

Pursuant to provisions under Article 163, Paragraphs 1 and 3 ("*The Official Gazette of the Republic of Serbia*" No. 31/2011, Hereafter: "*The Law*") well as provisions under Articles 8, 14, Paragraphs 1 and 15 of the Rulebook on Approving General Documents of Market Organizers, Investment Companies and the Central Securities Depository and Clearing House ("*The Official Gazette of the Republic of Serbia*" Nos. 89/2011 and 44/2012), the General Assembly of Broker-Dealer Company Tesla Capital a.d. Belgrade, Cvijićeveva 129/III, 11000 Belgrade, company identification number: 17326015, (hereto and hereinafter referred to as: "The Company"), at a meeting held on February 18, 2015 hereby adopts:

**RULES AND PROCEDURES FOR BUSINESS
OPERATIONS
FOR BROKER-DEALER COMPANY TESLA CAPITAL A.D. BELGRADE**

GENERAL PROVISIONS

Article 1

These Rules and Procedures for Business Operations (Hereinafter: "Rules and Procedures for Business Operations") shall determine the rules and procedures for business operations of the Company as a broker-dealer company, *i.e.*, investment company, and shall regulated in particular:

1. types of activities carried out by the Company and the terms and manner of their performance;
2. procedures for classification / diversification of clients and changes to client categories;
3. types of orders by clients, manner, terms for receiving purchase and sell orders of financial instruments;
4. policy for executing orders and entrusting the execution of orders;
5. corporate activities
6. information which are provided, in particular, to small clients;
7. the content of a contract with a client;
8. mutual rights and obligations of the company and its clients;
9. commissions and fees
10. protection of property and the treatment of financial instruments and funds of clients);
11. records and confidentiality of data
12. evaluation of financial instruments
13. terms for lending financial instruments;
14. the rules of business conduct during the performance of investment services;
15. acting upon client complaints;
16. prohibition of market manipulation
17. the responsibility of the company and the client for the damage
18. other issues of importance for company operations as a broker-dealer company, namely:
 - 1) general organizational requirements for conducting company operations;
 - 2) rules of conduct for relevant persons, in particular procedures for keeping business secrets and for preventing the misuse of confidential information or insider information;
 - 3) procedures for personal transactions of relevant persons;
 - 4) measures for the identification, prevention and management of conflict of interest.
 - 5) measures and procedures for determining and managing risk;
 - 6) transitional and final provisions;

TYPES OF ACTIVITIES CARRIED OUT BY THE COMPANY AND THE TERMS AND MANNER OF THEIR PERFORMANCE

Article 2

Main activity conducted by the company:

6612 - Brokerage activities with securities and stock market goods.

Article 3

In accordance with provisions under Article 147, Paragraphs 1 and 2, and Article 2, Item 8 and 9 of the Law on the Capital Market, the Company performs activities for which it has obtained permission from the Securities Commission of the Republic of Serbia for the performance of investment company activities.

The Company, as an investment company, may carry out investment services and additional services and activities, if it fulfills human resources requirements, organizational capabilities and technical resources in accordance with the Law on the Capital Market and acts of the Securities Commission of the Republic of Serbia, including owning a data processing system, and maintaining continuity and regularity in the performance of services and activities.

Article 4

Having in mind the provisions under Article 2, Item 8 and 9 and Article 149, Paragraph 1, Items 1 and 2 of the Law, the Company shall perform the following activities - investment services and activities that are related to all financial instruments, namely:

1. reception and transfer of orders relating to the sale and purchase of financial instruments;
2. executing orders for the clients account;
3. trading for their own account;
4. portfolio management;
5. services related to the offer and sale of financial instruments without the obligation of a buyout,

as well as the following additional services:

- 1) safekeeping and administering of financial instruments for the account of the client, including keeping instruments and related services with that, such as administration of funds and collateral ;
- 2) loan approval or loans to investors in order for them to be able to carry out transactions with one or more financial instruments when the company, the lender, is included in the transaction;

- 3) counseling companies in connection to capital structure, business strategy, by merging and buying companies and similar issues;
- 4) research and financial analysis in the field of investments or other forms of general recommendations related to financial instrument transactions;
- 5) investment services and activities, as well as additional services that are related to the basis of the derivative financial instrument under Item 1) Sub items (5), (6), (7) and (10) Article 2 of the Law, in connection with providing investment services and activities, as well as additional services;

Article 5

The Company may conclude a contract for carrying out investment services or providing additional services with other investment companies in the name of a client in which case it can use information on the client which that investment company passes on.

