

Based on Article 155 of the Capital Market Act ("Official Gazette of RS" (Sl. glasnik RS), no. 129/2021), the Shareholders' Assembly of the Broker-Dealer Company Tesla Capital AD Beograd, registration number: 17326015, hereinafter referred to as the "Company," at the session held on April 15, 2024, enacts:

## BUSINESS RULES AND PROCEDURES

### BROKER-DEALER COMPANY TESLA CAPITAL AD BEOGRAD

#### I GENERAL PROVISIONS

##### Article 1

These Business Rules and Procedures of the Company (hereinafter referred to as the "Rules") establish the rules and procedures of the Company's operation, as a broker-dealer company, or investment company, and particularly regulate:

- 1) The types of operations conducted by the Company and the terms and methods of their performance;
- 2) The procedure of categorization/classification of clients and the change of client categories;
- 3) The types of client orders, the method and conditions for order acceptance;
- 4) The policy of order execution and the delegation of order execution;
- 5) The information provided to clients, especially information provided to retail clients;
- 6) The content of agreements with clients;
- 7) The mutual rights and obligations of the Company and clients and the suitability assessment of financial instruments and services for clients;
- 8) The protection of client assets (financial instruments and client's funds);
- 9) Rules of business conduct in providing investment services;
- 10) Handling client complaints;
- 11) Prohibition of market manipulation and other matters relevant to the Company's operations.

#### II DEFINITIONS

##### Article 2

In these Rules, in accordance with the Capital Market Act (hereinafter referred to as the "Act") and regulations of the Securities Commission, certain terms have the following meanings:

- 1) **Market Operator** - that is, stock exchanges are entities that manage or operate the business of regulated markets, and can also be just regulated markets;
- 2) **Belgrade Stock Exchange Inc. Belgrade** - a legal entity that, based on the permission of the Securities Commission, manages or conducts activities related to the functioning of the regulated market and multilateral trading platform (MTP);
- 3) **Central Securities Depository, Clearing House and Registry of Securities** (hereinafter referred to as: "Central Registry") - a legal entity that, based on the permission of the Securities Commission, performs the tasks of maintaining the register of financial instruments, clearing and settling transactions with financial instruments, and other tasks in accordance with the Act;
- 4) **Investment Company** - a legal entity whose regular activities or business involve providing one or more investment services to third parties or professionally performing one or more investment activities;
- 5) **Relevant Person** is –
  - (1) a person with ownership participation in the Company or its related representative,

- (2) a person in a managerial position in the Company or its related representative (director, members of the board of directors, supervisory board) or the related representative of the Company,
  - (3) an employee of the Company or its related representative,
  - (4) any other natural person engaged by the Company or its related representative to provide services within its jurisdiction,
  - (5) a natural person directly involved in providing services to the Company or its related representative based on a business process outsourcing agreement, for the purpose of providing investment services or the Company's activities;
- 6) **Personal Transaction** - a transaction with a financial instrument executed by or on behalf of a relevant person acting outside the scope of activities performed as a relevant person or executed on behalf of a relevant person, a person related to a relevant person by kinship, or closely related in terms of the Act, or a person whose relationship with the relevant person is of such a nature that the relevant person has a direct or indirect material interest in the outcome of the transaction, which is not a commission or fee for executing the transaction;
- 7) **Financial Instruments include:**
- (1) Transferable Securities - all types of securities that can be traded on the capital market, excluding payment instruments, namely: shares and depositary receipts related to shares, bonds and other forms of securitized debt, including depositary receipts related to the aforementioned securities, and other securities in accordance with the Act;
  - (2) Money Market Instruments: Treasury bills, commercial paper, and certificates of deposit, excluding payment instruments;
  - (3) Units in Collective Investment Institutions;
  - (4) Options, futures, swaps, interest rate forwards, and other derivative financial instruments defined by the Act;
- 8) **Securities Financing Transactions** - transactions involving the borrowing of financial instruments, repo agreements or reverse repo agreements, or other transactions involving the purchase of securities and their subsequent resale or the sale of securities and their subsequent repurchase;
- 9) **Client** - a legal or natural person to whom the Company provides investment or additional services, as well as a person who may become a client of the Company (potential client);
- 10) **Authorized Representative of the Client** - a legal or natural person authorized to represent the client based on law and statutes (legal or statutory representatives) or other acts of the legal entity, acts of the competent state authority, or based on the client's authorization (power of attorney);
- 11) **Regulated Market** - a multilateral system operated by or whose operations are managed by a market operator that within the system brings together or facilitates the bringing together of buying and selling interests in financial instruments of multiple interested third parties in accordance with its binding rules, resulting in the conclusion of contracts relating to financial instruments traded under its rules, or the system, which is licensed and operates in accordance with the Act;
- 12) **Multilateral Trading Facility (MTF)** - a multilateral system operated by an investment company or market operator that within the system and in accordance with binding rules connects buying

and selling interests in financial instruments of multiple interested third parties, resulting in the conclusion of contracts in accordance with the Act;

- 13) **Over-the-Counter (OTC) Market** - a decentralized secondary trading system outside a regulated market, MTF, or organized trading facility (OTF) that has no market operator and involves direct negotiation between the seller and buyer of financial instruments to conclude a transaction through an investment company with a license under the Act;
- 14) **Execution of Client Orders** refers to activities related to the conclusion of contracts for the purchase or sale of one or more financial instruments on behalf of a client;
- 15) **Place of Execution of an Order** - the place of execution includes a regulated market, a multilateral trading facility, an organized trading facility, a systematic internalizer, a market operator, or other liquidity provider or entity that performs a similar function in a foreign country to any of the foregoing entities;
- 16) **Clearing** - the process of processing transfer orders in a clearing system, including the determination of mutual obligations between the buyer and seller of financial instruments, in accordance with the rules of that system, which may include netting based on those orders, for the purpose of exchanging financial instruments and money;
- 17) **Settlement** - the completion of a transaction through the final transfer of financial instruments and/or cash between the buyer and seller, or the settlement of the obligation to transfer financial instruments/settlement of the cash obligation, or the settlement of claims between participants in the clearing system based on transfer orders;
- 18) **Order Execution Policy** - a Company's policy, in accordance with these Rules, governing the order execution policies of the Company's clients, particularly relevant criteria, procedures, and places of order execution for the most favorable outcome for the client;
- 19) **Conflict of Interest Management Policy** - a Company's policy, in accordance with these Rules, governing the management of conflicts of interest between clients, on one hand, and the Company and relevant Company personnel, on the other hand, as well as among clients;
- 20) **Information Provided to Retail Clients** - a document provided by the Company on a durable medium or through its website, as an integral part of these Rules, in which the Company provides information to retail clients or potential retail clients before concluding an agreement with the Company for the provision of investment and/or additional services, including information about the Company and the services it provides, financial instruments, protection of clients' financial instruments and cash, fees and costs in accordance with the Act, the Securities Commission's regulations, and these Rules;
- 21) **Insider Information** is defined by Article 271 of the Act;
- 22) **Durable Data Carrier** - a means that allows the client to store data personally addressed to them so that it is easily accessible for future use for a period corresponding to the purpose of preserving that data, and allows for unchanged reproduction of the stored data in accordance with regulations.

### **III CLIENT SERVICES POLICY OF THE COMPANY**

#### **1. Types of Services Provided by the Company**

##### **Article 3.**

The Company's predominant activity is:

6612 - brokerage services with securities and commodities.

Within its predominant activity, the Company provides investment services and activities related to all financial instruments, in accordance with Article 2, item 2 of the Act, as follows:

- (1) reception and transmission of orders in relation to one or more financial instruments;
- (2) execution of orders on behalf of clients;
- (3) dealing on own account;
- (4) portfolio management;
- (5) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- (6) placing of financial instruments without a firm commitment basis.

In addition to the services under paragraph 1 of this Article, the Company is authorized to provide the following additional services in accordance with Article 2, item 3 of the Act:

- (1) safekeeping and administration of financial instruments for the account of clients (custody services) and related services such as cash/collateral management, excluding providing and maintaining securities accounts as referred to in Chapter XIV of this Law.
- (2) granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
- (3) advice to undertakings on capital structure, industrial strategy and related matters, and advice and services relating to mergers and the purchase of undertakings;
- (4) foreign exchange conversion services in relation to the provision of investment services;
- (5) investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
- (6) services related to underwriting;
- (7) investment services and activities as well as, ancillary services, pertinent to the underlying of the derivatives referred to in point 19) subpoints (5), (6), (7) and (10) of this paragraph, where these are related to the provision of investment or ancillary services;

## 2. Conditions and Methods of Conducting Operations

### Article 4.

The Company provides investment and additional services to clients based on the permit issued by the Securities Commission.

The business relationship for the provision of services under paragraph 1 of this Article between the Company and clients is established based on a concluded written agreement, on paper or another durable data carrier, specifying the essential rights and obligations of the Company and the Client, in accordance with the Act, regulations of the Securities Commission, and these Rules.

### Article 5.

The Company is obligated to enable clients to access these Rules and the Tariff Regulations and their amendments in the following manner:

1. In the business premises where it conducts operations with clients;
2. By publishing them on the Company's website at: [www.tesla-capital.com](http://www.tesla-capital.com).

The Company is obligated to enable clients to access the amendments to the acts referred to in paragraph 1 of this Article at least seven days prior to the effective date of such amendments.

The provisions of paragraphs 1 and 2 of this Article also apply to an investment company to which the Company entrusts the performance of certain tasks on behalf of and for the account of its clients.

## 3. Client Information

### Article 6.

Prior to establishing a business relationship with the Company, the client must submit the following documentation to the Company in photocopy, and provide the originals for inspection:

#### 1. Natural person – resident:

- (1) Identity card, passport, or another identification document;
- (2) Agreement or card for an open bank account with a member of the Central Registry and evidence of an open account for financial instruments (if the account is opened with another depository);
- (3) Contact information for the client (address, telephone numbers - landline and mobile, email address);

#### 2. Natural person – non-resident:

- (1) Passport or other identification document;
- (2) Tax identification number (TIN) certificate;
- (3) Agreement for an open non-resident dinar account and evidence of an open account for financial instruments (if the account is opened with another depository);
- (4) Contact information for the client (address, telephone numbers, fax numbers, mobile phone number, email address).

#### 3. Legal entity – resident:

- (1) Resolution or excerpt from the register of business entities not older than three months;
- (2) OP form (signatures of authorized representatives);

- (3) Identity card, passport, or other identification document of the authorized representative;
- (4) Statement about the real owner of the legal entity signed by a member/members of the management board;
- (5) Agreement for an open bank account with a member of the Central Registry and evidence of an open account for financial instruments (if the account is opened with another depository);
- (6) Contact information for the client (address, telephone numbers, fax numbers, mobile phone number, email address).

#### **4. Legal entity – non-resident:**

- (1) Extract from the relevant register of the country where the legal entity is registered, not older than three months, translated into Serbian by an authorized court interpreter;
- (2) Tax identification number (TIN) certificate;
- (3) List of authorized representatives with specimen signatures;
- (4) Statement about the real owner of the foreign legal entity signed by the representative of the entity;
- (5) Agreement for an open non-resident dinar account with a bank - member of the Central Registry and evidence of an open account for financial instruments (if the account is opened with another depository);
- (6) Contact information for the client (address, telephone numbers, fax numbers, mobile phone number, email address).

Before establishing a business relationship with the Company, the client is obligated to provide, upon the Company's request, documentation in accordance with regulations governing anti-money laundering and counter-terrorism financing, as well as other necessary documentation for conducting business.

If the client fails to provide the requested documentation to the Company, the Company is not obligated to establish a business relationship with the client.

#### **Article 7.**

The authorized representative of a resident or non-resident legal entity provides a statement, under full material and criminal responsibility, about the actual owner of the legal entity. In the event of a change of the authorized representative, the legal entity is obliged to submit a new statement within 30 days from the date of the registered change.

