures & Internalisers;
- the Broker's Client Order Best Execution Policy;
- the Broker's Conflict of Interest Management Policy.

Internalisation shall not be applied if it violates or reduces the quality of execution of a client order.

1.3. Concept of Internalisation

1.3.1. Internal Matching (internal matching of client orders)

A process whereby the order of one client is executed by internally matching it with the order of another client within the Broker, without routing both orders to an external trading venue, provided that the internal execution price at the moment of execution is not worse than the price available on external trading venues.

Internal matching of client orders is permitted only if:
- it improves or does not worsen the outcome of execution of the client order (best execution criterion);
- it does not infringe the interests of any client participating in the internal matching.

1.3.2. Internal Execution

A process whereby a client order is executed by concluding a transaction with the Broker, where the Broker acts as:

- the client's counterparty (in its own name);
- using its own position and/or its own assets,

provided that the internal execution price at the moment of execution is not worse than the price available on external trading venues.

1.4. Scope of Application of Internalisation

Internalisation is permitted only if:

- it concerns liquid instruments for which external quotations are available (prices available on external trading venues);
- the Broker has the technical capability to perform internal matching/execution between clients or with the Broker;
- both parties receive a benefit ("equal or better" execution outcome compared to external trading venues);
- internalisation does not violate the provisions of the Broker's Conflict of Interest Management Policy.

1.5. Principles of Internalisation

1.5.1. Best Execution of Client Orders

Internal matching/internal execution shall be applied only if it ensures an equal or better execution result for the client compared to execution on available external trading venues.

1.5.2. Priority of Client Interests

The Broker's interests shall never take precedence over the interests of clients.

1.5.3. No Detriment to Other Clients

No client may be placed in a less favourable position as a result of internal matching.

1.5.4. Pre-Trade Price Verification

The internal transaction price must not be worse (i.e. must be equal or better) than:

- **NBBO (National Best Bid/Offer)** – for the USA;
- **EBBO (European Best Bid/Offer)** – for the European Union;
- the best quotations available on external trading venues – for other markets.

1.5.5. Transparency of Rules

Clients are informed about the possible use of internalisation through:

- the Client Order Best Execution Policy;
- the Brokerage Services Regulations.

1.5.6. Conflict of Interest Management

The use of internalisation is controlled by the following mechanisms:

- Conflict of Interest Management Policy;
- Conflict of Interest Register;
- control mechanisms of the Compliance function.

1.5.7. Logging and Reporting

Any instance of internalisation:

- is recorded in a separate log (**Internalisation Log**);
- is subject to post-trade monitoring;
- is retained for no less than **5 years**.

1.6. Form of Client Consent to Internalisation

In accordance with the MiFID II model, internalisation is permitted by default if:

- the client is informed in the Agreement or its appendices;
- the client has access to the Client Order Best Execution Policy;
- the client has not expressed a prohibition on internalisation.

A client shall be deemed to have consented to internalisation if no relevant prohibition(s) have been imposed.

The following options are available in the Personal Account:

- "I prohibit internal matching" (Yes/No);
- "I prohibit internal execution" (Yes/No).

1.7. Restrictions on Internalisation

Internalisation is prohibited in the following cases:

- there is suspicion of market abuse or manipulation;
- there are insufficient external quotations to determine a fair price for internal matching/internal execution and to verify compliance with the best execution principle;
- the risk management system has identified an increased risk of the transaction counterparty (the client participating in internal matching);
- there is a possibility of harm to any client;
- the instrument is subject to enhanced regulatory supervision;
- other restrictions established by these Rules or other documents of the Broker exist.

2. PROCEDURES FOR INTERNAL MATCHING OF CLIENT ORDERS (INTERNAL MATCHING)

2.1. General Rule

Internal matching of client orders (**Internal Matching**) is a process whereby two opposing client orders are executed within the Broker's trading system without routing such orders to external trading venues, subject to compliance with the following conditions:

1. both orders are compatible in terms of price and volume and have opposite directions (buy/sell);
2. internal matching does not worsen the outcome for any of the clients who submitted such orders;
3. the internal matching price is not worse (i.e. is equal to or better than) the best price available on external trading venues;
4. no conflict of interest exists or such conflict has been neutralised;
5. internal matching complies with other requirements of the Client Order Best Execution Policy.

