

APPENDIX 1: Information provided to Clients

Content

1. Introduction	3
2. The Definitions of Concepts	3
3. Information for Clients	4
4. Information on the Services Provided by the Authorized Bank.....	5
5. Information for Clients with Distance Contracts	6
5.1. Information on the Resolution of Disputes arising from Distance Contracts	7
6. The Signing of a Contract with a Client.....	7
7. Communication with Clients with a Distance Contract	8
8. Information on Financial Instruments.....	8
9. Risks of investment in financial instruments	9
10. Other Information Relating to Financial Instruments.....	11
11. Information Regarding the Protection of the Clients' Financial Instruments.....	12
12. The Handling of the Clients' Financial Instruments	12
13. The Depositing of Financial Instruments of Clients Abroad	13
14. Investor Protection Fund.....	13
15. Management of Conflicts of Interest.....	14
15.1. Circumstances that are or may lead to a Conflict of Interest.....	15
15.2. Procedures and Measures for the Management of Conflicts of Interest.....	15
16. Reporting to Clients on the Execution of Orders	17
16.1. Certificate of the Execution of Orders	17
16.2. Reports on Financial Instruments or Client Assets	17
17. Information on Costs and Benefits	17

1. Introduction

In the process of the provision of investment and additional services to clients within the organizational area of OTP banka Srbija a.d. Novi Sad, the Capital Market Department (hereinafter: the Authorized Bank) is obliged to place the interests of its clients ahead of its own interests and to operate fairly, honestly and professionally in accordance with the clients' best interests, adhering to the principles established by the provisions of the Capital Market Law.

2. The Definitions of Concepts

In accordance with the Capital Market Law (hereinafter: the Law) and the Securities Commission acts, the key terms in this Appendix 1 of the Operating Rules of Authorized Bank have the following meanings:

Investment Company: means an entity whose regular activities or operations encompass provisions of one or more investment services to third parties, i.e. professional performance of one or more investment activities.

Authorized bank: Organisational unit of a credit institution whose regular activities and operations encompass provision of one or more investment services to third parties, i.e. professional performance of one or more investment services related to one or more financial instruments.

Representatives of Authorised Bank: Persons employed with the Bank who have the consent and Decision of the Securities Commission on the appointment of members of the Investment Company's management.

Bank: OTP banka Srbija a.d. Novi Sad.

Relevant Person: A person with a proprietary interest in the Authorized Bank, a person employed in a managerial position in the Authorized Bank (representatives of Authorised Bank), person employed in the Authorized Bank, employee of the Bank who participates in the provision of investment and additional services, member of the Executive Board or Board of Directors of the Bank, member of the Audit Committee and any other natural person employed by the Authorised Bank for the provision of services under its jurisdiction.

Persons with close relatedness with relevant person are: spouse and common-law partner, descendants and ancestors in the straight line unlimited, relative up to the third degree of kinship in the side-line, as well as in-laws, adoptee and adopter and descendants of the adoptee, guardian and protégés and descendants of the protégé, any person who has spent with the relevant person at least one year in a joint household from the date of the personal transaction in question.

Transaction of the relevant person: A transaction involving a financial instrument executed by the relevant person acting beyond the scope of the activities they perform as a relevant person, or which is performed on behalf of the relevant person, the person the relevant person is related to or with whom the person is closely associated within the meaning of the Law or the person whose relationship with the relevant person is of such a nature that the relevant person has a direct or indirect material interest from the result of the transaction, which is not a commission or fee for the execution of a transaction.

Transactions used to fund financial instruments: The borrowing of financial instruments, repurchase agreements or reverse repurchase agreements, or other transactions involving the purchase of financial instruments and/or their resale and repurchase.

Small Client: Any client of the Authorized Bank which is not classified in the category of professional clients, i.e. which does not have sufficient experience, knowledge and expertise to independently make decisions on investments and proper assessment of risk in accordance with the Law.

Professional Client: Any client who has sufficient knowledge, experience and expertise to make investment decisions and investment risk assessments independently, and who meets legal requirements for this classification.

Distance Contract Client: A natural person who uses or has used investment services based on a distance contract:

- a natural person who uses, has used or intends to use investment and additional services not intended for their business or other commercial activity,
- an entrepreneur, in the sense of the law governing companies,
- a farmer as a holder or an associate in a family farm, in the sense of the law governing agriculture and rural development.

Permanent Medium – paper or other means enabling the storage of data in a digital format (CD, internet banking, email under certain conditions, etc.) in such a way that the access, processing and completeness of the data is secured at least until the deadline prescribed by the relevant regulations.