If the client is represented by an attorney-in-fact, the same is required to provide a special power of attorney duly certified by the competent authority.

#### **4. Manner of Communication between the Company and the Client**

#### **Article 8.**

The client and the Company can communicate orally and in writing in the Serbian language.

The Company may communicate with clients - foreign legal entities or individuals - in English or another foreign language stipulated in the contract, provided that the contract, orders, and other necessary documentation exchanged between the client and the Company are bilingual.

Written communication is carried out through mail, fax, email, internet application, or any other appropriate electronic form.

The client and the Company are obligated to inform each other of any changes in address and other contact information.

#### Article 9.

When there is a requirement that information be provided on a durable data carrier, the Company may provide that information on a durable data carrier other than paper only if:

1. Providing the information on that data carrier is appropriate considering the context in which the business between the Company and the client is conducted or will be conducted; and
2. When the option is given to the person to choose between information on paper or on another durable data carrier, the person explicitly chooses to receive the information on that other data carrier.

When the Company provides information to clients on its website and this information is not directed personally to the client, the Company guarantees the following conditions are met:

1. Providing the information on that data carrier is appropriate considering the context in which the business between the Company and the client is conducted or will be conducted;
2. The client must explicitly agree to receiving the information in that form.
3. clients must be informed electronically of the website address and the location on the website where information can be accessed;
4. information must be kept up-to-date;
5. information must be permanently available on that website for a reasonable period of time that the client may need to access it.

Providing information through electronic communications is considered appropriate considering the context in which the business between the Company and the client is conducted or will be conducted if there is evidence that the client has regular access to the internet. Providing the client's email address for the purpose of conducting business is considered such evidence.

### **IV CLIENT CATEGORIZATION PROCEDURES**

#### **1. Client Categorization Procedures**

#### Article 10.

Before providing services to a client, the Company categorizes (classifies) the client into either:

1. professional investors or
2. retail investors.

The Company conducts categorization as per the provisions of these Rules, based on information available to it regarding the client's investment objectives, knowledge and experience, and financial position.

The information from paragraph 1 of this article is obtained by the Company through a standardized client questionnaire on a durable medium, as well as based on the relevant documentation provided by the client.

#### Article 11.

**A professional investor** is a client who possesses sufficient experience, knowledge, and expertise to make independent investment decisions and assess associated risks correctly and who meets the conditions from Articles 192 and 193 of the Law.

For all investment services and activities and financial instruments, the following are considered professional investors:

1. credit institutions, investment firms, other financial institutions subject to the obligation of obtaining a license or supervision, insurance companies, collective investment institutions and their management companies, voluntary pension funds and their management companies, commodity and commodity derivatives dealers, other institutional investors, other investors classified as professional under EU regulations;
2. legal entities meeting at least two of the following criteria:
  - total assets amount to at least 20,000,000 euros, in dinar equivalent at the official middle exchange rate of the dinar to the euro as determined by the National Bank of Serbia;
  - annual business income amounts to at least 40,000,000 euros, in dinar equivalent at the official middle exchange rate of the dinar to the euro as determined by the National Bank of Serbia;
  - own capital in the amount of at least 2,000,000 euros, in dinar equivalent at the official middle exchange rate of the dinar to the euro as determined by the National Bank of Serbia;
4. the Republic, autonomous provinces and local self-government units, as well as other states or national and regional bodies, the National Bank of Serbia and central banks of other states, international and supranational institutions, such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;
5. other institutional investors whose main activity is investment in financial instruments, including entities engaged in asset securitization or other financing transactions.

**A retail investor** is any client of the Company who is not classified as a professional investor.

In addition to clients considered as professional investors, the Company may treat other clients as professional investors at their request, based on an appropriate assessment of the client's knowledge and experience undertaken by the Company, which provides reasonable assurance that the client is capable of making their own investment decisions and understanding the associated risks, considering the nature of the intended financial transaction or service.

The assessment from the previous paragraph of this article includes verifying whether the professional investor meets at least two of the following criteria:

1. the investor has conducted transactions of significant volume on relevant markets, with an average frequency of at least ten transactions per quarter over the last four quarters;
2. the size of the client's financial portfolio, including cash deposits and financial instruments, exceeds 500,000 euros in dinar equivalent at the official middle exchange rate of the dinar to the euro as determined by the National Bank of Serbia;
3. the investor has worked or has worked for at least one year in the financial sector in positions that require knowledge of the envisaged financial transactions or services.

#### Article 12.

The Company is obliged to inform each client via durable medium about:



1. the category in which the client is classified;
2. the level of protection of interests that will be provided to the client;
3. the client's right to request reclassification into another category, as well as any changes in the level of client protection resulting from such a decision.

## **2. Change of client categories**

### Article 13.

When the Company determines that a client no longer belongs to the initially established client category, it must take appropriate measures to change the client category.

Professional investors are obliged to timely inform the Company about all facts that could affect the change of the client's category with the Company.

The Company may, at the client's request:

1. reclassify a professional investor into the category of retail investor;
2. reclassify a retail investor into the category of professional investor, provided that the client meets certain conditions.

## **3. Request of a professional investor for category change**

### Article 14.

A professional investor who believes they are unable to properly assess or manage the risks associated with a particular investment may, in writing, request from the Company a higher level of protection of their interests in relation to all or a specific service, type of transaction, or financial instrument.

In the event of a request under paragraph 1 of this article, the Company and the client are obliged to conclude an agreement or annex to the agreement specifying the services or transactions or financial instruments with respect to which the client does not wish to be categorized as a professional client.

## **4. Request of a retail investor for category change**

### Article 15.

A retail investor who wishes to be treated as a professional investor may, in writing, request from the Company a lower level of protection of their interests in relation to all or a specific service, type of transaction, or financial instrument.

In the case of paragraph 1 of this article, the Company is obliged to:

1. unambiguously and in writing warn the client about the reduction in the protection of their interests and the loss of the right to compensation from the Investor Protection Fund;
2. assess whether the client possesses sufficient knowledge and experience to make independent investment decisions and to properly assess the risks associated with investments;
3. conclude an agreement with the client, or an annex to the agreement, specifying the services, transactions, or financial instruments with respect to which the client wishes to be treated as a professional investor or to reject the client's recognition as a professional investor;

The client is obligated to declare in a separate document, separate from the agreement, that they are aware of the consequences of losing the protection level.

#### Article 16.

The Company's assessment that a retail client meets the conditions for reclassification as a professional investor implies that the client meets at least two of the following conditions:

1. that the client has executed at least 10 transactions per quarter in the financial market in the last 2 years with a total value of 50,000 euros per quarter;
2. that the size of the portfolio of financial instruments, including the client's funds, exceeds 500,000 euros in dinar equivalent;
3. that the investor has worked or worked for at least one year in the financial sector in positions that require investment in securities.

Financial markets as referred to in paragraph 1 of this article are markets where financial instruments are traded for which the client seeks professional investor status.

#### **V CLIENT ORDERS**

##### **1. Elements of orders**

#### Article 17.

The Company only accepts orders from clients that contain information about the essential elements of the transaction that is to be executed upon acceptance of the order and for which there is no doubt that they are sent by the client.

Elements of trading orders are:

1. unique identification of the Stock Exchange member (the client's sender of the order),
2. identification of the securities (name or symbol),
3. identification of the order number from the Stock Exchange member's order book (the client's sender of the order),
4. identification of the type of transaction (buy or sell),
5. quantity of securities,
6. identification of the order type by price, with a specified price,
7. identification of the order duration, with a specified expiration date for orders until the day,
8. identification of the client from the trading order, in a manner established by the harmonized procedures between the Exchange and the Central Registry,
9. type of securities account, with a choice of account depository,
10. type of money account, with a choice of account depository,
11. identification of the commission amount,
12. identification of the type of transaction (brokerage or dealer),
13. date and time of order submission,
14. special execution conditions of the order,
15. other elements.

If the Company receives an unclear or incomplete order, it has the right to request modification or supplementation of the order from the client or may postpone action on the received client order until the ambiguities are resolved.

For all information not stated in the order and not determined as mandatory elements of the order or for information for which market data applies, the Company acts in the interests of the client, with no guarantee that executing such an order will achieve the maximum possible protection of the client's interests or benefits.

## **2. Types of Orders**

### **Article 18.**

Clients can submit the following types of orders for buying/selling financial instruments to the Company based on:

1. Type of transaction: buy order or sell order for financial instruments;
2. Price:
  - (1) limit order – an order executed at the price specified in the order or at a more favorable price for the client;
  - (2) market order – an order executed at the most favorable price possible at the time the order reaches the market;
3. Duration:
  - (1) day order (expires at the end of the trading day on the market where the order was submitted),
  - (2) order until a specific date (with a duration of up to 90 days),
  - (3) order until canceled (with the option to cancel the entire order or the unexecuted portion of the order for the purchase/sale of financial instruments within a period of 90 days from the day the order was submitted).

In addition to the basic types of orders stated in paragraph 1 of this article, clients can submit other types of orders with special execution conditions as provided by the market operator's regulations, such as orders: all or none immediate (fill or kill - FOK), immediate or cancel (immediate or cancel - IOC), orders with hidden total quantity (Iceberg), stop orders, block trading orders, at the open (ATO), at the close (ATC), and other types of orders.

Any modification to an order regarding the quantity and price of financial instruments by the client is considered the submission of a new order to the Company.

## **3. Order Coverage**

### **Article 19.**

For the execution of orders to buy or sell financial instruments, the client is obligated to provide the Company with:

1. In the case of a buy order - the necessary funds for the execution of the order;
2. In the case of a sell order - the financial instruments that are the subject of the order.

If the Company does not maintain a cash account or a financial instruments account for the client, providing funds or financial instruments as stated in paragraph 1 of this article implies confirmation from a company that acts as a money or financial instruments depository for the client.

In accordance with the contract concluded between the client and the Company, obligations can be fulfilled subsequently, but no later than the date scheduled for the execution of the client's order.

#### **4. Method, Location, and Conditions for Order Reception**

##### **Location of Client Order Reception**

###### **Article 20.**

The Company can receive client orders at:

1. The Company's headquarters,
2. An organizational unit or branch of the Company, if the Company has established units or branches for order reception,
3. The business premises of an authorized investment firm, if the Company has entered into a contract with another investment firm for order reception (authorized investment firm).

In the case stated in paragraph 1, points 2 and 3 of this article, the client's order is considered received when it is received at the Company's headquarters or its branch or organizational unit.

##### **Provision of Services through Another Investment Company**

###### **Article 21.**

The Company can enter into a contract for the provision of investment services or additional services with another investment firm on behalf of the client.

When forwarding the client's order instructions, the Company remains responsible for the completeness and accuracy of the provided data.

If the Company forwards instructions to another investment firm, it remains responsible for:

1. The integrity and accuracy of the transmitted information;
2. The suitability/appropriateness of recommendations or advice provided to the client.

The Company can enter into a contract for the provision of investment services or additional services with another investment firm on behalf of the client, provided that the engagement of the other investment firm:

1. Does not entail charging fees or other costs to the client in an amount higher than the fees the client would pay if the Company directly provided the service;
2. Does not result in unnecessary business risks;
3. Does not significantly compromise the quality of internal control;
4. Allows oversight by the Securities Commission over the fulfillment of the Company's obligations.

## **Method of Receiving Client Orders**

### **Article 22.**

The Company can receive client orders:

1. Directly,
2. By telephone,
3. By fax, or
4. Electronically.

The Company receives orders by telephone, fax, or electronically if it is provided for in the contract with the client.

In the case of receiving orders by telephone, the Company applies appropriate protection mechanisms, such as recording devices, to ensure the accuracy and reliability of the Company's order records.

The Company can receive orders electronically through a secure internet service in a manner that ensures the accuracy and reliability of the Company's order records.

### **5. Record of Client Orders - Order Book**

#### **Article 23.**

The Company keeps an order book in which client orders, including orders transferred for execution to another investment firm, modifications, and cancellations of orders are entered immediately upon receipt.