The conclusion of the contract from the previous paragraph herein is permitted if the engagement of another investment company:

- 1) does not condition the collection of fees or other costs from the client of the first investment company in the amount of which exceeds the fee which the client would have paid had the first investment company provided the services;
- 2) may not cause unnecessary business risks for the investment company, significantly jeopardize the quality of the internal control, nor make supervision, by the Commission, over fulfilling all obligations of the investment company, impossible.

The Commission provides detailed conditions under which the investment company may use services by other investment companies.

Article 6

The client is obliged to, before establishing a business relationship with the company, hand over the following documentation to the Company, original documents, namely:

1) natural person - resident:

- (1) personal identity card, passport or other document which can be used to identify the client;
- (2) contract or card on an open bank account with a bank - member of the Central Registry and proof of an open financial instruments account (if the account is opened through another depository);
- (3) contact information for the client (address, telephone numbers - land line and cellular, e-mail address);

2) natural person - non-resident:

- (1) passport or other identification documents;
- (2) certificate of tax identification number (TIN);
- (3) proof of an open cash account and proof of an open financial instruments account (if the account was opened with another depository);
- (4) contact information for the client (address, telephone numbers, fax and cellular phone, e-mail address).

3) legal entity - resident:

- (1) For legal entities for which the registration of the relevant ministries and courts are competent, the Decision on registration with the competent authority shall be submitted (not older than 3 months). Legal entities and entrepreneurs who are registered with the APR should not submit original solutions of the APR, because identification is performed by direct inspection on APR website;
- (2) OP form (signatures of persons authorized to represent);
- (3) certificate of tax identification number (TIN)
- (4) personal identity card, passport or other document which can be used to identify the authorized representative;
- (5) statement on the real owner of the legal entity signed by a member/members of management;
- (6) proof of an open cash account and proof of an open financial instruments account (if the account is opened through another depository);
- (7) contact information for the client (address, telephone numbers, fax and cellular phone, e-mail address).

4) legal entity - non-resident:

- (1) extract from the relevant register of the country where the legal entities headquarters are located, not older than three months, with a translation into the Serbian language by an authorized court interpreter (not necessary for legal entities from Croatia, BH and Montenegro).
- (2) a certificate of the tax identification number (TIN); (3) a list of authorized representatives and a specimen of the signatures;
- (3) the document on determining the company's legal representatives/persons authorized to represent (this document is not necessary if this information is showed on the extract from the relevant register of the country)
- (4) statement on the real owner of the foreign legal entity signed by a representative;
- (5) proof of an open, non-resident, cash account and proof of an open financial instruments account (if the account is opened through another depository);
- (6) contact information for the client (address, telephone numbers, fax and cellular phone, e-mail address).

The Client is obliged to, prior to establishing a business relationship with the Company, upon the request of the Company, submit other documentation in accordance with regulations that regulate the prevention of money laundering and terrorism financing, as well as necessary documentation for execution of work.

If the client does not deliver the required documentation to the Company, the Company is not obliged to establish a business relationship with the client.

Article 7

An authorized representative of a resident and non-resident legal entity shall give a statement, under full material and criminal liability, on the real owner of the legal entity. In the event of a change in the authorized representative, the legal entity is obliged to submit a new statement within 30 days from the day of registration of the change.

In the event the client is represented by a power of attorney, the same is obliged to submit a certified, with the competent body in charge of certification activities, special power of attorney.

Article 8

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

The Company may communicate with its Clients - foreign legal entities or natural persons in English or another foreign language which has been provided for under the contract, under the condition that the contract, orders and other documents which the client exchanges with the Company is compiled in two languages.

Written communication shall be conducted by mail, fax, e-mail, Internet applications or in some other appropriate electronic form.

The client and the Company are obliged to inform each other about changes in addresses or other contact information.

PROCEDURES FOR CLASSIFICATION / DIVERSIFICATION OF CLIENTS AND CHANGES TO CLIENT CATEGORIES

Article 9

By these Rules and Procedures for Business Operations the Company adopts and abides by its own internal rules and procedures related to client categorization.

Article 10

The Company, as an investment company, is obliged to, prior to providing services, place each client into a category:

1. professional, or
2. small client.

A professional client is a client who possess enough experience, knowledge and expertise for independent decision-making regarding investments and proper risk assessment in connection with investments and who fulfills those requirements prescribed under the Law, while a small client is every client of the Company who is not in the category of professional clients.