Internal matching of client orders is performed exclusively in automated mode, using quotation and risk control systems.

2.2. Conditions for Admission of Orders to Internal Matching

Orders may be admitted to internal matching only if all of the following conditions are simultaneously met:

1. Availability of External Quotations
For the instrument, there must be an up-to-date external quotation available:

- NBBO – for the USA;
- EBBO – for the European Union;
- prices available on external trading venues – for other markets.

2. Compatibility of Order Parameters

Orders must match or be compatible with each other based on the following parameters:

- instrument;
- direction (buy/sell);
- volume (full or partial match);
- admissible price according to the order type (limit/market);
- settlement cycle (T+0 / T+1, etc.);
- price currency (quotation currency);
- settlement currency;
- validity period (if applicable).

3. Clients' Financial Capacity

The following checks are performed:

- risk limits;
- margin requirements;
- available collateral;
- absence of blocks and restrictions.

4. Absence of Conflict of Interest Triggers

The following checks are carried out:

- existence/non-existence of links between clients;
- existence/non-existence of personal interests of employees;
- operational nature of the transaction (absence of signs of front-running).

5. Absence of Client Prohibition on Internal Matching

If a client has selected the option "Prohibit internal matching" in the Personal Account, such client's orders shall be executed only on external trading venues.

2.3. Step-by-Step Algorithm of Internal Matching

The algorithm consists of **8 mandatory stages**.

Stage 1. Receipt of Orders

The system (hereinafter – the Broker's system) receives two or more opposing client orders (buy & sell).
Sources:

- DxFINA / WebDxFINA;
- Personal Account;
- API;
- manually entered orders.

Stage 2. Verification of Technical Compatibility of Orders

The system checks:

Parameter	Condition
Instrument	identical
Direction	opposite
Volume	fully or partially matches
Price	matches or intersects
Settlement cycle	compatible
Price currency	matches
Settlement currency	matches
Validity period (if applicable)	compatible

Parameter	Condition
Other restrictions (if applicable)	matches/compatible

If compatibility verification fails, the orders are routed to an external trading venue for execution.

Stage 3. Verification of External Quotations and Compliance with the Best Execution Principle
The system receives data from:

- NBBO (USA);
- EBBO (European Union);
- quotations from available external trading venues (other markets).

Admission condition:
The internal matching price must not be worse than the best price available on external trading venues at the moment of internal matching.
If this condition is violated, the orders are executed on an external trading venue.

Stage 4. Risk and Collateral Verification
The Broker's risk management system (RMS) checks:

- margin requirements;
- available collateral;
- risk limits;
- absence of blocks;
- sanctions restrictions;
- clients' credit risk.

If any of the checks fails, internal matching is prohibited.

Stage 5. Conflict of Interest Verification
The system checks:

1. related client accounts;
2. transactions performed on employees' accounts;
3. matching of the client's account and the account of the employee executing the transaction;
4. existence of internal incentives;
5. signs of front-running.

If a potential conflict is identified, the orders are routed to an external trading venue.

Stage 6. Determination of the Internal Matching Price
The price is determined based on the principle of the best price for both parties:

- in the case of limit orders – a common limit price is used (if matching), or a price calculated based on both limit prices (if not matching), including by arithmetic mean or another method, so that execution complies with the best execution principle for both clients;
- in the case of market orders – the price equals the best external market price (or an improved price).

Execution of an internal transaction at a price worse than the best price available on external trading venues is prohibited.

Stage 7. Execution and Registration of the Transaction
The system:

- records the transaction in the Internalisation Log;
- assigns the transaction the status "internal transaction";
- transfers information on the concluded transaction to the internal accounting system for the formation of obligations for both clients and for client reporting.

Stage 8. Post-Trade Monitoring
The Compliance sub-unit performs on a daily basis:

- selective review of internal transactions;

- comparison of internal transaction prices with prices available on external trading venues at the time of execution;
- verification of compliance with the best execution principles of client orders, including from the perspective of absence of detriment to clients.

Any deviation is recorded in the **Internalisation Incident Report**.

2.4. Partial Execution

If the volume of one client's order exceeds the volume of another client's order:

- partial execution of the order is permitted;
- the possibility of partial or full execution of the remaining volume through internal matching with other clients' orders is checked;
- after internal execution, any remaining unfilled portion is automatically routed to an external trading venue.