3. Information for Clients

Information about the Authorized Bank

Business name:	OTP banka Srbija a.d. Novi Sad
Name:	Capital Market Department (Authorised Bank)
Seat and address of the Bank:	Belgrade, 111, Bulevar Mihajla Pupina
Registration Number:	08603537
TIN	100584604
Internet address:	www.otpbanka.rs
Email:	broker@otpbanka.rs
Email contact for client complaints:	prituzbe.broker@otpbanka.rs
Email for electronic orders:	nalog@otpbanka.rs order@otpbanka.rs
Phone numbers:	+ 38111 205 33 95; +38111 205 33 96; + 38111 205 33 97
Fax:	+ 38111 222 85 41
Operating license:	2/1-109-335/4-19 dated 05.04.2019
The competent authority that issued the license	Securities Commission 1, Omladinskih brigada, 11 070 Novi Beograd; Internet address: www.sec.gov.rs

Membership: Belgrade Stock Exchange
1, Omladinskih brigada, 11 070 Novi Beograd;
Internet address: www.belex.rs

Central Securities Depository and Clearing House
5, Trg Republike, 11 000 Belgrade
Internet address: www.crhov.rs

Deposit Insurance Agency
Investor Protection Fund
2-4, Knez Mihajlova, 11 000 Belgrade
Internet address: www.aod.rs

Language of communication: Serbian

The Authorized Bank may communicate in English or another foreign language provided for by the contract with its clients – foreign legal or natural persons, provided that the contract, orders and other necessary documentation are compiled in the Serbian language as well, i.e. both languages.

Method of delivery of orders:

- Directly in the seat of the Authorized Bank
- by phone;
- by email;
- by fax;
- via the Bloomberg Application
- Directly in the branch network of the Bank.

Communication between the Authorized Bank and the Client shall be conducted in a manner most suitable for the Client, selected by the Client at the conclusion of the contract, i.e. contracting cooperation and which is precisely specified in the Client Categorization Questionnaire. The Client may change the contact information or the manner of communication at any time, by submitting a written request for the modification of data to the Authorized Bank.

The Client is also obliged to inform the Authorized Bank of the change of any information relevant for the representation and notification of clients, as well as for the performance of the obligations of the Authorized Bank and the Client when providing investment and additional services, within seven days from the occurrence of the change.

4. Information on the Services Provided by the Authorized Bank

The Authorized Bank is licensed to provide the following investment services and additional activities:

- 4.1. Receipt and transfer of orders related to the sale and purchase of financial instruments;
- 4.2. Execution of orders for the Client;
- 4.3. Services related to the offer and sale of financial instruments with and without the obligation of repurchase;
- 4.4. Investment counselling;

- 4.5. The maintenance and administration of financial instruments for the clients, including the keeping of instruments and associated services, such as administering by funds and collateral;
- 4.6. Approving credits or loans to investors to perform transactions in one or more financial instruments when the company lender is involved in the transactions;
- 4.7. The advising of companies on the structure of capital, business strategies, mergers and acquisitions of companies and similar issues;
- 4.8. FX operations services related to provision of investment services;
- 4.9. Investigation and financial analysis in the field of investments or other forms of general recommendations regarding transactions in financial instruments;
- 4.10. Underwriting services;
- 4.11. Investment services and activities, as well as additional services related to the basis of the derivative financial instrument, which are related to the provision of investment services and activities, as well as supplementary services.

5. Information for Clients with Distance Contracts

Before concluding a distance contract, the Authorized Bank provides the client with information:

- The client always have the right to withdraw from distance contracts in accordance with the law governing the protection of users of financial services at distance contracting and Low on the Capital Market:
- Deadline for withdrawal of the contract is 14 days from receipt of the statement of withdrawal / cancellation of the contract in a durable medium or in the same way that the client has accepted the offer and the concluded the distance contract. Prior to cancellation of the distance contract, the client is obliged to perform and settle all commitments and outstanding obligations arising from the contract.
- The authorized bank is obliged to automatically cancel all valid, unrealized orders for trading and to settle all realized but unsettled transactions.
- The authorized bank and the client have the right to unilaterally terminate the distance contract:
 - If a party is delayed due to the fulfilment of financial obligations;
 - If a contracting party violates obligations from the accepted offer and / or distance contract;
 - If there is a bankruptcy or liquidation proceeding.
- When withdrawal from the distance contracts, the client submit a statement of withdrawal from distance contracts with the following data: name / title, address, telephone number and email address, descriptive notice of cancellation from the contract, the reasons for the cancellation, date the conclusion of the contract as well as the date of cancellation from the contract.
- The Client submits the statement of the cancellation to: broker@otpbanka.rs.
- The Client undertakes to settle all outstanding unpaid receivables from the Authorized Bank by the expiry of the cancellation deadline. If the Client has not complied with his obligations, the Authorized Bank may collect the receivables in accordance with legal regulations by debiting or activating the security of the client.
- If the client decides not to use the right to withdraw from the contract, or does not inform the Authorized Bank of the intention to cancel the distance contract, the authorized bank will act in accordance with the contracted obligation until the date of delivery of the statement on the withdrawal.