The client's order is considered received upon entry in the Company's order book.

The Company maintains an electronic order book in the format prescribed by the Securities Commission's regulation in a way that prevents subsequent changes to the entered data.

### **6. Confirmation of Acceptance or Rejection of Order Execution**

#### **Article 24.**

The Company is obliged to promptly provide the client with a notice, via a durable medium, immediately and no later than the next business day following the receipt of the order, about:

1. The time and place of the order's receipt, modification, or cancellation;
2. The acceptance or rejection of the order execution, stating the reasons for the rejection.

### **7. Reasons for Rejecting Order Execution**

#### **Article 25.**

The Company is obligated to reject the execution of an order to buy or sell and to immediately inform the Securities Commission if it has reasonable grounds to suspect that the execution of such an order would:

1. Violate the provisions of the Law or the law regulating anti-money laundering and countering the financing of terrorism;
2. Constitute an act punishable under the law as a criminal offense, economic offense, or misdemeanor.

When determining the circumstances mentioned in paragraph 1 of this article, the Company may use its own information or information obtained from its clients or potential clients, except when it has

knowledge or should have knowledge that such information is obviously outdated, incorrect, or incomplete.

#### Article 26.

The Company may refuse to execute:

1. An order to buy if it determines that there are insufficient funds in the client's monetary account to cover the obligations arising from the execution of that order;
2. An order to sell if it determines that the client does not have sufficient instruments in the financial instruments account to cover the obligations arising from the execution of the order.

In the case mentioned in paragraph 1 of this article, the Company is not obligated to refuse the execution of the order if the client's order can be executed:

1. From settled but unsettled transactions;
2. By granting a loan to the client by the Company in accordance with the applicable regulations;
3. By borrowing financial instruments in accordance with these Rules.

### **8. Execution of Orders**

#### **Places of Order Execution**

##### Article 27.

When providing investment services - buying/selling financial instruments on behalf of the client, the Company executes client orders on a regulated market, a multilateral trading facility, an organized trading facility, a systematic internalizer, a market organizer, or any other liquidity provider or entity that performs a similar function in a foreign country as any of the aforementioned entities.

#### **Best Execution of Orders**

##### Article 28.

The Company is obliged to take all necessary actions to achieve the best possible result for the client when executing orders in terms of price, costs, speed, likelihood of execution, settlement, size, nature, and all other factors related to the execution of the order. However, when a client provides specific instructions regarding the transaction, the Company executes the order according to those instructions.

When executing client orders, the Company takes into account the following criteria to determine the relative importance of factors that can be considered when determining the best outcome, considering the size and type of order and the client category:

1. Client characteristics, including the categorization of the client as a retail or professional investor;
2. Characteristics of the client's order, for instance, when the order involves a securities financing transaction;
3. Characteristics of the financial instruments that are the subject of the order;
4. Characteristics of the execution venues to which the order may be directed.

#### **Aggregation of Orders**

##### Article 29

The Company shall not execute a client's order or a transaction for its own account by aggregating it with the order of another client, except if the following conditions are met:

1. It is unlikely that the aggregation of orders and transactions will harm any client whose order is aggregated;

2. Each client whose order is aggregated is informed that the aggregation may be detrimental to them compared to individual orders;
3. An allocation policy is established and effectively implemented, which precisely predicts the correct allocation of aggregated orders and transactions, including how the volume and price specified in the order determine the allocation and treatment of partial executions.

If an order is aggregated with one or more orders of other clients and the aggregated order is partially executed, the Company allocates related transactions in accordance with its order allocation policy.

### **Order Execution Policy**

#### Article 30.

The Company is obligated to establish and implement effective mechanisms and procedures for executing client orders and achieving the best outcomes for clients.

The Company provides clients with appropriate information about its order execution procedures, explaining clearly, in sufficient detail, and in a manner that clients can easily understand, how and where the Company will execute orders for the client.

The Company must obtain prior written consent from clients for its order execution procedures.

When the order execution procedures foresee the possibility of executing orders outside trading venues, the Company is obligated to obtain the explicit prior consent of the client before executing orders outside trading venues. The Company can obtain consent either in the form of a general agreement or consent can be provided for each individual transaction.

The Company timely provides clients, before providing the service, with the following details about its order execution policy:

1. An assessment of the relative importance that the Company attributes to factors that can be considered when determining the best outcome, considering the size and type of order and the client category, or the procedure by which the Company determines the relative importance of these factors;
2. A list of execution venues that the Company considers appropriate for achieving the best possible outcome when executing client orders, specifying the execution venues used for each class of financial instruments, for orders of retail clients, orders of professional clients, and securities financing transactions;
3. A list of factors used to select execution venues, including qualitative factors such as settlement systems, trading suspension systems, expected activities, or any other relevant elements, and the relative importance of each factor. Information about the factors used to select execution venues must be in line with the controls the Company uses when reviewing the appropriateness of its policy and measures to demonstrate to clients that the best execution is consistently achieved;
4. How execution factors, such as price, costs, speed, likelihood of execution, and other relevant factors, are considered as part of the measures sufficient to achieve the best possible outcome for the client;
5. If applicable, information that the Company executes orders outside trading venues, consequences, such as counterparty risk arising from executing outside trading venues, and, upon the client's request, additional information about the consequences of these execution methods;
6. A clear and prominent warning that specific client instructions may prevent the Company from taking measures it has devised and implemented under its order execution policy to achieve the best possible outcome when executing orders covered by those instructions with respect to the elements encompassed by those instructions;

7. A summary of the venue selection process, used execution strategies, procedures for analyzing the quality of execution achieved, and methods by which companies monitor and verify that the best possible outcome has been achieved for clients.

## **9. Investment Risks to the Client in Financial Instruments**

### **Article 31.**

Dealing with financial instruments involves certain risks that cannot be fully anticipated.

Risks generally consist of unexpected changes in the prices of financial instruments, the issuer's inability to fulfill the obligations it has undertaken with respect to those instruments, the imposition of additional obligations and restrictions on owners of financial instruments by financial or tax regulations in the country and/or abroad, changes in the market liquidity of individual financial instruments, and other factors.

By entering into an investment services agreement, the client acknowledges being aware of the risks associated with capital markets and that the Company has provided the data and information requested and satisfactorily responded to all questions posed by the client regarding market conditions and financial instruments covered by the agreement with the Company.

### **Article 32**

The risks of investing in financial instruments can be categorized as general and specific risks with respect to each individual financial instrument.

When making investment decisions in the capital market, clients should continuously consider the following risks:

General risks in financial instrument transactions:

- (1) Risk of a decrease in the value of a financial instrument due to global and/or regional recessions;
- (2) Exchange rate risk, i.e., the risk of exchange rate fluctuations;
- (3) Risk dependent on changes in the credit rating of a specific country, including:
  - Risk of default by a specific country;
  - Political risk, including the risk of unexpected regulatory changes affecting the capital market and investor position;
- (4) Risk of a decrease in the value of a financial instrument due to general price increases (inflation risk);
- (5) Risk of the inability to sell a financial instrument on the secondary capital market due to reduced demand or market inefficiency (liquidity risk);
- (6) Risk of a decrease in the value of a financial instrument due to the issuer's credit rating downgrade (issuer risk);
- (7) Financial leverage risk: Financial leverage is the debt ratio showing the interdependence between how much a certain entity owes in relation to how much it holds from investments in financial assets. The impact of financial leverage can be positive or negative, depending on the rate of return on equity invested in financial instruments, interest, or other obligations payable on borrowed funds;



(8) Risk of a decrease or complete loss of the value of a financial instrument due to the initiation of bankruptcy proceedings against the issuer of the financial instrument (bankruptcy risk) or the imposition of compulsory administration when the issuer is a bank;

(9) Risk of changes in the value of a financial instrument due to speculative activities of large investors or significant corporate actions in the stock market (market psychology risk);

(10) Risk of information system failure and/or the risk of communication breakdown between banks, the Central Registry or other financial instrument depositories, regulated markets or MTFs, and other regulated financial instrument markets.

Specific risks in financial instrument transactions:

(1) In equity transactions: Risk of a decline in the value of shares due to regular periodic price movements in the market, volatility risk – risk of price change of shares within a specific period, risk of non-payment of dividends;

(2) In bond transactions: Risk of a change in the issuer's creditworthiness as a creditor (credit risk), risk of changing interest rates, risk of default or cessation of debt payment by the issuer, liquidity risk, exchange rate risk, reinvestment risk, yield curve risk;

(3) In derivative transactions: Positional risk arising from changes in their value due to changes in fixed interest rates, the price of a financial instrument, commodity prices, exchange rates, indices, or similar variables;

(4) In money market instrument transactions:

- Risk of changes in the issuer's credit rating, i.e., the risk that the issuer will not be able to meet its matured obligations based on issued financial instruments;
- Liquidity risk, as money market instruments are not listed on secondary markets, and there is a chance that the investor may not be able to sell the instrument but must hold it until maturity;
- Exchange rate risk, i.e., the risk that the value of an instrument denominated in one currency or with a currency clause, expressed in another currency, will decrease due to changes in the exchange rate of these two currencies;

(5) In collective investment units (investment units):

- Currency risk, i.e., the risk that can arise from the fact that the fund's assets can be denominated in different currencies, leading to depreciation (currency growth) or appreciation (currency decline) of these currencies, which can affect the increase or decrease in the value of fund units;
- Market risk, i.e., the risk that the fund's assets invested in financial instruments traded on the market may lose value due to a decline in prices in the market; that is the risk that the issuer in whose assets the fund's assets are invested cannot fulfill its financial obligations, leading to a decrease in the value of the fund's assets.
- Risk of illiquidity, i.e., the risk that a fund will not be able to quickly sell financial instruments at a price close to the fair value, or will not be able to sell the desired quantity of financial instruments.

The Company limits its liability exclusively to actual monetary damage suffered by the client as a result of omissions or actions of the Company or its employees.

The Company is not responsible for losses incurred by the client due to the occurrence of any of the mentioned risks or other risks not specifically mentioned, related to force majeure (political unrest, natural disasters, restrictions or bans imposed by Government decisions, market rules, strikes, actions

and/or omissions of third parties, or actions of the client itself, changes in tax obligations, without the Company's influence on the occurrence of loss for the client, and other risks beyond the Company's control).

The Company also does not assume responsibility for damages or losses that have arisen for the client due to the client's failure to promptly notify the Company of changes in contact information, changes in authorized representatives, or revocation and/or changes of attorney-in-fact, for actions of the client's attorney-in-fact and their decisions to buy and/or sell financial instruments on behalf and for the account of the client.

## **VI INFORMATION PROVIDED TO CLIENTS**

### **1. Information Specifically Provided to Retail Clients**

#### **Article 33**

The Company is obliged, prior to the conclusion of the agreement or the provision of services to a retail client or potential retail client, to provide information, via its website or a durable medium, in accordance with the regulations of the Securities Commission, about:

1. The Company and the services it provides.
2. Financial instruments.
3. Protection of financial instruments and client funds.
4. Costs and fees.

The information stated in paragraph 1 of this Article shall be provided by the Company in the form of a standardized document titled "Information Provided to Retail Investor."

The Company is obligated to timely inform the client and potential client about any significant changes to the information stated in paragraph 1 of this Article.

### **2. Reporting to Clients Regarding Portfolio Management**

#### **Article 34**

For clients to whom portfolio management services are provided, the Company shall provide a periodic report on portfolio management activities carried out on behalf of that client on a durable medium, unless such a report is provided by another entity.