2.5. Prohibitions on Internal Matching

Internal matching is prohibited in the following cases:

1. for instruments with low liquidity or instruments for which no quotations are available on external trading venues accessible to the Broker;
2. for instruments subject to sanctions or other restrictions;
3. for instruments in conditions of high volatility or under trading suspension regimes;
4. in cases of insider trading, including during "blackout periods";
5. for transactions of employees or related persons;
6. for clients who have selected the option prohibiting internal matching;
7. in situations where the price may be manipulative.

2.6. Client Notification

Each client participating in internal matching receives, in the brokerage statement:

- an indication "executed as a result of internal matching";
- a comparison of the execution price with the best available price and the costs of execution on external markets.

The Broker does not disclose the identity of the other client who is the counterparty to the internal transaction (disclosure of personal data is prohibited).

2.7. Quality and Monitoring of Internal Matching

The Compliance and Risk Management departments:

- monitor compliance with internal matching conditions on a daily basis;
- on a monthly basis, compare the quality of internal matching with potential execution on external trading venues;
- on an annual basis, conduct stress testing and inventory (review) of these Rules.

3. Internal Execution at the Expense of the Broker's Position (INTERNAL EXECUTION)

3.1. Essence of Internal Execution

Internal execution is a mechanism for executing a client's order whereby the Broker acts as a counterparty to the transaction and executes the client's order using assets owned by the Broker and/or the Broker's open position, provided that such execution objectively ensures for the client a result that is not worse than execution on available external trading venues.

Internal execution is never used by the Broker to obtain hidden benefits and is permitted solely as an instrument for ensuring best execution of client orders.

3.2. Permissible Cases of Internal Execution

Internal execution is permitted only if **all** of the following conditions are simultaneously met:

1. The internal price for the client must not be worse than the best available external quotation
The Broker is obliged to execute the client's order at a price that:
- is equal to the best price available on external trading venues (including NBBO for the United States and EBBO for the European Union), or
- is more favorable for the client.

2. Availability of current external quotations
If there is no current and reliable external quotation for the instrument (price available on external trading venues, including NBBO for the United States and EBBO for the European Union), internal execution is prohibited, except for special cases (see below).

3. Absence of conflicts of interest
The Broker must not have:
- an economic interest in performing internal execution;
- positional pressure (for example, closing its own risks at the client's expense);
- a conflict with an individual client or groups of clients.

If a potential conflict of interest exists, internal execution is prohibited.

4. Internal execution must improve the quality of order execution, for example:
- reduce execution costs (including savings on commissions of upstream brokers and external trading venues, etc.);
- reduce slippage risk (i.e., execution of the client's order on external trading venues under less favorable conditions due to lack of liquidity, technical disruptions, or other external factors);
- ensure immediate execution in the case of high liquidity of the instrument with the Broker;
- reduce the risk of counterparty default on transaction obligations.

5. The client must not prohibit internal execution
In the Personal Account, the client may select the option "prohibit internal execution." In this case, internal execution of the client's orders is not performed.

3.3. Prohibited Cases of Internal Execution

Internal execution is strictly prohibited if:
1. the potential transaction price is worse than the price available on external trading venues;
2. the instrument has low liquidity;
3. the instrument does not have a current quotation on external trading venues;
4. the Broker closes its own risks at the client's expense;
5. the transaction may be assessed as front-running;
6. the instrument is subject to sanctions or other restrictions (including suspension of trading on external trading venues);
7. the client is subject to a protective regime in accordance with Clause 4.2.7 of these Rules.

3.4. Internal Execution Pricing Mechanism

The price is determined based on the following sources:
1. NBBO (US) – National Best Bid and Offer for the United States;

2. EBBO (EU) – European Best Bid and Offer for the European Union;
3. quotations of external trading venues.

Price determination algorithm:

1. The Broker's system determines the best price across all available external trading venues.
2. Internal execution is permitted only if the internal price is equal to or better than the external price.
3. Information on external prices at the moment of internal execution of the client's order is stored in the Broker's system.

For **market orders**:

- purchase is executed at a price equal to or better than the best external ask price;
- sale is executed at a price equal to or better than the best external bid price.

For **limit orders**:

- the Broker is obliged to execute the order at the limit price or under better conditions (taking into account Paragraph 2 of the above algorithm).