- The distance contract may be concluded permanently or for an indefinite period or occasionally for the provision of certain investment and additional services, in accordance with the offer sent to the Client and accepted by both parties.
- The distance contract is concluded in accordance with the Law on the Capital Market, Rules of the Authorized Bank and other relevant regulations that apply to the distance contract. In case of controversial issues regarding the distance contract, the contracting parties shall endeavour to resolve all disputes by mutual consent, in case of dispute, the competent court in Novi Sad shall be in charge.
- If the client meets the conditions for concluding a distance contract, the Authorized Bank sends the client an offer that specifies all the services that are needed for the client, the validity period of the particular distance contract, the duration of the contract, the amount of fees and commissions, as well as all other relevant costs in the permanent media. Upon approval by the client of the submitted bid and confirmation that he understood all the relevant elements of the offer, the client and the Authorized Bank shall conclude a distance contract on a permanent medium.
- The client of the distance contract may conclude the distance contract bilingually with mandatory version in Serbian, as well as orders for trading in financial instruments. Complete communication with the Authorized bank may be carried out in another foreign language.

5.1. Information on the Resolution of Disputes arising from Distance Contracts

Prior to the conclusion of a distance contract, the Authorized Bank provides the following information:

1. The client of a distance contract may submit an objection, complaint or petitions to the Authorized Bank in accordance with the Rules of the Authorized Bank at: prituze.broker@otpbanka.rs
2. In case of controversial issues relating to the distance contract, the Contracting Parties shall endeavour to resolve all disputes by mutual agreement, and in case of dispute, the competent court in Novi Sad shall be in charge;
3. There is no established fund for securing the obligations that the Bank provides to the client of the distance contract in connection with the provision of investment and additional services.

6. The Signing of a Contract with a Client

The Client and the Authorized Bank shall conclude the contract defining the types of services that the Bank provides to the Client in accordance with its Operating Rules.

The Authorized Bank is obliged to instruct the Client to visit the web site containing the Operating Rules of the Authorised Bank and all additional legal acts and information which are of special importance to the Client.

Bank employees are authorized to sign contracts with the Client in accordance with the Bank's regulations. By signing a contract, the employee confirms that they have performed the identification and categorization of the Client, while the Client confirms that they understand and are willing to comply with the provisions of the agreement, the Operating Rules and of the Authorized Bank.

7. Communication with Clients with a Distance Contract

The Authorized bank uses the following tools of distance communication with the prior consent of the client or potential client:

- Automated calling systems that operate without the participation of people (for example, an automatic caller or automatic e-mail);
- Fax machine (fax);
- The tools of distance communication that enable individual communication with the client, or a potential client, other than the tools referred to in the preceding paragraph, may be used only if the client has given prior consent for their use or is not expressly opposed to their use;
- Remote communication tools cannot be used in a way that causes additional costs for the client.

The distance contract client has the right, within the term of the contractual relationship, to request from the Authorized Bank to deliver a copy of the concluded distance contract in paper form without delay.

The distance contract client may, within the term of the contractual relationship, change the tools of distance communication, if it is in accordance with the Operating Rules of the Authorized Bank and acts of the Securities Commission and is not incompatible with the distance contract concluded or the nature of the investment or additional service that is the subject of that contract.