The periodic report prescribed in paragraph 1 of this Article shall contain a fair and balanced overview of the activities undertaken and portfolio returns during the reporting period, and depending on the case, shall include the following information:

1. The name of the Company.
2. The name or other identifier of the client's account.
3. A report on the composition and valuation of the portfolio, including details of each financial instrument held, its market value, or fair value if the market value is not available, the cash balance at the beginning and end of the reporting period, and the portfolio return during the reporting period.
4. The total amount of fees and costs incurred during the reporting period, with a breakdown of at least the total management fees and total execution costs, including, if applicable, a statement that more detailed breakdowns will be provided upon request.
5. A comparison of returns during the period covered by the report with the reference value of the investment return (if applicable) agreed between the investment company and the client.

6. The total amount of dividends, interest, and other payments received during the reporting period in relation to the client's portfolio.
7. Information about other corporate activities based on which rights related to the financial instruments held in the portfolio are exercised.
8. For each transaction executed during the specified period, as applicable, information from Article 34, paragraph 1, points 3)-12) of the Regulation on Rules of Conduct of an Investment Company when Providing Services, unless the client indicates that they want to receive information about executed transactions after each individual transaction, in which case the provisions of paragraphs 5-7 of this Article apply.

The periodic report mentioned in paragraph 1 of this Article shall be provided every three months, except in the following cases:

1. When the Company provides its clients with access to an electronic system, which is considered a durable medium, where updated valuations of the client's portfolio can be accessed, and where the client can easily access information, provided that the Company has evidence that the client accessed the valuation of their portfolio at least once during the relevant quarter.
2. In cases where paragraph 5 of this Article applies, the periodic report must be provided at least once every 12 months.
3. When a portfolio management service agreement between the Company and the client allows portfolio management using financial leverage, the periodic report must be provided at least once a month.

The exception provided in paragraph 3, point 2) of this Article shall not apply in the case of transactions with financial instruments covered by Article 2, paragraph 1, point 55), sub-point (3) of the Law, nor by Article 2, paragraph 1, point 19), sub-points (4)-(11) of the Law.

In cases where the client indicates that they wish to receive information about executed transactions after each individual transaction, the Company shall promptly provide the client with essential information related to the transaction on a durable medium after the authorized person for portfolio management executes the transaction.

### **3. Other Information Provided to the Client**

#### Article 35

The Company is obliged to provide retail and professional investors, before concluding transactions related to securities financing and involving financial instruments held by the Company on behalf of the client, or before such financial instruments are otherwise used, with timely written information containing clear, complete, and accurate data about the Company's obligations and responsibilities regarding the use of these financial instruments, including the conditions for their return to the client, as well as the risks they entail.

### **4. General Information Provided by the Company to Clients**

#### Article 36

All information, including marketing materials, provided by the Company to existing or potential retail or professional clients, or distributed in a manner that it is certain to be received by existing or potential retail or professional clients, must be true, clear, not misleading, and marketing materials must be clearly marked as such.

Information according to paragraph 1 of this Article (hereinafter referred to as "Information"):

1. Contains the business name and registered office of the Company.
2. The font size when presenting relevant risks in the information must be at least the same size as the font predominantly used for the provided information, and the layout of the page ensures that such presentation is highlighted.
3. They must be sufficient and presented in a way that an average client or potential client to whom they are addressed or who will likely receive them will understand.
4. They must not hide, diminish, or obscure important details, statements, or warnings.
5. They are consistently presented in the same language in all forms of information and marketing materials delivered to each client, unless the client agrees to receive information in more than one language.
6. They are updated and relevant for the means of communication used.
7. They must not contain the name of a competent authority in a way that implies or suggests the authority's approval of the Company's instrument or service.

Providing information comparing investment or ancillary services, entities providing such services, or financial instruments is allowed only if:

1. The comparison is meaningful and presented in an unbiased and balanced manner.
2. The sources of information used for the comparison are stated.
3. All key facts and assumptions used for the comparison are provided.

The Company is obliged to ensure that marketing materials are consistent with all other information provided by the Company to clients during the provision of services.

The information provided by the Company to clients must fulfill, in addition to the conditions of paragraph 1 of this Article, other conditions prescribed by the Securities Commission's regulations, depending on the type and nature of the information.

## **VII CORPORATE ACTIVITIES**

### Article 37

The Company will provide corporate services to clients concerning the exercise of rights from financial instruments held collectively on behalf of the Company, and it will inform the client about corporate events and perform necessary activities upon the client's instruction.

For domestic corporate activities, the Company collects information from available public sources (information from the Central Securities Depository and the Belgrade Stock Exchange), and upon obtaining information, it may also source information from advertisements or available websites of issuers.

For foreign corporate activities, the Company receives notifications from an investment firm or bank where it holds financial instruments on behalf of its clients.

The Company is not responsible for the non-notification or late notification by the issuer, the Central Securities Depository, the Belgrade Stock Exchange, or the bank/investment firm where the Company holds its clients' financial instruments. However, any lapses in reviewing their suitability for further service provision will be taken into account.

Before entering into an investment, the client is obliged to familiarize themselves with the characteristics of foreign financial instruments, including whether such financial instrument carries any special costs that have not been disclosed by the Company.

If the executor of activities from the corporate activity order is an authorized employee of the Company, the Company is obligated to provide and deliver to the client, after the realization of the event from the order, information and data about the corporate event specified in the order. If the executor is not an authorized employee of the Company, the client shall provide a photocopy of the authorized agent's personal identification document with the order. In this case, the Company has no obligation to inform the client about the execution of the corporate activity order and the information contained therein.

If the client initiates a legal dispute, it will not be conducted on behalf of the Company, and the client will be identified before the court or lawyer as the legal holder, with the appropriate confirmation from the Company.

The Company will adhere to the provisions of the applicable Law on Business Organizations.

## **VIII CONTENT OF CONTRACT WITH THE CLIENT**

### **Article 38**

The Company is obliged to conclude a basic written contract with the client for the provision of investment services, on paper or on another durable medium, which contains:

1. Description of services and, where applicable, the nature and scope of investment advice provided;
2. Rights and obligations of the contracting parties, which may refer to other documents available to the client;
3. In the case of portfolio management services, types of financial instruments that can be bought and sold, types of transactions that can be executed on behalf of the client, as well as all prohibited instruments or transactions;
4. Description of the main features of all services provided, including, where applicable, the Company's role in corporate activities related to the client's instruments and the conditions under which transactions involving the financing of securities, including the client's securities, will achieve reimbursement for the client;
5. Other terms under which the Company provides services to the client;
6. A statement from the client acknowledging familiarity with the content of these Rules and the Company's Tariff Rules before the contract is concluded.

When an authorized investment company receives orders from the Company's clients, the contracting parties are the client and the Company.

The Company concludes with clients all types of contracts prescribed by the Law, the regulations of the Securities Commission, these Rules, and other types of contracts under which the Company provides financial or additional services to the client.

### **1. Accounts of Financial Instruments and Cash Accounts**

#### **Article 39**

Based on the contract with the client, the Company opens an account of financial instruments for the client with the Central Securities Depository, either directly or through another member of the Central Securities Depository.

Exceptionally from the provision of paragraph 1 of this article, the account of financial instruments for entities for which a contract with the client is not obligatory, the Company opens based on the orders of these entities in accordance with the Rules of the Central Securities Depository.

Based on the contract with the client, the Company opens a cash account for the client with a bank - a member of the Central Securities Depository, which is separate from the cash account of the Company, and specific client consent or authorization for opening the account is not necessary.

The Company may use one or more accounts for clients' funds and is obliged to maintain accurate records of the funds of each client held in the collective account.

The client has the right to use the services of opening and maintaining a cash account either directly with the bank - a member of the Central Securities Depository or with the Company.

## **2. Contracts with Clients**

### **Article 40**

The Company concludes a basic written contract with the client, on paper or on another durable medium, establishing the essential rights and obligations of the Company and the client.

Through a written contract, the essential rights and obligations of the parties are determined, and it includes the following:

1. Description of services and, where applicable, the nature and scope of investment advice provided;
2. Rights and obligations of the contracting parties, which may refer to other documents available to the client;
3. In the case of portfolio management services, types of financial instruments that can be bought and sold, types of transactions that can be executed on behalf of the client, as well as all prohibited instruments or transactions; and
4. Description of the main features of all investment services from Article 2, Paragraph 1, Point 3, Subpoint (1) of the Law, including, where applicable, the Company's role in corporate activities related to the client's instruments and the conditions under which transactions involving the financing of securities, including the client's securities, will achieve reimbursement for the client;
5. Other terms under which the Company provides services to the client;
6. A statement from the client acknowledging familiarity with the content of the Rules and the Company's Tariff Rules before the contract is concluded.

### **Brokerage Services Agreement**

#### **Article 41**

The brokerage services agreement concluded between the Company and the client regulates the receipt and transmission of client orders relating to the sale and purchase of financial instruments and the execution of orders on behalf of the client, as well as additional services related thereto.

The agreement from paragraph 1 of this article regulates the mutual rights and obligations between the Company and the client, especially:

1. Conditions, methods, and places for receiving and revoking client orders for the purchase or sale of financial instruments;
2. Types of orders that the client can submit to the Company;
3. Markets or places for executing client orders and the method of order execution, in accordance with the Order Execution Policies;

4. Reporting to the client on order execution;
5. Reference to documents available to the client that regulate the rights and obligations of the client and the Company;
6. Language and method of communication between the client and the Company;
7. Provisions on the storage, processing, and protection of client data;
8. Maximum amount of commissions and fees or basis for calculating them;
9. Other mutual rights and obligations.

The agreement from paragraph 1 of this article may also include essential elements of the agreement on opening and maintaining accounts of financial instruments and cash accounts for the client.

### **Agreement on Services Related to the Offering and Sale of Financial Instruments without an Obligation of Redemption / Underwriting Services Agreement**

#### Article 42

The agreement on underwriting services concluded between the Company and clients - issuers of financial instruments regulates the organization of issuing financial instruments without an obligation of redemption.

The agreement from paragraph 1 of this article regulates the mutual rights and obligations between the Company and the client, especially:

1. Organization of the issuance of financial instruments;
2. Organization of inclusion of financial instruments on regulated or MTF markets;
3. Amount and method of calculating fees and costs for performing underwriting services;
4. Other mutual rights and obligations.

Underwriting Services Agreement Article 42 (continued)

The underwriting services agreement between the Company and the client may limit the Company's obligations to:

1. A specific quantity of financial instruments being issued, or whether the underwriting obligation relates to one or more issuances of financial instruments;
2. A specific type of service performed by the underwriting agent (the manner of organizing issuance and/or inclusion of financial instruments on regulated markets or MTFs).

### **Agreement on Corporate Agent Services**

#### Article 43

The agreement on corporate agent services concluded between the Company and the client, as a specific type of underwriting services agreement, regulates the mutual rights and obligations between the client and the Company, specifically:

1. Before the Central Securities Depository:
  - (1) Opening and maintaining an issuance account, custody account, and other accounts for the client, in accordance with the Central Securities Depository Rules;
  - (2) Submitting requests for the allocation of identification codes for financial instruments (CFI code and ISIN number) and their registration on the issuance account;
  - (3) Submitting requests for issuing a unique record of legitimate holders of financial instruments;

- (4) Submitting requests and undertaking other actions related to the payment of dividends and other returns on financial instruments;
  - (5) Submitting requests for the annulment of issued financial instruments;
  - (6) Conducting the procedure of exchanging financial instruments;
  - (7) Conducting the procedure of repurchasing own shares;
  - (8) Conducting the procedure of a takeover offer approved by the Securities Commission, as well as the procedure of forced sale of shares and other procedures in accordance with the Rules and other general acts of the Central Securities Depository;
  - (9) Amount of commissions and other fees or basis for calculating and collecting them.
2. Before the Belgrade Stock Exchange or other market organizers:
    - (1) Submitting requests and other documentation for the inclusion of financial instruments on regulated markets or MTFs;
    - (2) Submitting reports and notifications that the client is required to publish in accordance with the Law and the Securities Commission's regulations on the market organizer's website.
    - (3) Submitting requests for the exclusion of financial instruments from the regulated market or MTF and conducting other actions in accordance with the rules and other general acts of the market organizer;
    - (4) Amount of commissions, other fees, or basis for calculating and collecting them;
  3. Providing advice to companies regarding capital structure, business strategy, mergers and acquisitions, and similar matters, as well as the fee for these services.