3.5. Full Internal Execution Algorithm

Stage 1. Receipt of the Order
The order enters the RMS system and undergoes the required checks.

Stage 2. Check of Client Prohibition
If the client has set a prohibition on internal execution in the Personal Account, the order is executed on an external trading venue.

Stage 3. Verification of Compliance with the Best Execution Principle
The system obtains external quotations and applies the internal execution pricing mechanism.

Stage 4. Verification of Sufficiency of the Broker's Assets

Stage 5. Verification of the Broker's Risk Limits
Internal execution must not increase the Company's overall risk to an unacceptable level.

Stage 6. Conflict of Interest Check
Automatic checks and compliance filters are applied.

Stage 7. Execution of the Transaction
The system records:

- the execution price;
- comparison with external quotations;
- justification for selecting internal execution.

Stage 8. Post-Transaction Monitoring
The Compliance Department reviews all internal transactions on a daily basis.

3.6. Transaction Recording and Client Reporting

The client's report must indicate:

- "internal transaction with the Broker";
- transaction price and volume;
- comparison with the best external market price at the time of execution;
- reason for selecting internal execution: price improvement / liquidity improvement.

The Broker does not disclose information about its own assets.

3.7. Relationship Between Internal Execution and the Conflicts of Interest Policy

Internal execution represents a high-risk area in terms of conflicts of interest; therefore:

- the Best Execution Policy governs price determination;
- the Conflicts of Interest Management Policy governs internal incentives;
- internal instructions define permissible scenarios.

In the event of any inconsistency between these documents, priority is given to the Best Execution Policy.

3.8. Documentation and Data Retention

For each internal transaction, the following are mandatory:

- information on available external quotations at the time of internal execution;
- calculation of the internal execution price;
- justification for selecting internal execution instead of execution on external trading venues (price improvement / liquidity improvement);
- recording of risk checks in accordance with the RMS;
- compliance control.

Retention period: 5 years, or longer if required by regulation.

3.9. Internal Execution Is Preferentially Used in the Following Cases

1. when there is an opportunity to provide the client with an internal price that is not worse than the price available on external trading venues;
2. when the volume of the client's order exceeds the liquidity available on external trading venues and the Broker has a sufficient quantity of the required asset;
3. when an external trading venue is unavailable;
4. when execution on external trading venues would result in a worse outcome.

4. RESTRICTIONS AND PROHIBITIONS ON INTERNALISATION

4.1. General Principle

Internalisation is permitted only subject to compliance with the principles and conditions established by Chapters I–III of these Rules and is applied only to the extent that it:

- ensures for the Client an execution result that is equal to or better than execution on available external trading venues; and
- does not lead to the emergence or escalation of conflicts of interest.

If there is any doubt regarding compliance with the best execution principle or if factors increasing the risk of conflicts of interest are identified, the order shall be executed on an external trading venue.

4.2. Scenarios in Which Internalisation Is Strictly Prohibited

Internalisation is prohibited in the following cases:

4.2.1. Deterioration of Price or Execution Conditions

Internalisation is prohibited if the internal price or conditions:

- are worse than the best available external quotation (best external bid/ask) at the time of execution; or
- lead to a deterioration of the overall execution result (taking into account costs and other factors applied within the framework of the Best Execution Policy).

4.2.2. Absence of a Reliable Basis for Fair Price Determination

Internalisation is prohibited if there are no sufficient and reliable external quotations or market data enabling an objective determination of a fair price and verification of compliance with the best execution principle, except where:

- internalisation objectively improves the execution result for the Client; and
- such improvement is documented in accordance with the procedure established by these Rules.

4.2.3. Use of Internalisation in the Interests of the Broker's Position

The use of internalisation by the Broker to obtain hidden benefits or to transfer the Broker's own risks to the Client is prohibited, including:

- closing or optimising the Broker's own position at the Client's expense;
- actions aimed at improving the Broker's P&L to the detriment of the Client's interests.

4.2.4. Front-Running and Other Unfair Practices

Internalisation is prohibited where there are indications of unfair conduct, including (but not limited to):

- use of information about Client orders in the interests of the Broker or third parties (front-running / parallel-running);
- transfer of market risk to the Client contrary to the Client's interests.