8. Information on Financial Instruments

In accordance with the Capital Market Law, the following are regarded as financial instruments:

8.1. Transferable financial instruments – all types of financial instruments that can be traded on the capital market, other than payment instruments, such as:

8.1.1. **Shares** transferable proprietary financial instruments, which represent participation in the capital or voting rights of the joint-stock company;

8.1.2. **Debt securities** - bonds and other transferable securitized debt instruments that entitle the holder to the payment of nominal value with interest or nominal value, as well as other rights;

8.1.3. **Certificates of Deposit** - financial instruments issued by banks holding foreign shares or bonds deposited with a bank abroad, which represent the domestic equivalent of foreign shares or bonds, i.e. contain the same rights and obligations as the foreign financial instruments to which they pertain;

8.1.4. **Other financial instruments** determined in the manner as prescribed by the Securities Commission,

8.1.5. **Money-market instruments**: treasury, registry and commercial documents and deposit certificates, other than payment instruments;

8.1.6. **Units of joint investment institutions** or units in joint ventures entities that have received the approval of the Securities Commission in accordance with the Law on Investment Funds;

8.1.7. **Derived financial instruments:**

8.1.7.1. **Options, futures, swaps, interest forwards and other derivative financial instruments** related to financial instruments, currencies, interest rates, yields and other derived financial instruments, financial indices or financial measures that can be settled physically or in cash;

8.1.7.2. **Options, futures, swaps, interest forwards and other derived financial instruments** related to goods and which must or may be settled in cash as selected by one of the contracting parties, for reasons not related to the non-fulfilment of obligations or contract termination;

8.1.7.3. **Options, futures, swaps and other derived financial instruments** that are related to goods and may be settled physically, provided that they are traded on a regulated market, or MTP;

8.1.7.4. **Options, futures, swaps, forwards and other derived financial instruments** that are related to the goods and can be settled physically, which are not covered by the aforementioned because they have no commercial purpose or have the characteristics of derived financial instruments, bearing in mind that clearing and offsetting may be performed in acknowledged clearing houses or that they may be subject to regular calls for an additional fee;

8.1.7.5. **Options, futures, swaps, interest forwards and other derived financial instruments** related to climate variables, transportation costs, inflation rates, emission quota or other official, economic and statistical data, which are settled in cash or that may be settled in cash according to the choice of one of the contractual parties, as well as other derivative financial instruments related to property, rights, obligations, indices and measures, and which have the characteristics of other derived financial instruments, depending on whether they are traded on a regulated market or MTP and whether clearing and balancing are carried out within acknowledged clearing houses and whether they are subject to repeated invitations for surcharges;

8.1.8. **Derived financial instruments** for the transfer of credit risk;

8.1.9. **Financial contracts** for differences.

9. Risks of investment in financial instruments

By concluding a contract for the provision of investment services, the client confirms that they are aware of the risks associated with capital markets, and that the Bank has provided them with information in a satisfactory manner.

Risks that clients are exposed to with the Authorized Bank may be general risks and specific risks that are characteristic of certain financial instruments.

9.1. General risks in dealing with financial instruments:

9.1.1. **RECESSION RISK** –the risk of a decline in the value of a financial instrument due to global or regional recessions;

- 9.1.2. **RISK OF THE TRANSFER OF MONEY ASSETS** – If the clients are non-residents or come from different countries, the executed transactions in the settlement process include an additional risk that the realization of the transfer of funds will be more difficult or completely impossible due to the introduction of restrictive political or economic measures.
- 9.1.3. **CREDIT STANDING RISK** - the risk that depends on the change in the country's credit rating:
- 9.1.3.1. Risk of the default on the payment of the debt of a particular country;
 - 9.1.3.2. Political risk, including the risk of unanticipated regulatory changes affecting the capital market and the position of investors;
- 9.1.4. **INFLATION RISK** –the risk of a decrease in the value of a financial instrument due to general price growth;
- 9.1.5. **LIQUIDITY RISK** –the risk of the inability to sell a financial instrument on the secondary capital market due to reduced demand or market inefficiency;
- 9.1.6. **ISSUER RISK**–the risk of a decrease in the value of a financial instrument due to a decline in the issuer's credit rating;
- 9.1.7. **FINANCIAL LEVERAGE RISK** –a financial leverage is the debt ratio that shows the interdependence between how much a particular person owes and how much they own from investment into financial assets. The impact of a financial leverage may be positive and negative, depending on the yield rate on its own funds invested in financial instruments, interest or other liabilities payable for borrowed funds;
- 9.1.8. **RISK OF BANKRUPTCY OR TEMPORARY RECEIVERSHIP** –the risk of a decrease in or a total loss of the value of a financial instrument due to the initiation of a bankruptcy proceeding over the issuer of the financial instrument or the introduction of a temporary receivership when the issuer is a bank;
- 9.1.9. **MARKET PSYCHOLOGY RISK** – the risk of a change in the value of a financial instrument due to the speculative activities of large investors and due to large corporate stock market shares;
- 9.1.10. **OPERATIONAL RISK** –risk of failure in information systems and/or risks of interruption of communication links between banks, the Central Registry or other depository of financial instruments, regulated markets or MTP, and other regulated markets of financial instruments, as well as the risk of loss due to errors, interruptions or damage arising due to inadequate procedures, the actions of persons or external events, including the risk of changes in legal frameworks.