### **Portfolio Management Agreement**

#### Article 44

The portfolio management agreement concluded between the investment company and the client particularly includes:

1. The client's authorization for the investment company to:
  - Manage, purchase, and sell financial instruments on behalf of the client without their consent, charge fees and commissions for portfolio management services;
2. The amount of monetary funds, or types and quantities of financial instruments that the client makes available to the company;
3. A description of the investment policy that the investment company will implement, including:
  - The type of financial instruments to be purchased with the client's funds and the characteristics of the issuers of these instruments,
  - The maximum permissible investment amount in financial instruments of one issuer and related parties, other circumstances relevant to determining the level of investment risk;
4. Other limitations on the discretionary rights granted to the investment company;
5. The amount of fees and commissions and the basis for their calculation and collection;
6. The client's right to terminate the agreement at any time provided that the remaining obligations of the client and the investment company have been fulfilled.



A portfolio management company that provides portfolio management services to the client is prohibited from investing clients' funds in investment units or shares of investment funds it manages.

**Agreement on Provision of Additional Services in the Process of Acquiring Shares from Dissenting Shareholders**

Article 45

The agreement on the provision of additional services in the process of acquiring shares from dissenting shareholders particularly includes:

1. The basis for providing such services;
2. The number of ownership and cash accounts;
3. The Company's commission.
4. Obligations of the Company and the Client

**Agreement on the Provision of Services in the Process of Takeover Bids and Forced Share Buyouts**

Article 46

The agreement on the provision of services in the process of takeover bids and forced share buyouts particularly includes:

1. The basis for providing such services;
2. The commission or fee of the Company;
3. Obligations of the Company and the client.

**IX MUTUAL RIGHTS AND OBLIGATIONS OF THE COMPANY AND CLIENTS**

**1. Client's Obligations**

Article 47

The Company has the right to request from the client, and the client is obligated to:

1. Provide the prescribed documentation to the Company for identification before concluding an agreement with the Company, as well as to inform the Company of any changes to the documentation within seven days from the date of the change;
2. Provide to the Company:
  - (1) Financial instruments that are the subject of sell orders or funds for the execution of buy orders for financial instruments;
  - (2) Necessary information and documentation for the categorization of the client as a retail or professional client;
  - (3) All necessary information for assessing the appropriateness of services and financial instruments for the client, or for creating the client's profile, except in cases where the Company is not obliged to perform such an assessment;
3. Adhere to the provisions of the Law and these Rules regarding the prohibition of manipulation and abuse of insider information when using investment or additional services of the Company;
4. Fulfill the obligation to pay commissions and other fees to the Company in accordance with the Company's tariff rules and the agreement concluded with the Company, and
5. Fulfill other obligations undertaken in the agreement concluded with the Company, in accordance with these Rules and other internal acts of the Company to which the client has agreed by signing the agreement with the Company.

## **Commissions and Fees**

### **Article 48**

The client is obligated to pay the Company a brokerage commission or other fee based on concluded investment and additional services on behalf of the client, as well as other services provided for the client.

The amount of the brokerage commission, settlement transaction fee, or other fee paid by the client to the Company is determined by the agreement for a specific type of service of the Company, up to the maximum rates or amounts specified in the Company's tariff rules.

When conducting securities trading transactions on behalf of the client, the confirmation of order receipt or execution specifies the amount of commission for that transaction, as well as the settlement transaction fee, if the client utilizes additional services of the Company, in accordance with the maximum commission amount specified in the agreement for investment and additional services.

Fees expressed in foreign currency will be calculated using the official middle exchange rate of the National Bank of Serbia on the date of calculation.

## **2. Obligations of the Company**

### **Article 49**

The Company is obligated to:

1. Before concluding an agreement with the client, provide the client with access to these Rules, the Tariff Rules, the Company's rules on order execution policy and conflict of interest management, and specifically provide information to retail clients as required by these Rules, as well as to inform the client of any changes to these documents within seven days before the implementation of the amendments.
2. Inform the client via a durable medium about the category in which they are classified (professional or retail investor), the level of protection of interests, and the client's right to request reclassification into another category in accordance with these Rules, as well as all changes to the level of protection resulting from such a decision.
3. Receive and execute client orders for buying/selling financial instruments in accordance with these Rules and the Order Execution Policy, or refuse to execute client orders that would violate legal provisions or involve criminal or other offenses punishable by law.
4. Prepare a client profile to assess the appropriateness of services or financial instruments for the client, or notify the client that they are not required to perform such an assessment in accordance with these Rules.
5. Ensure that relevant personnel of the Company adhere to the legally prescribed prohibitions on manipulation and abuse of insider or privileged information, as well as other rules of business conduct in dealings with clients.
6. Ensure the protection of financial instruments and client funds in accordance with these Rules.
7. Inform the client about the existence of conflicts of interest between the client and relevant personnel of the Company or between clients themselves, which are of significance for making investment decisions;
8. Safeguard client data as the Company's business secret;
9. Fulfill other obligations stipulated in the agreement concluded with the client in accordance with the law, regulations of the Securities Commission, these Rules, and other internal Company regulations.

### **3. Assessment of Suitability of Services or Financial Instruments for the Client during the Provision of Investment Services**

#### Article 50

When providing investment advice, the Company is obligated to gather necessary information about the knowledge and experience of the client or potential client in the investment field relevant to a specific type of product or service, their financial situation including the ability to cover losses, as well as the client's investment objectives and risk tolerance. This enables the Company to recommend a specific investment service or financial instrument suitable for the client and aligned with their risk tolerance and loss coverage capacity. When the Company provides investment advice and recommends a package of related services or products, the entire package must be suitable for the client.

When the Company provides other investment services, it is obligated to request information from the client or potential client about their knowledge and experience in the investment field related to a particular financial instrument or offered/requested service, in order to assess the extent to which the envisaged investment service or financial instrument is suitable for the client.

If, based on the information provided by the client, the Company deems that a particular product or service is not suitable for the client or potential client, it must warn them. This warning can be communicated in a standardized form.

In case the client or potential client decides not to provide the requested information or fails to provide sufficient information about their knowledge and experience, the Company is obligated to alert the client or potential client that it cannot determine whether a specific product or service is appropriate for them. This warning can be communicated in a standardized form.

The Company has the right to rely on the information provided by clients or potential clients unless it is aware or should be aware that such information is obviously outdated, inaccurate, or incomplete.

The Company takes reasonable measures to ensure the reliability of the information collected about its clients or potential clients. These measures include, but are not limited to:

1. Ensuring that clients are aware of the importance of providing accurate and up-to-date information;
2. Ensure that all tools used in the suitability assessment process, such as risk profiling tools or tools for assessing client knowledge and experience, are relevant and appropriately designed for client use. Also, ensure that any limitations are identified and appropriately addressed during the suitability assessment process.
3. Ensure that the questions used in the process are easily understandable by clients, allowing them to accurately comprehend the client's goals, needs, and information required for implementing the suitability assessment.
4. Take necessary measures, if required, to ensure consistency in client information, such as verifying the presence of obviously inaccurate data in the information provided by clients.

### **4. Cases in Which the Company Does Not Assess the Suitability of Services or Financial Instruments**

#### Article 51

Without the obligation to obtain information or perform an assessment, the Company can provide investment services to clients that consist solely of the execution or receipt and transmission of client orders with or without additional services, except for granting loans or credit to investors for concluding transactions involving one or more financial instruments, provided that the lending company is involved

in the transaction and the transaction does not consist of existing credit limits, loans, current accounts, and overdrafts of clients, provided that the following conditions are met:

1. The mentioned services relate to one of the following financial instruments:
  - (1) Shares traded on a regulated market or equivalent market in a third country or MTP (Multilateral Trading Platform), if they are shares of companies that are neither shares in alternative investment funds nor shares embedded with derivative financial instruments.
  - (2) Bonds or other forms of securitized debt traded on a regulated market or equivalent market in a third country or MTP, except those embedded with derivative financial instruments or those structured in a way that complicates the client's understanding of risks.
  - (3) Money market instruments, except those embedded with derivative financial instruments or those structured in a way that complicates the client's understanding of risks.
  - (4) Shares or units in a UCITS fund, excluding structured UCITS funds, in accordance with the law governing publicly offered open investment funds.
  - (5) Structured deposits, excluding those structured in a way that complicates the client's understanding of return risks or costs of early withdrawal.
  - (6) Other non-complex financial instruments for the purposes of this provision.
2. The service is provided at the client's or potential client's initiative.
3. The client or potential client has been clearly informed that during the provision of a specific service, the Company has no obligation to assess the suitability of the provided or offered financial instrument or service. Therefore, the client does not enjoy protection rights under relevant business rules. This warning can be given in a standardized form.
4. The Company fulfills obligations related to identifying, preventing, or managing conflicts of interest.

#### Article 52

The Company has the right to assume that a professional investor possesses the experience and knowledge required to understand the risks associated with an investment service or transaction or type of transaction or product for which the client is classified as a professional investor.

### **X PROTECTION OF CLIENT ASSETS**

#### **1. Protection of Financial Instruments and Client Funds**

#### Article 53

The Company is obliged to:

- 1) Maintain records and accounts that allow it to distinguish at any time and without delay between the assets held for one client and those held for any other client and its own assets.
- 2) Maintain its records and accounts in a manner that ensures their accuracy, particularly those relating to financial instruments and client funds held, in such a way that the records and accounts can be used for auditing purposes.
- 3) Regularly perform reconciliations between its internal accounts and records, as well as the accounts and records of any third parties holding such assets.

- 4) Take necessary measures to ensure that all client financial instruments deposited with third parties are clearly distinguished from the financial instruments owned by the Company and from the financial instruments owned by the third party. This should be achieved by holding them in separate accounts in the books of the third party or through equivalent measures that provide the same level of protection.
- 5) Take necessary measures to ensure that client funds deposited with central banks, credit institutions, or banks authorized to operate in foreign countries are held in an account or accounts that are clearly distinguished from all accounts holding funds owned by the Company.
- 6) Implement an appropriate organizational structure to minimize the risk of loss or reduction of client assets or rights related to such assets due to asset abuse, fraud, poor administration, improper record keeping, or negligence.

If, due to applicable legislation, including specifically legislation relating to assets or insolvency, the Company is unable to comply with the provisions of this Article for the protection of client rights, the Company must establish mechanisms for the protection of client assets to fulfill the objectives set out in this Article.

If, due to applicable legislation in the jurisdiction of the state where client funds or financial instruments are held, the Company cannot fulfill the obligations of paragraph 1, point 4) or 5) of this Article, it is obliged to establish mechanisms for the protection of client assets to fulfill those obligations.

When relying on these mechanisms, the Company must inform clients that in such cases, they do not benefit from the provisions provided in these Rules and applicable regulations.

The right to redeem financial instruments or client funds or the right of pledge or offsetting against these instruments or client funds, enabling a third party to dispose of the client's financial instruments or funds to recover debts unrelated to the client or to provide services to the client, is not allowed, unless required by applicable legislation in the jurisdiction of the foreign country where client funds or financial instruments are held. If the Company is obligated to enter into contracts that create such redemption rights, rights of pledge, or offsetting rights, it is obliged to inform clients about this and to indicate the risks associated with such contracts.

If the Company has granted redemption rights, rights of pledge, or offsetting rights over client financial instruments or funds, or if the Company has been informed that such rights have been granted, they are recorded in client agreements and the Company's own accounts to ensure clarity regarding the ownership status of client assets, for example in cases of insolvency.

The Company is obliged to provide the Securities Commission, appointed bankruptcy administrators, and persons responsible for the resolution of institutions in difficulty with information concerning client financial instruments and funds, in the manner prescribed by applicable sublegal regulations of the Securities Commission.