4.2.5. Sanctions and Other Restrictions

Internalisation is prohibited for instruments and/or transactions in respect of which:

- sanctions or other restrictions / trading suspensions are in force;
- execution may result in a breach of applicable restrictions, rules, or the Broker's compliance requirements.

4.2.6. Enhanced Client Protection Measures

Internalisation is not applied to Client orders in respect of which enhanced protection measures are established based on the Client's status or applicable requirements, unless internalisation objectively improves the execution result for the Client and such improvement is confirmed by the relevant checks.

4.2.7. Market Anomalies and Instability

Internalisation is prohibited under market conditions that hinder an objective assessment of best execution, including:

- significant price gaps or anomalies;
- sharp reductions in liquidity;
- instability of trading or quotation flows.

4.3. Restrictions Related to the Scope and Nature of Use

Internalisation must not constitute the dominant method of execution of Client orders and is applied as an exception only where it demonstrably improves or does not worsen the execution result. Parameters and internal limits for the use of internalisation are determined by the Broker taking into account the requirements of the NBG and the principles of these Rules and are subject to control by the compliance unit.

4.4. Restrictions Related to Instrument and Transaction Types

Internalisation is not permitted for instruments and/or transactions in respect of which:

- there is insufficient liquidity or a reliable quotation base;
- the risk of incorrect fair price determination is increased;
- there are indications of complexity or structuring requiring external price confirmation or a different execution method.

Specific categories of instruments and additional restrictions may be established by internal parameters of the Broker's trading system and/or separate risk management decisions, in compliance with the principles of Chapter I.

4.5. Restrictions Related to Margin Transactions and Short Transactions

Internalisation is prohibited where it:

- leads to an increase in risk on the Client's margin positions beyond permissible parameters;
- worsens the Client's collateral or margin indicators;
- is applied to short transactions without fulfilment of the necessary prerequisites (including, where required, the absence of confirmed availability of delivery or borrowing).

4.6. Documentation of Refusal of Internalisation

Each refusal of internalisation (where internalisation was considered by the system or an employee) is recorded in a log indicating the following data:

- time and order parameters;
- available external quotations at the time the decision was made;
- reason for refusal and the selected execution method.

Retention period: in accordance with Chapter I of these Rules.

5. ORDER ROUTING AND QUOTATION COMPARISON

5.1. General Principles of Order Routing

Client order routing is carried out in a manner that ensures best execution of orders in accordance with the Best Execution Policy for Client Orders and these Rules.

The Broker's basic approach is as follows:
execution on external trading venues is considered the primary method of order execution, while internalisation is applied only where the conditions of Chapters I and IV are met.

5.2. Routing Stages (General Algorithm)

Order routing includes the following stages:

Stage 1. Order Receipt and Classification
The order is classified based on the instrument type, parameters, urgency of execution, Client status (if applicable), existence of margin or short positions, and other parameters that affect execution.

Stage 2. Collection and Recording of Available External Quotations
The system receives and records the best available external quotations and execution conditions from the relevant sources.

Stage 3. Verification of the Possibility of Internalisation (Where Technical Capability Exists)
The system checks:

- the existence of opposite Client orders (client–client matching); and/or
- the possibility of internal execution (client–broker execution),

subject to the restrictions established by these Rules and provided that the Client has not set a prohibition (opt-out).

Stage 4. Comparison of Conditions and Selection of the Execution Method
The decision is made based on an aggregate assessment of best execution factors, including:

- price;
- costs;

- probability and speed of execution;
- settlement risks;
- and other relevant factors applicable to the relevant market and instrument.

Stage 5. Execution and Recording of the Result
The selected execution route, the quotations/conditions used, and the final execution result are recorded.

5.3. Quotation Comparison Methodology

When comparing quotations and execution conditions, the Broker takes into account the applicability of:

- the best bid and ask price;
- total execution costs;
- the volume of available liquidity;
- execution speed and probability;
- settlement risks;
- and other factors defined by the Best Execution Policy for Client Orders.

Detailed technical parameters of quotation comparison are determined by the parameters of the Broker's trading system and internal methodologies and are not subject to disclosure to Clients.

5.4. Logging of Routing Decisions

Decisions regarding routing and the selected execution method are recorded in a log, including:

- order parameters;
- recorded external quotations/conditions;
- the fact of consideration of internalisation (if applicable) and the final decision;
- timestamp and algorithm/system identifier.