9.2. Specific Risks in the Operations with Financial Instruments:

- 9.2.1. **OPERATIONS RISK** - in operations with shares: the risk of dropping share values due to the usual periodic trends in prices on the market;
- 9.2.2. **VOLATILITY RISK** -risk of share price change in a certain period, the risk of non-payment of dividends;
- 9.2.3. **RISK OF CREDITWORTHINESS**- in transactions with bonds: the risk of changes in the credibility of the issuer as creditor, the risk of changing interest rates; risk of cancellation or cessation of payment of debts by the issuer; liquidity risk; exchange rate risk; reinvestment risk; risk of yield curve;
- 9.2.4. **RISK OF BUSINESS OPERATIONS WITH DERIVATIVES**-position risk arising from changes in their value according to changes in the determined interest rate, the price of the financial instrument, the price of goods, the exchange rate, the index or similar variables;
- 9.2.5. In dealing with money-market instruments:
- 9.2.5.1. **RISK OF CHANGE IN THE ISSUER'S CREDIT RATINGS** -the risk that the issuer will not be able to settle its outstanding liabilities on the basis of issued financial instruments;

9.2.5.2. LIQUIDITY RISK - given that money-market instruments are not rated on secondary markets, and there is a likelihood that the investor will not be able to sell the instrument, but must keep it until maturity;

9.2.5.3. EXCHANGE RATE RISK -the risk that the value of an instrument denominated in one currency or with a currency clause will be denominated and expressed in another currency due to any change in the exchange rate of these two currencies;

9.2.6. In operations with investment units:

9.2.6.1. CURRENCY RISK - a risk that may arise from the fact that a fund's assets can be comprised of assets denominated in different currencies, and may result in depreciation (exchange rate increase) or appreciation (exchange rate decrease) of those currencies, which may affect the growth or decrease in the value of the shares in the fund;

9.2.6.2. MARKET RISK - when the fund assets which are invested in financial instruments traded within markets lose value due to decreasing prices on the market;

9.2.6.3. CREDIT RISK - the risk that the issuer in whose assets fund asset is invested may not fulfil its financial obligations, which may lead to a decrease in the value of the fund's assets;

9.2.6.4. LIQUIDITY RISK -the risk that the fund will not be able to quickly sell financial instruments at a price that is approximate to a fair price, or will not be able to sell the desired quantity of financial instruments.

In its business, the Authorized Bank limits its liability solely to the damage resulting from omissions or actions of employees in the Authorized Bank. The Authorized Bank shall not be liable for the losses of the client incurred due to the occurrence of political unrest, natural disasters, restrictions or prohibitions based on the decisions of the Government, market rules, strikes, acts and/or omissions of third parties or actions of the Client himself, without the influence of the Bank on the loss for the Client.

In its operations, the Authorized Bank is not liable for any damage arising from risks associated with derived financial instruments and Clients' investments in objective risks associated with derived financial instruments, options, futures and other derived financial instruments and risks arising from the charges for options, executions in cash, surcharges, liquidity, and changes in currency, interest, yield and execution.

The Authorized Bank shall also not be liable for any damage or loss incurred to the Client if the Client failed to promptly notify the Authorized Bank of any changes in their contact information, of the person authorized to represent or the withdrawal and/or change of the authorised representative for the actions of the Client's authorized representative and their decision to buy and/or sell financial instruments in the name and on behalf of the Client.

10. Other Information Relating to Financial Instruments

When providing information on a financial instrument, the Authorized Bank shall be obliged to do the following:

10.1. They shall familiarize the Client with the manner in which the prospectus is available in case the financial instrument is the subject of a public offer that is in progress and for which the prospectus is issued;

10.2. They shall provide sufficient details on the guarantor and the guarantee, on the basis of which the Client can perform a fair appreciation of the guarantee in cases where a financial instrument involves third-person guarantees;

10.3. They shall provide the Client with an appropriate description of the individual components of the financial instrument and of the manner in which the mutual impact

of multiple financial instruments increases the risk in cases where there are two or more different instruments or services, and where it is obvious that the risk associated with that instrument will be greater than the risks associated with each individual component of that instrument.

11. Information Regarding the Protection of the Clients' Financial Instruments

The Authorized Bank maintains and manages the financial instruments on behalf and for the account of the Client, i.e. on its behalf and for the account of the Client in the information system of the Central Securities Depository and Clearing House.