## **2. Handling of Client Financial Instruments**

### Article 54

When the Company holds client financial instruments, it takes appropriate measures to:

- 1) Protect the proprietary rights of clients, particularly in the event of the Company's insolvency, and
- 2) Prevent the use of client financial instruments for its own account, except with the explicit consent of the client.

### **3. Depositing Client Financial Instruments Abroad**

#### **Article 55**

The Company deposits the client's financial instruments held on behalf of clients into an account or accounts opened with third parties, provided that the Company acts with the care of a prudent expert when choosing, appointing, and periodically reviewing the third party, as well as the procedures for holding and safeguarding the specified financial instruments.

The Company takes particular care regarding the expertise and market reputation of the third party, as well as all legally prescribed conditions related to the holding of these financial instruments, which could have negative effects on client rights.

If the Company intends to deposit client financial instruments with a third party, states ensure that the Company only deposits financial instruments with a third party under the jurisdiction of a state in which the custody of financial instruments for the account of another entity is subject to special regulations and supervision, and that the third party is subject to these special regulations and supervision.

The Company may not deposit the client's financial instruments held on behalf of clients with a third party in a foreign country where the custody and safeguarding of financial instruments for the account of another entity are not regulated, unless one of the following conditions is met:

- 1) The type of financial instruments or investment services related to these instruments is such that they must be deposited with a third party in the mentioned foreign country.
- 2) When the financial instruments are held on behalf of a professional investor, the client requests in writing from the Company to deposit them with a third party in the mentioned foreign country.

The requirements from paragraphs 3 and 4 of this Article apply when a third party delegates any of its functions related to the custody and safeguarding of financial instruments to another third party.

### **4. Use of Client Financial Instruments**

#### **Article 56**

The Company may not enter into contracts for securities financing transactions for financial instruments held on behalf of clients or otherwise use such financial instruments for its own account or for the account of any other entity or client of the Company, unless the following conditions are met:

- 1) The client has given explicit prior consent for the use of instruments under precisely defined conditions, confirmed by their signature or any other equivalent mechanism.
- 2) The use of client financial instruments is limited to precisely defined conditions with which the client agrees.

The Company may not enter into contracts for securities financing transactions for financial instruments held on behalf of clients on a pooled account managed by a third party or otherwise use financial instruments in such an account for its own account or for the account of any other entity, unless, in addition to the conditions specified in paragraph 1 of this Article, at least one of the following conditions is met:

- 1) Every client whose financial instruments are held together in a pooled account must give explicit prior consent in accordance with paragraph 1 point 1 of this Article.
- 2) The Company must have established systems and controls to ensure that only financial instruments belonging to clients who have given explicit prior consent in accordance with paragraph 1 point 1 of this Article are used.

The Company's records must include information about the client on whose instructions the use of financial instruments was carried out, as well as the quantity of used financial instruments belonging to each client who has given consent, in order to enable proper allocation of potential loss.

The Company must take reasonable measures to prevent unauthorized use of client financial instruments for its own account or for the account of any other entity, such as:

- 1) Entering into agreements with clients regarding measures the Company will take in the event that the client does not have sufficient inventory in their account on the settlement date, e.g., borrowing appropriate securities on behalf of the client or closing the position.
- 2) Carefully monitoring its expected settlement capacity on the settlement date, as well as establishing corrective measures if this cannot be achieved; and
- 3) Closely monitoring and promptly requesting undelivered securities that remain unsettled on the settlement date and thereafter.

The Company must establish specific measures for all clients to ensure that the lender of client financial instruments provides adequate collateral and that the Company continuously assesses the adequacy of such collateral, as well as taking necessary measures to maintain balance with the value of the client's instruments.

The Company must introduce specific measures and mechanisms to ensure that they do not enter into agreements with retail investors for the transfer of ownership of financial collateral for the purpose of securing or covering existing or future actual, potential, or expected obligations of clients.

## **5. Handling Client Money**

### Article 57

In handling client money, the Company is obliged to open a client money account with a credit institution that is a member of the Central Securities Depository, separate from the Company's own money account.

The Company is obliged to ensure that funds from the client money account:

- 1) Use only for payment of obligations related to services it performs for the client;
- 2) Not use for payment of obligations of other clients;
- 3) Not use for payment of Company's obligations.

A company that deposits client money with a foreign bank is obliged to apply the provisions of these Rules relating to the deposit of financial instruments with a custodian in the country.

## **6. Investor Protection Fund**

### Article 58

To ensure funds for the protection of retail investors, the Insurance Agency ("Agency") organizes and manages the Investor Protection Fund.

The protected claim includes funds deposited and/or arising from investment services and activities and financial instruments of a retail investor who is a member of the Fund. The Agency provides coverage for claims of a retail investor up to a maximum of 20,000 euros in dinar equivalent at the official average exchange rate of the dinar to the euro determined by the National Bank of Serbia.

## **XI GENERAL ORGANIZATIONAL REQUIREMENTS FOR COMPANY OPERATIONS**

### **Article 59**

The Company is obliged to meet the organizational requirements stipulated by the Capital Market Law. The Company is obliged to provide:

- 1) Adequate business premises in which it will carry out activities for which it has been licensed;
- 2) Technical or physical protection of premises, equipment, and documentation.

The Company establishes appropriate rules and procedures that ensure that the Company's operations, its management, employees, and related representatives comply with the provisions of this Capital Market Law, Commission acts, as well as relevant rules relating to personal transactions of these individuals.

The Company is obliged to prescribe and implement:

- 1) An organizational structure that shows the decision-making process, responsibilities for those decisions, and the reporting method;
- 2) Ensuring that all relevant individuals are familiar with all procedures they are required to apply;
- 3) Establishing, implementing, and regularly updating an appropriate internal control system that ensures compliance with internal decisions and procedures at all levels of Company management.

The Company is obliged to keep proper records and documentation regarding the internal organization and operations of the Company.

### **Article 60**

The Company is obliged to ensure:

- 1) Adequate business premises in which it will carry out activities for which it has been licensed; and
- 2) Technical or physical protection of premises, equipment, and documentation.

### **Article 61**

The Company is obliged to provide services within separate organizational units.

The Company takes all reasonable measures to ensure continuity and accuracy in the provision of investment services and the performance of investment activities.

### **Article 62**

Employees of the Company must have appropriate qualifications, knowledge, and experience necessary for the quality provision of the Company's services.

The Company is obliged to have at least two full-time employees who are licensed by the Commission to perform broker activities.

### **Article 63**

The information system of the Company must be adequate considering the scope and complexity of the services provided by the company.

The Company is obliged to ensure efficient control and protection of information systems, which must provide security, completeness, and confidentiality of data, particularly:

1. Protection of hardware and software from unauthorized access to data through detailed monitoring (procedures for registration, analysis, and control of each activity in the system), access control through authorization and user authorization;



2. Adequate training of employees regarding the use of the system and the procedures established for its protection;
3. Only authorized personnel, as recorded by the Company, have access to the information system and the ability to input, modify, and use data.
4. Every individual with access to a workstation must have a unique username and password and access only functions necessary for that individual's job responsibilities, with one username and password per person.
5. Only approved data, as defined by the company's regulations, is entered into the information systems.
6. All approved data must be entered into the information systems.
7. Regular verification of the accuracy of entered data is performed.

Extracts from the Company's information systems must include the date and time of preparation and the authorization of the responsible person.

#### Article 64

The Company is obliged to develop, implement, and regularly update measures to ensure the continuity of the information system, particularly:

- 1) Protection of the system with hardware and software solutions, reliable uninterrupted power supply systems, backup telecommunications connections, and devices.
- 2) System reliability:
  - Simultaneous creation of duplicate data on servers and providing backup servers.
  - Creating at least two data copies at the end of each working day, with one copy stored in official premises and the other in a separate location.

The Company is obliged to establish, implement, and regularly update measures to ensure business continuity in extraordinary circumstances, including the timely establishment of functions and information access and the timely continuation of service provision if regular operations are not feasible during exceptional circumstances.

#### Article 65

The Company is obliged to establish, implement, and regularly update accounting procedures that allow for the timely submission of financial reports. These reports should accurately reflect the company's financial situation and comply with applicable accounting standards and rules.

The Company is obliged to maintain its accounting records and prepare financial reports in accordance with the law and accounting regulations.

## **XII CODE OF BUSINESS CONDUCT FOR THE COMPANY**

### **1. Principles of Business Conduct**

#### Article 66

When providing investment or ancillary services to clients, the Company acts fairly, justly, in accordance with professional standards, and in the best interests of clients, particularly respecting the principles outlined in the Law.

During the provision of investment services to clients, the Company is obligated to prioritize the interests of its clients over its own interests, conducting business fairly, honestly, and professionally in line with the best interests of the clients, respecting the principles established by the Law.

To prevent conflicts of interest in its dealings with clients, the Company's relevant personnel are obliged to adhere to the following principles:

- 1) Principle of Client Interest Protection: When providing investment services to clients, the Company is obligated to prioritize the interests of its clients over its own interests, conducting business fairly, honestly, and professionally in line with the best interests of the clients, respecting the principles established by the Law.
- 2) Principle of Conscience and Professionalism: Relevant personnel are required to provide services to the Company's clients in accordance with the law and industry regulations. They must adhere to the fundamental principles of successful financial operations (safety, liquidity, profitability) while striving to maximize returns for their clients and the Company, while considering an appropriate level of risk.
- 3) Principle of Respect for Parties and Business Partners: When working with clients, shareholders, and business partners, relevant personnel must act with respect and impartiality, adhering to professional rules, ensuring that the personal and professional dignity of clients, shareholders, and business partners is not compromised.
- 4) Prohibition of Receiving Gifts and Other Benefits: Relevant personnel are prohibited from demanding or accepting any gifts or other benefits from clients, for themselves or for third parties, that could influence or potentially influence the clients' or their own business decisions in favor of the gift-giver.

## **2. Prevention of Conflict of Interest**

### Article 67

The Company takes all appropriate measures to identify, prevent, or manage conflicts of interest arising from the provision of investment and ancillary services or their combination, including those resulting from incentives received from third parties or the Company's own fee structures and other incentives:

- 1) Between the Company, including their executives, employees, affiliated representatives, and any individuals directly or indirectly connected to them through control, and their clients, or
- 2) Among clients.

The Company organizes its operations in a manner that minimizes conflicts of interest, the existence of which could be detrimental to client interests, and which may arise during the provision of services:

- 1) between the interests of the Company, relevant personnel, and all closely related parties on one side, and the interests of the Company's clients on the other side;
- 2) among the interests of the Company's clients themselves.

Before providing a service to a client, the Company is obligated to inform the client about potential types and sources of conflicts of interest as regulated by the Regulation on Conflict of Interest Management.

The notice from paragraph 1 of this article must contain, considering the categorization of clients, sufficient information that allows the client to make decisions regarding services where a conflict of interest arises.

## **Prohibited Activities of Relevant Individuals**

### **Article 68.**

The Company establishes, implements, and maintains appropriate arrangements to prevent activities by all relevant individuals involved in activities that could lead to conflicts of interest or who, based on the activities they perform on behalf of the Company, have access to privileged information in the sense of the Law or other confidential information related to clients or client transactions.

The Company ensures that relevant individuals do not engage in personal transactions that meet at least one of the following criteria:

- 1) such transactions are prohibited for that person according to the provisions of the Law related to market abuse;
- 2) the transaction involves the misuse or improper disclosure of confidential information;
- 3) the transaction conflicts with, or there is a probability that it could conflict with, the Company's obligations based on the Law.

## **Procedures for Personal Transactions of Relevant Individuals**

### **Article 69.**

The Company ensures that relevant individuals, outside the scope of their employment or service agreement, do not advise or recommend other parties to engage in transactions involving financial instruments that could lead to conflicts of interest.