Retention period: in accordance with Chapter I of these Rules.

5.5. Special Rules for Large and/or Illiquid Orders

For orders which, due to their volume or characteristics, may have a significant market impact or relate to illiquid instruments:

- execution on external trading venues is applied on a priority basis;
- internalisation is permitted only where there is a documented basis demonstrating improvement or non-deterioration of the execution result and where the restrictions of Chapter IV are complied with.

6. MONITORING OF EXECUTION QUALITY AND CONTROL OF INTERNALISATION

6.1. General Control Principles

The Broker ensures continuous monitoring of the quality of execution of Client orders, including control over internalisation, based on the following principles:

- verifiability and documentation of decisions;
- objectivity of assessment based on market data;
- regularity of controls;
- independence of compliance control from the units directly performing execution.

6.2. Levels of Monitoring

Control is carried out at the following levels:

6.2.1. Automated Monitoring

The system automatically records exceptions, including but not limited to:

- cases where a deterioration of price or execution conditions compared to recorded external quotations may occur;
- abnormal spreads or slippage;
- execution under conditions where data on the external best price is unavailable (if applicable);
- other events requiring compliance review.

6.2.2. Periodic Monitoring by the Compliance Function

The compliance function performs selective and (where necessary) thematic reviews, including:

- comparison of internal executions with external quotations at the time of execution;
- verification of compliance with the restrictions set out in Chapter IV of these Rules;
- verification of the absence of conflicts of interest and the correctness of documentation.

6.2.3. Annual Review of the Effectiveness of the Rules

At least once a year, a review of the effectiveness of these Rules and the applied control mechanisms is conducted, including:

- analysis of the share and reasons for the use of internalisation;
- assessment of identified exceptions and incidents;
- assessment of the adequacy of compliance control procedures.

The results are documented in the form of an internal report and, where necessary, are submitted to the National Bank of Georgia upon request.

6.3. Execution Quality Metrics

To assess execution quality, the Broker may use indicators (KPIs) reflecting:

- the proportion of transactions executed at the best available price/conditions;
- the level of slippage;
- execution speed;
- the quality and correctness of internalisation (including the absence of deterioration of execution conditions).

Target KPI values are determined by the Broker’s internal documents and may be revised taking into account market conditions.

6.4. Management of Exceptions and Incidents

In the event that exceptions are identified:

- the event is recorded in the exceptions/incidents log;
- a root cause analysis is conducted (technical, market-related, procedural);
- corrective measures are taken, including temporary restriction or prohibition of internalisation for specific instruments or scenarios;
- documentation of the actions taken and their results is ensured.

7. CLIENT DISCLOSURE AND REPORTING

7.1. General Principles of Information Disclosure to Clients

Clients are informed about the possibility of internalisation and the general principles of its use through the following documents:

- the Client Service Regulations;
- the Best Execution Policy for Client Orders;

- these Rules (as an annex to the Regulations);
- reports and/or notifications provided to the Client in the course of service provision.

7.2. Reflection of Internalisation in Client Statements

The Client's statement (or other document/statement provided to the Client) reflects the fact of transaction execution in the following form:

- through internal matching (client–client), and/or
- through internal execution with the Broker (client–broker),

without identification of the other client as the counterparty to the internal matching and without disclosure of the Broker's internal sensitive information.

The scope of disclosed parameters is determined by the Regulations and applicable legal requirements.

7.3. Information Provided Upon Client Request

The Client has the right to request clarification regarding a specific transaction, including:

- the overall execution route (external trading venue / internalisation);
- confirmation of compliance with the best execution principle at the time of execution (to the extent permitted by legislation and internal information protection requirements).

The timeframe and procedure for providing a response are determined by the Regulations.

7.4. Internal Reporting and Provision of Information to the National Bank of Georgia

The Broker maintains internal logs and reports necessary to confirm compliance with these Rules and, upon request, submits them to the National Bank of Georgia to the extent required by the National Bank's requirements and applicable legislation.

7.5. Data Retention

Materials related to internalisation (logs, quotations/market data, verification results) are retained for at least the period established by the requirements of the National Bank of Georgia.

The Broker may apply a longer data retention period as an element of best practice and the internal control system.