The Authorized Bank may hold financial instruments for Clients in order to provide investment and additional services to third parties on their own behalf, and for the clients (holding and administration of Clients' financial instruments). The Authorized Bank shall only be liable for the actions or omissions of its employees, and shall not be liable to the Client for actions or omissions of third parties involved in the transaction execution process.

In order to avoid the risk of holding financial instruments or cash on the account with a third party, the Authorized Bank shall take the following measures:

11.1. Regarding records, accounts and correspondence:

- They keep accurate and precise records of all issued orders of Clients, they keep a log of orders, they keep a log of accounts as well as of the complete correspondence in accordance with the Rules of the Authorized Bank,
- They regularly harmonize records kept along with the logs, accounts and balances on accounts of third parties holding the assets of clients,
- They keep the data in such a way that the assets of one client can be distinguished from the assets of other clients and the assets of the Authorized Bank at any moment and immediately;

11.2. The financial instruments account of the Authorized Bank are managed with the Central Securities Depository and Clearing House separately from the clients' financial instruments account;

11.3. The bank operates in full compliance with the adopted procedures, which minimize the operational risk of loss or the reduction of the Client's assets or rights related to such assets.

12. The Handling of the Clients' Financial Instruments

The Authorized Bank uses the financial instruments owned by the Client only on the basis of the Client's order and without the intention and prior consent of the Client the Bank may not undertake any of the following:

- the pledge or expropriation of financial instruments held by the Client without the Client's prior written authorization or order;
- the use of the financial instruments of the Client for the payment of their liabilities, or the liabilities of other Clients.

Financial instruments are deposited in an information base with the Central Securities Depository and Clearing House that maintains the financial instruments and performs the clearing and offsetting procedure, in accordance with the provisions of the Capital Market Law and the Operations Rulebook of Central Securities Depository and Clearing House.

Financial instruments are deposited with a foreign depository, which in cooperation with the Authorised Bank conducts the clearing and settlement procedure, in line with the international market rules.

The Authorized Bank executes client orders immediately upon their receipt and without delays.

The Authorized Bank may execute orders on a regulated market, MTP market and outside the regulated market (OTC market) locally and abroad. The market organizer in the Republic of Serbia is the Belgrade Stock Exchange (Beogradska berza a.d. Beograd).

13. The Depositing of Financial Instruments of Clients Abroad

When selecting a foreign depository whose accounts will hold the clients' financial instruments, the Authorized Bank shall pay particular attention to the following:

- The expertise and market reputation of the depository;
- The Depository is subject to the regulations in the country in which the operations are performed that regulate the maintenance of the instrument for another person, as well as the receipt and delivery of orders by the foreign clients of the Authorized Bank in accordance with the rules of the market organizer and/or the OTC market in that country;
- The periodical review of the choice of the depository and the agreed arrangements for the keeping and maintenance of the Client's Financial Instruments.

Exceptionally, the Authorized Bank may deposit the Client's financial instruments with a depository in the country in which the maintenance and the holding of financial instruments for another person are not specifically regulated, unless the nature of the financial instrument or investment services related to that instrument requires depositing with the depository in that country.

The Authorized Bank may transfer the financial instruments to another investment company abroad, when the financial instruments are held in a consolidated account of the Authorized Bank with a foreign depository. When selecting a foreign depository for Clients, the Authorized Bank shall take due account of the expertise, efficiency and market reputation of the depository. The assets of clients deposited with a foreign depository, another investment company are kept separately from the assets of the foreign depository or the Authorized Bank, are not included in the bankruptcy or liquidation mass, nor may they be used to collect the receivables for that investment company or the Authorized Bank.

14. Investor Protection Fund

The Investor Protection Fund performs activities for the purpose of protecting the clients of the Authorized Bank whose funds or financial instruments are at risk when a bankruptcy procedure is opened over the Authorized Bank or when the Securities Commission determines that the Authorized Bank is unable to meet its outstanding liabilities towards its clients, including assets it owes to clients and the financial instruments held for the client, and that there are no prospects that the circumstances would change significantly in the foreseeable future.

The Investor Protection Fund insures the claims of investors, of the clients of the Authorized Bank categorized as small clients or financial market participants who have entrusted the money and/or financial instruments to the Authorized Bank for the purpose of providing certain investment or additional services. Claims are insured up to the amount of 20,000 euros in dinar counter value per client of the Authorized Bank.

Claims of the Authorized Bank's clients secured through the Investor Protection Fund refer to the following:

- Cash receivables in dinars that the Authorized Bank owes to the Client or which belong to the Client, arising from the provision of investment services and additional services;
- Claims for the return of financial instruments belonging to the Client of the Authorized Bank and held for the Client.