The Company ensures that relevant individuals, outside the scope of their employment or service agreement, do not disclose information or opinions to other parties if the relevant individual knows or reasonably should know that due to such disclosure, the other party will undertake or is likely to undertake a transaction involving financial instruments that, in the case of the relevant individual's personal transaction, would advise or induce the other party to enter into such a transaction.

The required mechanisms are designed to ensure the following:

- 1) Every relevant individual is informed of the limitations related to personal transactions and the measures established by the Company regarding personal transactions and disclosures.
- 2) The Company is promptly informed about each personal transaction entered into by a relevant individual, using notifications of such transactions or other procedures that enable the Company to identify such transactions.
- 3) Records are kept of personal transactions that the Company has been informed about or that it has identified, including all authorizations or prohibitions related to such transactions.

The provisions regarding personal transactions do not apply to the following personal transactions:

- 1) Personal transactions executed based on portfolio management services on a discretionary basis, where there is no prior communication regarding the transaction between the portfolio management authorized person and the relevant individual or another person on whose behalf the transaction is executed.
- 2) Personal transactions involving publicly offered investment funds or alternative investment funds that are subject to supervision in accordance with the regulations of the Republic of Serbia, requiring an equivalent level of risk distribution for their assets, if the relevant individual and any other person on whose behalf the transaction is executed are not involved in managing that entity.

## **Data Protection and Prevention of Misuse of Confidential or Insider Information Policy**

### **Article 70.**

To prevent conflicts of interest and restrict the flow of information between different organizational units of the Company, the organizational structure applies a mechanism known as a "Chinese Wall," which allows access to confidential or insider information exclusively to those to whom such information is reasonably necessary in the course of performing their business and professional duties.

If the established information protection mechanism from paragraph 1 of this article is insufficient to manage a potential conflict of interest in a particular situation, the Company will take additional measures. After considering all the facts regarding the availability of information to relevant individuals, the Company will establish a higher-level restriction on the flow of information for a specific transaction.

### **Article 71.**

Members of the management and employees of the Company are obligated to treat as confidential business:

- 1) information about clients;
- 2) information about the status and transactions on their clients' accounts;
- 3) information about services provided to clients;
- 4) other information and facts acquired during the provision of services.

The Company must not use, disclose to third parties, or allow third parties to use the information from paragraph 1 of this article.

Information from paragraph 1 of this article can only be disclosed to and communicated with third parties:

- 1) with the written consent of the client;
- 2) during supervision conducted by the Securities Commission, Central Registry, or market organizer;
- 3) based on a court order;
- 4) based on an order from an authority dealing with the prevention of money laundering or terrorist financing;
- 5) based on an order from another competent state authority.

## **XIII HANDLING CLIENT COMPLAINTS**

### **Article 72.**

The Company establishes, implements, and maintains effective and transparent policies and procedures for managing complaints, ensuring swift resolution of complaints from clients and potential clients. The Company is obligated to keep records of received complaints and the measures taken to resolve them.

The Company publishes details of the complaint resolution process, including information about the complaint management policy and contact information for the complaint management function. This information is provided to clients and potential clients upon request or upon acknowledgment of receiving a complaint. The Company allows clients and potential clients to submit complaints free of charge.

The Company establishes a complaints management function responsible for investigating complaints.

When resolving complaints, the Company communicates with clients or potential clients clearly, using plain, easily understandable language, and responds to the complaint without undue delay.

The Company provides clients or potential clients with its understanding of the complaint and informs them of the available options, including the possibility of referring the complaint to an alternative dispute resolution body or initiating a civil lawsuit.

The Company provides information about complaints and their resolution to the Commission and, if required, to the alternative dispute resolution body.

Client complaints regarding potential improper conduct by the Company are submitted using a standardized complaint form available at the Company's official premises and on the Company's website.

Clients of the Company can complete, sign, and submit the complaint form in person or via mail to the Company's headquarters. The Company will review received complaints and inform the complainant about the actions taken to address the complaint.

The Company is not obligated to act on anonymous and incomplete complaints.

The Company maintains documentation of all complaints and the measures taken based on them, in accordance with the deadlines and methods prescribed by the Securities Commission's regulation.

#### **XIV PROHIBITION OF MARKET MANIPULATION**

##### Article 73.

Market manipulation encompasses the following actions:

- 1) Executing a transaction, placing a trading order, or engaging in another procedure that:
  - (1) Provides or is likely to provide false or misleading signals or information about the supply, demand, or price of a financial instrument or related commodity contract on the spot market;
  - (2) Maintains or is likely to maintain the price of one or more financial instruments or related commodity contracts on the spot market at an unusual or artificial level, unless the participant in the transaction, trading order, or other involvement proves that such a transaction, order, or action was conducted for legitimate reasons and in accordance with accepted market practices on that market;
- 2) Executing a transaction, placing a trading order, or engaging in other activities or procedures that influence or could influence the price of one or more financial instruments or related commodity contracts on the spot market, using fictitious funds or other forms of deception or fraud;
- 3) Spreading information through public information channels, including the internet and any other means, by providing or that could provide false or misleading signals regarding the supply, demand, or price of a financial instrument or related commodity contract on the spot market, or maintaining or that could maintain the price of one or more financial instruments or related commodity contracts at an unusual or artificial level, including spreading rumors, by an entity that knew or should have known that such information was false or misleading. This includes when the transmitting entity gains, for itself or another party, an advantage or benefit from spreading such information;
- 4) Transmitting false or misleading information or providing false or misleading benchmark-related information when the entity transmitting the information or benchmark-related data knew or should have known that it was false or misleading, or any other procedure by which the calculation of a benchmark is manipulated.

Actions and procedures that are considered market manipulation particularly include the following:

- 1) Activities of one or more entities collaborating to establish a dominant position in the supply or demand of a financial instrument or related commodity contracts on the spot market, indirectly or directly affecting or capable of affecting the determination of buying or selling prices or creating other unfair trading conditions;

- 2) Purchasing or selling financial instruments at the beginning or near the end of the trading day, which has or could have a misleading influence on investors who make decisions based on displayed prices, including opening or closing prices;
- 3) Placing orders on the trading venue, including any withdrawal or modification, using any available trading means, including electronic means such as algorithmic and high-frequency trading strategies, having one of the consequences described in paragraph 1 points 1) and 2) of this article, through:
  - (1) Disrupting or slowing down the functioning of the trading system at the trading venue or likely to do so;
  - (2) Hindering the identification of genuine orders in the trading system at the trading venue or likely to do so, including entering orders that lead to overload or destabilization of the order book;
  - (3) Creating or likely to create false or misleading signals regarding the supply or price of the financial instrument and demand for it, especially by entering orders that initiate or amplify a trend;
- 4) Exploiting occasional or regular access to traditional or electronic public information channels by expressing opinions about a financial instrument or related commodity contract on the spot market (or indirectly about its issuer), with the entity having previously taken a position in that financial instrument or related commodity contract and profiting from the impact that expressing the opinion had on the price of that instrument or related commodity contract, while not disclosing the existence of conflicts of interest to the public in an appropriate and effective manner.

If it concerns a legal entity, the provisions stated above also apply to natural persons who participate in making the decision to carry out a transaction on behalf of the mentioned legal entity.

#### Article 74.

It is prohibited for any person to engage in market manipulation or attempt to engage in market manipulation. It is also prohibited to incite another person or assist another person in engaging in manipulation.

Persons participating in market manipulation are jointly liable for the damage resulting from market manipulation.

The Company establishes and maintains effective measures, systems, and procedures to prevent and detect trading and attempted trading based on manipulation.

The Company promptly reports orders and transactions to the Securities Commission, including their withdrawal or modification, that could represent trading or attempted trading based on manipulation.

The Company is obligated to establish internal procedures through internal acts according to which employees of the Company can report market abuse.

#### Article 75.

Circumstances affecting the assessment of whether market abuse has occurred within the meaning of Article 73 of these Rules may include the following:

- 1) Whether false, misleading, or deceptive information is disseminated by the persons who issued the orders or carried out the transactions, or by persons connected to them, before or after the said orders or transactions.

- 2) Whether persons who issue orders or carry out transactions distribute, directly or indirectly through connected persons, market research or investment recommendations that are inaccurate, biased, or evidently influenced by material interests, before or after issuing orders or conducting transactions.

Circumstances affecting the assessment of whether market abuse under Article 73 of these Rules has occurred may include the following:

1. Whether and to what extent the given trading orders or executed transactions constitute a significant portion of the daily trading volume of the relevant financial instrument on the trading venue, especially when these activities lead to a significant change in the price of the financial instrument.
2. To what extent the trading orders issued by persons with significant buying or selling positions in the financial instrument or the transactions executed by those persons result in significant changes in the price of the financial instrument or related derivatives or underlying variables traded on the trading venue.
3. Whether the executed transactions result in a real change in ownership of the financial instrument traded on the trading venue.
4. To what extent the given orders or executed transactions involve changes in positions within a short period and represent a significant portion of the daily trading volume of the relevant financial instrument on the trading venue, and whether they could be related to significant price changes in the traded financial instrument.
5. To what extent the given orders or executed transactions, concentrated within a short time period during the daily trading, have caused a price change that has reversed the direction of movement.
6. To what extent the given orders modify the display of the best bid or ask prices of the financial instrument on the trading venue or the display of market depth visible to market participants, and if they are removed before being executed.
7. To what extent the orders are given or transactions are executed at a specific time (at the close of trading) or around a specific time when reference prices (closing prices) are calculated and other calculations are performed, and such orders lead to price changes that impact reference prices and calculations.

Circumstances from paragraphs 1 and 2 of this article do not by themselves mean that there is market abuse in a specific case, nor is the opposite implied if a fact or event is not mentioned in this article. The existence of market abuse is assessed based on the specific circumstances of each individual case.

#### Article 76.

The Company is obligated to establish and maintain measures, systems, and procedures that ensure effective and continuous monitoring of all received and transmitted orders and all executed transactions to detect and identify orders and transactions that could represent trading or attempted trading based on insider information or market manipulation or attempted market manipulation, as well as to report suspicious transactions and orders to the Securities Commission.

The measures and procedures prescribed in paragraph 1 of this article must be appropriate and proportional to the scope, size, and nature of the activities carried out by the Company, subject to regular assessment at least once a year, and updated as necessary. Written records must be kept, and information must be retained for at least 5 years.

The measures, systems, and procedures established by the Company must allow for individual and comparative analysis of all executed transactions and orders that have been submitted, modified, withdrawn, or rejected in the trading venue systems.

The Company establishes and maintains an automated surveillance system that effectively monitors orders and transactions, generates alerts and reports, and, if appropriate, uses visualization tools. The automated surveillance system covers the entire range of trading activities conducted by the Company and all orders it submits. The system is structured taking into account the nature, volume, and complexity of the Company's trading activities, such as the type and volume of instruments traded, the size and complexity of its order flow, and the markets accessed. The Company's automated surveillance system adapts to changes in regulatory obligations and the Company's trading activities, including changes in its trading strategies and its clients' strategies.

Upon request by the Securities Commission, the Company provides information that demonstrates the adequacy and proportionality of the system in relation to the scope, size, and nature of their business activities, including information about the level of automation of these systems.

## **XV CLIENT REPORTING**

### Article 77.

The Company maintains records that include the contract or documents signed by the Company and the client, which establish the rights and obligations of the contracting parties and other terms under which the Company provides services to clients.

The Company provides the client with reports on the services it provides, including data on regular communication with the client, which depends on the type and complexity of financial instruments and the nature of the services provided. Additionally, the Company provides information about the costs related to those transactions and services, as needed.

When the Company provides investment advisory services, before a transaction is executed, it provides the client with a statement of appropriateness on a durable medium. This statement specifies the given investment advice along with an explanation of how that advice aligns with the preferences, goals, and other characteristics of a retail investor.