The Investor Protection Fund is obliged to pay the amount of the claims as soon as possible and at the latest within three months from the date of the establishment of the right to payment, or the date of the determining of the amount of the claims of the Client.

The Authorized Bank is a member of the Investor Protection Fund and is obliged to pay an initial contribution and to regularly calculate and pay the contribution based on the percentage of revenues from activities and services as defined in Article 135 of the Capital Market Law.

The following shall not be regarded as a client of a member of the Investor Protection Fund, irrespective of the country of the seat:

- an investment company;
- a credit institution;
- a financial institution and other persons referred to in Article 172 of the Capital Market Law;
- an insurance company;
- a collective investment institution;
- an investment fund management company, an investment fund, a pension fund management company and a pension fund;
- supranational institutions, the government, as well as provincial, regional and local authorities;
- a legal or natural person holding more than 5% of shares with voting rights or capital of a member of the Fund unable to meet its liabilities, or 5% or more shares with voting rights or the capital of a company closely related to that fund member;
- a member of the Management and Supervisory Board of a Fund member who is unable to meet his obligations if this person is in that position or employed in a Fund member on the day of the initiation of the bankruptcy proceedings against a Fund member, or on the day of the announcement of the Commission's decision on the establishment of a claim or if the person was employed in that position during the current or previous financial year;
- family members and third parties who act on behalf of the persons referred to in the preceding two points of this Article;
- Clients, auditors or employees of a Fund member who are responsible for the occurrence of claims or who have used certain facts regarding a Fund member, which led to the financial difficulties of the Fund member, or to the deterioration of their financial situation.

15. Management of Conflicts of Interest

The Authorized Bank shall organize its business in such a way as to minimize conflicts of interest whose existence may harm the interests of the client, which may arise when providing services between the following:

- Interests of the Authorized Bank, the relevant person and all persons closely related to them, on the one hand, and the interests of the Client of the Authorized Bank, on the other hand;
- Interests of the Clients of the Authorized Bank.

Prior to rendering the service to the Client, the Authorized Bank familiarizes the Client with possible types and sources of conflict of interest. When establishing conflicts of interest that may harm the interests of clients, the Authorized Bank assesses and determines whether the Authorized Bank, the relevant persons or persons closely related to them due to the provision of services or for other reasons:

- they may generate financial profit or avoid financial loss at the expense of the Client;
- they have an interest or benefit from the results of the service provided to the client or transactions executed for the Client, differing from the Client's interest;
- they have financial or other motivation that corresponds to the interests of another client or group of clients at the expense of the Client's interest;
- they receive or will receive any incentive from a non-client which is associated with the service provided to the Client in the form of goods or money or services, and which is not associated with the standard commission and fees of the Authorized Bank designated for the provision of services;
- they perform the same activity as the Client.

Management of Conflict of Interests in the Bank is regulated by the Conflict of Interest Management Policy for Investment and Additional Services, which is published on the Bank's website and which contains defined conflict of interest management mechanisms.

15.1. Circumstances that are or may lead to a Conflict of Interest

Conflicts of interest between the Authorized Bank, the relevant person and all persons closely related to them, on the one hand, and the clients of the Authorized Bank, on the other hand, as well as between clients, may occur when receiving/executing orders regarding the purchase/sale of financial instruments for the Authorized Bank's clients as well as orders of relevant persons or orders executed in the name and on behalf of the Authorized Bank (dealer orders), when these orders are issued simultaneously on the same market for the same financial instrument of the same issuer.

15.2. Procedures and Measures for the Management of Conflicts of Interest

The procedures for the discovery of potential conflicts of interest consist of actions defined by the Conflict of Interest Management Policy for Investment and Additional Services, as well as of the following actions:

- Identification of conflict of interest is the duty of all relevant persons in the Authorized Bank, as well as the bank as a credit institution;
- Notification on conflicts of interest where an obligation exists to report on any identified conflict of interest to the controller of the Authorized Bank, to the representatives of the Authorized Bank, and other competent organisational units in the Bank;
- The assessment of conflict of interest is done by gathering all the necessary information and determining the existence of conflict of interest, manners of resolution and the need to inform the Client about the conflict of interest;
- The resolution of conflicts of interest is performed by representatives of the Authorised Bank and controller in cooperation with other competent organisational units in the Bank.