When a contract for the purchase or sale of a financial instrument is concluded through distance communication, preventing the prior submission of a statement of appropriateness, the Company may provide a written statement of appropriateness on a durable medium immediately after the client commits to the contract if the following conditions are met:

1. The client has agreed to receive the statement of appropriateness without undue delay after the transaction is executed.
2. The Company has given the client the choice to delay the transaction in order to receive the statement of appropriateness in advance.

### **1. Reporting to Clients Regarding Order Execution**

#### Article 78.

After executing a client's order, the Company proceeds as follows:

2. Without delay, the Company provides the client with essential information regarding the execution of that order on a durable medium.
3. As soon as possible, but no later than the end of the first working day after the execution or, if the Company receives a confirmation from a third party, no later than the end of the first working



day after receiving the confirmation from the third party, the Company provides the client with a notice confirming the execution of the order.

The provisions of Paragraph 1, Point 2) of this article do not apply if the confirmation contains the same information as the confirmation promptly provided to the client by another entity.

The provisions of Paragraph 1, Points 1) and 2) of this article do not apply to orders executed for the accounts of clients related to bonds financing mortgage loan agreements with those clients. In this case, the transaction report is delivered simultaneously with the terms of the mortgage loan, but no later than one month after the execution of the order.

While adhering to the requirements of Paragraph 1 of this article, the Company provides the client, upon request, with information about the status of their order.

In the case of client orders relating to shares or units in collective investment undertakings, executed periodically, the Company takes measures as stipulated in Paragraph 1, Point 2) of this article or provides the client with information specified in Article 79 of these Rules regarding such transactions at least once every six months.

#### Article 79.

The notice as referred to in Article 78, Paragraph 1, Point (2) of these Rules, generally includes the following information:

1. The business name and registered office of the Company.
2. The client's full name/business name or other designation.
3. The day, time, and place of trading.
4. The identification code of the financial instrument.
5. The quantity of the financial instruments.
6. The individual and total price, currency denomination, and the exchange rate used if the transaction involves currency conversion.
7. The buying or selling indicator.
8. The nature of the order, if it is not a buying or selling order.
9. The type of order.
10. The total amount of calculated fees and charges, and if requested by the client, a breakdown itemizing the extent of each increase or decrease in value when the Company executed a transaction for its own account while having the obligation of best execution towards the client.
11. The client's obligations regarding settlement of the transaction, including the deadline for payment or delivery, as well as relevant account information if the client has not been previously informed about these details and responsibilities.
12. Notification of the counterparty in the transaction, if the counterparty is solely the Company or another entity related to the Company, or another client of the investment firm, unless the order was executed on a trading system that allows anonymous trading.

When the Company provides information pursuant to Paragraph 1 of this article through standard indicators, it is obliged to clarify the meaning of these indicators in the confirmation.

## **2. Reports on Client's Financial Instruments or Funds**

### **Article 80.**

The Company is obliged to provide individual clients for whom they hold financial instruments or funds with reports on a durable medium regarding these financial instruments or funds at least on a quarterly basis, unless such report has been provided in another periodic report. The Company may provide such report more frequently upon client request at a commercial cost.

The report on the client's assets includes:

1. Details of all financial instruments or funds held by the Company for the client at the end of the reporting period.
2. The manner of utilization or disposition of financial instruments and funds during the reporting period.
3. Benefits or returns based on such utilization or disposition.
4. Clear differentiation between assets or funds subject to the provisions of the Law and other relevant regulations and those which are not, for instance, those subject to collateral agreements involving transfer of ownership.
5. Clear differentiation of assets affected by specific ownership status characteristics, such as a right of pledge.
6. Market value of the financial instruments included in the report or, when market value is not available, their estimated value, along with a clear indication that the absence of a market price likely indicates a lack of liquidity. The assessment of the estimated value must be carried out by the Company within its capabilities.

The periodic report on client assets is not required to be delivered when the Company provides its clients with access to an electronic system that is considered a permanent data carrier, and in which the client can easily access updated reports on the client's financial instruments or monetary assets. This exemption applies when the Company has evidence that the client has accessed such reports at least once during the relevant quarter.

## **3. Reports on Issuer's Decisions**

### **Article 81.**

The Company is obligated to provide a unique shareholder register for the issuer with whom it has a contract for performing corporate services. This register is used for providing the agenda and invitation for the general assembly of shareholders in accordance with the law regulating business organizations.

The unique shareholder register, in accordance with the CRHOV operating rules, among other things, includes data about shares on which third-party rights are registered if they have been pledged by lawful owners, in which case, it also includes information about the pledgee (the person for whose benefit such rights are registered).

When the agenda of the general assembly includes a decision that results in the cancellation of all or a specific number of shares due to changes in nominal value (when the number of issued shares changes), reduction of the share capital by cancelling shares owned by shareholders, changes in corporate status, and other cases where previously issued shares will be cancelled, the Company is obligated to provide the pledgee with information about:

- The date of the issuer's general assembly where a decision to cancel shares on which a pledge right is constituted is scheduled on the agenda, and the deadlines for implementing that decision.

- If the decision also involves issuing new shares simultaneously, details about the exchange ratio between existing and newly issued shares (specifying the number of newly issued shares corresponding to the number of shares on which specific rights are registered).
- When the agenda of the general assembly includes a decision on the compulsory redemption of all shares held by the remaining shareholders of the company, the Company, as the corporate agent of the issuer, is obligated to provide the pledgee with information about:
- The date of the issuer's general assembly where a decision on the compulsory redemption is scheduled on the agenda, through which the majority shareholder will redeem all the remaining shares of the issuer's company from the remaining shareholders, in the manner and procedure provided by CRHOV operating rules.
- Deadlines for implementing that decision.

As the corporate agent of the issuer, the Company, upon submitting a request for changes in the CRHOV in accordance with this article, also submits proof that it has informed the borrower about the expected changes in the shares.

The provisions of this article are also applicable when the issuer decides to change its legal form or when bankruptcy or liquidation proceedings are initiated against the issuer.

#### **XVI: Other Significant Matters for the Operation of the Company**

##### **1. Risk Management**

###### Article 82.

Under the risks to which the Company is exposed, the likelihood of negative effects on the Company's business and financial results and position is implied.

The Company may be particularly exposed to market risk, credit risk, liquidity risk, operational risk, risk of exposure to a single entity or a group of related entities.

The Company identifies, assesses, and measures the risks to which it is exposed in its business operations and manages these risks through procedures prescribed by a specific internal act, in accordance with the Law and other regulations, standards, and professional rules.

###### Article 83.

The Company establishes, implements, and regularly updates risk management systems in proportion to the type, scope, and complexity of its business operations.

The systems referred to in paragraph 1 of this article include:

1. Strategies, policies, procedures, and risk management measures;
2. An organizational structure with defined authorizations and responsibilities for risk management;
3. A risk management process;
4. An effective internal control system.

The Company monitors and evaluates the suitability, comprehensiveness, and effectiveness of adopted risk management strategies, policies, and procedures, as well as the adequacy and effectiveness of envisaged measures to eliminate possible deficiencies in risk management strategies, policies, and procedures, including failures by relevant individuals.

The risk management function can be performed by the Company in conjunction with other tasks, considering the type, scope, and complexity of the Company's business operations.

## **Measures for Identifying and Managing Company Risks**

### **Article 84.**

The company establishes, organizes, and implements measures for risk management that enable comprehensive and preventive identification of risks, measurement of their intensity, and assessment of risks that can directly or indirectly undermine the company's ability to implement its business strategy and business objectives. This includes monitoring, control, and reporting.

The company manages risks in a way that ensures maintaining a level of exposure to risks that will not endanger the company's assets and operations, or compromise the protection of the interests of the company, clients, and third parties.

When establishing measures and procedures for identifying and managing risks, the company takes into account the type, scope, and complexity of the activities it conducts, its business objectives, and business strategy, the determined ability to assume risks, the choice of investments in risky financial instruments, as well as diversification of investments in them.

## **2. Company Fees and Other Charges**

### **Article 85.**

The Company's fees and other charges are determined by the Company's Tariff Regulations and are set to a maximum amount of fees or charges for providing investment services and activities or additional services.

The amount of brokerage fees or other charges paid by the client to the Company is determined by the contract with the client or based on an agreement with the client in the order or order confirmation.

The Company is required to submit the Tariff Regulations from paragraph 1 of this article to the Securities Commission before its implementation, display it in the business premises where it operates with clients, and publish it on its website.

## **3. Record Keeping and Management**

### **Article 86.**

The Company keeps records of all services, activities, and transactions it has executed in a manner that allows the Securities Commission to carry out supervision, verify whether the Company fulfills all its prescribed obligations, and implements measures envisaged by the Law.

The records from the previous paragraph are stored in a medium that enables information storage and is accessible to the Securities Commission for future use in a form and manner prescribed by sublegal regulations of the Securities Commission.

The company is obligated, in accordance with the bylaws of the Securities Commission, to maintain:

1. Records of clients, services provided, and fees/costs charged;
2. Records of contracts concluded with clients;
3. Records of information provided to clients or potential clients in the form of records, minutes, or in other ways, from which the exact time and scope of information provided to clients or potential clients in accordance with the Law can be determined;
4. An electronic order book in which orders are entered, including orders transmitted for execution to another investment company, modifications, and revocations of orders, immediately upon receipt;
5. Records of transactions and order processing.

The company is required to retain records of clients, services provided, and fees or costs charged for a minimum of seven years in a way that ensures the data in these records are available in a readable format and in chronological order upon request by the Securities Commission. Article 87

The company establishes, implements, and maintains an effective policy for recording telephone conversations and electronic communications, established in written form and appropriate to the size and organization of the company, the scope and complexity of its business.

The company ensures that the management body has effective oversight and control over the policies and procedures related to recording telephone conversations and electronic communications of the company.

The company keeps and periodically updates a record of individuals who have the company's devices or devices in private ownership for which the company has authorized use.

The company provides education and training to employees regarding the procedures governing the recording of company communications.

Before providing investment services and activities related to the receipt, transmission, and execution of orders to new and existing clients, the company informs the client of the following:

1. Conversations and communications are recorded; and
2. A sample record of those conversations with the client and communications with the client will be available upon request for a period of five years, and upon request by the Securities Commission for a period of seven years.

Client communication is conducted in the same language(s) used for providing investment services to clients.

The company is required to record all relevant information related to face-to-face meetings with clients on a permanent data carrier. The recorded information should include at least the following:

1. Date and time of the meetings;
2. Location of the meetings;
3. Identity of the participants in the meetings;
4. Initiator of the meetings; and
5. Relevant information about the client's order, including price, volume, order type, and when it is transmitted or executed.

These records are to be stored on a permanent data carrier, enabling their replay or duplication, and must be kept in a format that prevents alteration or deletion of the original record. The records are stored in a way that makes them immediately accessible to clients upon request.

The company ensures the quality, accuracy, and completeness of the records of all telephone conversations and electronic communications.

## **XVII TRANSITIONAL AND FINAL PROVISIONS**

### **Article 88.**

The initiative to amend or supplement these Rules may be submitted by the founder and members of the Company's management.

Article 89.

The Company's General Assembly of Shareholders decides on the amendment or supplementation of these Rules in a manner and according to the procedure determined for their adoption.

Article 90.

The Company will publish these Rules on its website on the next working day after receiving the decision of the Securities Commission approving the Rules.

These Rules will come into effect after a period of 8 (eight) days from the date of publication on the Company's website.

Integral parts and annexes of these Rules are also:

1. Rulebook on Conflict of Interest Management Policies,
2. Rulebook on Order Execution Policies,
3. Information provided to retail clients.

Article 91.

As of the commencement date of the application of these Rules, previously adopted Rules and Company operating procedures cease to be in effect.

These Rules have been drafted in 3 (three) identical copies, of which one copy is retained by the Securities Commission, and the remaining two copies are retained by the Company.

In Belgrade, on April 15, 2024.

CHAIRMAN OF THE GENERAL ASSEMBLY OF SHAREHOLDERS



Sergejs Lukaševičs