The Authorized Bank shall take all necessary actions and measures to prevent the occurrence of conflict of interest:

- In order to prevent conflicts of interest, the relevant persons of the Authorized Bank are obliged to adhere to the principle of the protection of the interests of clients, the principles of conscientiousness and professionalism and other principles of business determined by the Law on Capital Market, by-laws of the Securities Commission and Operating Rules of the Authorized Bank as well as of the other internal documents of the Bank;
- The Authorized Bank organizes the performance of tasks, in accordance with its Operating Rules, rulebooks of the Securities Commission on organizational requirements and internal enactments of the Bank, so as to prevent any conflicts of interest in the provision of investment and supplementary services:
 - a decision on dealer trading (in the name and on behalf of the Authorized Bank) shall be made in a separate organizational part of the Bank from the organizational part in which the receipt of orders from clients for the purchase/sale of financial instruments is made;
 - the execution of dealer orders shall be carried out in an organizational unit separate from the organizational part of the Bank in which clients' orders are executed, unless dealer trading is not the dominant investment service of the Authorized Bank (revenues from these services make less than 20% of total revenue);
 - a defined internal control system, especially the control of the activities of relevant persons and the prohibition of activities for relevant persons with the aim of preventing conflict of interest;
- The appropriate organizational structure of the Authorized Bank establishing “Chinese Walls” between the defined units of confidentiality of information in the Authorized Bank;
- Independence of employees in the Authorized Bank conducting activities with a potential conflict of interest;
- Mandatory information on external business activities and personal transactions is reported to the representatives, internal controller and the competent organisational unit of the Bank by all employees in the Authorized Bank;

If the methods and policies established by the Authorized Bank and the Bank for the management of the Conflict of Interest are not sufficient to ensure, sufficiently convincingly, the prevention of the risk of damage to the Client, the Authorized Bank is required to clearly inform the Client about the sources of conflict of interest before the conclusion of a business relationship with the Client.

The Authorized Bank is obliged to inform the Client with sufficient information based on which the Client can make decisions regarding the services within which conflict of interest may arise.

In the event of a conflict of interest, the same should be resolved in such a way as to ensure that the interests of the Authorized Bank and/or relevant persons do not lead to possible losses for the client, or that the Client is placed in a subordinate position.

In cases of conflict of interest between different clients of the Authorized Bank among themselves, the clients are to be warned about the existence of a conflict of interest and the measures that need to be taken.

16. Reporting to Clients on the Execution of Orders

16.1. Certificate of the Execution of Orders

The Authorized Bank is obliged to submit a certificate on the execution of orders to the small client immediately after the execution of orders on behalf of Clients via a continuous medium, but no later than the first working day following the execution or the first working day following the receipt of confirmation from a third party.

When an order of a small client related to the purchase or sale of investment units is executed periodically, the Authorized Bank is obliged to send the client a confirmation of the execution of the order, as soon as possible and no later than the first business day following the execution of the order.

The Client defines the manner in which the certificate of order execution is delivered, and may not surrender the right to be informed about the execution of the order, but may order the sending of notifications to another person authorized by the Client.

16.2. Reports on Financial Instruments or Client Assets

At least once a year, the Authorized Bank is obliged to submit a report on the Client's assets to each individual Client for whom it holds financial instruments or cash, on a permanent medium.

17. Information on Costs and Benefits

The Authorized Bank is obliged to inform the Client of any costs and benefits arising from the services and of the activities it provides, which are specified in the Fee Schedule of the Authorized Bank. The Authorized Bank is obliged to provide the Client with all information on costs and benefits before the conclusion of the contract or before the provision of services, including the following:

- The total price that a client is obliged to pay for a financial instrument or service, including all related commissions, fees and other costs incurred through the Authorized Bank;
- The basis that can be applied to calculate the price, in cases where it is not possible to determine the total price;
- The currency and relevant exchange rate and cost information, in cases where any part of the total price has to be paid or represents the amount in foreign currency;
- The possibility of the existence of other costs, including taxes or other payments, which are related to the said transaction of the Client and in relation to a financial instrument or service that may arise for the Client, even though they are not paid through the Authorized Bank;
- Methods of payment and of the execution of obligations.

When it comes to information on the total price, fees or commissions charged by the Authorized Bank are separately reported for each Client order issued separately.

Data on costs and fees charged by the Authorized Bank from the Client are contained in the Fee Schedule of the Authorized Bank, which is published on the Bank's website and is available in the premises of the Authorized Bank and branch network.

Information provided by the Authorized Bank to clients relating to information when providing the services of the receipt and transfer of orders and information collected by the Bank in the provision of other investment services is contained in the Operating Rules of the Authorised Bank.