A professional client in connection with all investment services and activities and financial instruments, in terms of the Law, shall be considered:

- 1) entities who are subject to approval or supervision by a competent authority for conducting business on the financial market, or, such as: loan institutions, investment companies, other financial institutions whose operations have been approved or are supervised by an appropriate supervisory authority, insurance companies, collective investment institutions and their management companies, pension funds and their management companies, dealers of stock markets, as well as other entities supervised by competent bodies;
- 2) legal entities who fulfill at least two of the following requirements:
 - (1) total property amounts to at least 20,000,000 EUR;
 - (2) total annual income amounts to at least 40,000,000 EUR;
 - (3) own capital in the amount of at least 2,000,000 EUR;
- 3) The Republic, autonomous provinces and local self-government units, as well as other state 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.

Article 11

When, on the basis of all available information available to the Company, the Company determines that a client no longer belongs to an initial category determined for that client, the Company is obliged, in the shortest time possible, to take appropriate measures in order to change client categories.

The Company has a duty to notify each client, via permanent media, on the category of clients to which it belongs, therefore the level of protection of interest which will be provided to it, as well as of the possibility to request

classification into another category of clients, and on all levels of protection arising from such a decision.

When the client of the Company is a professional client, the Company is obliged to, on the basis of available information on such an entity, inform the client prior to providing services that the client shall be considered a professional client and that it will be treated as such.

Article 12

The professional client is obliged to inform, in a timely and regular manner, of all facts that could affect the client's change of categories with the Company.

The Company is obliged to inform the professional client about the possibility of changing the agreed upon terms in order to secure for itself a higher level of protection of its interests, given that it is the responsibility of the client to ask for a higher level of protection of their interests when it believes that it is unable to properly assess, and manage the risks inherent in any investment.

A professional client who believes that he is not able to properly assess, or manage against risk, characterized by a particular investment, may seek, in writing, from the Company a higher level of protection for its interests in relation to all or individual services, type of transaction, or financial instrument.

In cases of a request from the previous paragraph of this Article, the Company and the client are obliged to conclude a contract, or an annex to the contract which will specify the services, or transactions, or financial instruments in connection with which the client does not want to be treated as a professional client.

Article 13

A small client who wants to be treated as a professional client may, in writing, seek from the Company a lower level of protection of its interests in relation to all or individual service, type of transaction, or financial instrument.

In case of a request from the previous paragraph, the Company shall:

1. undeniably and in writing, warn the client on the reduction of protection of its interest and the loss of the right of compensation from the Fund for investor protection,
2. assess whether the client possesses sufficient knowledge and experience for their own decision-making on investments and the proper risk assessment associated with the investments,
3. with the client or to conclude a written contract, or annex to the contract, which will specify the services, or transactions, or financial instruments in connection with which the client wishes to be treated as a professional client or to refuse to recognize the status of a professional client,

while the client, in turn, is bound to, in a separate document which is separate from the contract, that he is aware of the consequences of the loss of a level of protection.

The assessment referred to under Paragraph 2, Item 2 herein assumes that the client meets at least two of the following terms:

1. the investor conducted a transaction on financial markets with the average frequency of at least 10 transactions per quarter over the past year in the amount of 50,000 EUR on a quarterly basis;
2. the size of the portfolio of financial instruments, including cash, of the investor exceeds 500,000 EUR in dinar countervalue;
3. the investor works or has worked for at least one year in the financial sector in jobs that require knowledge of investing in securities.

Financial markets referred to under Paragraph 3, Item 1 herein shall be considered markets on which financial instruments are traded, for which clients want the status of a professional investors.

TYPES OF ORDERS PLACED BY CLIENTS, MANNER AND CONDITIONS FOR RECEIPT OF PURCHASE/SELL ORDERS

Article 14

Clients may place the following types of orders with the Company for the purchase/sale of financial Instruments:

- (1) the type of transaction:
 - purchase
 - sale
- (2) according to the duration:
 - daily order (ceases to have an effect at the end of the trading day on the market where the order was sent)
 - order until the day (with a fixed duration of no longer than 90 days),
 - order to recall (duration of 90 days - the possibility of recall for the entire or for the unperformed amount which is the subject of buying/selling financial instruments in the period of 90 days from the date of sending the order).
- (3) at a price of:
 - order limit - order which is executed at the price mentioned in the order or at a price that is more favorable to the client,
 - market order - order executed according to the most favorable possible price at the moment the order was sent to the market and according to duration may only be a day order;
- (4) payment order;
- (5) according to special conditions of execution (Hereinafter: special orders):
 - all or nothing at the moment (fill or kill - FOK),
 - all or partially current (immediate or cancel - IOC)
 - order for a change (modification) placed order,
 - order the hidden total quantity (Iceberg),
 - stop order,
 - market maker order,
 - order for blocking trading,
 - at the opening (at the open - ATO),
 - at the closing (at the close - ATC).

A trading order from a group of special orders may not be used if its use is not expressly determined by the decision of the Board of Directors or the Rules of Operation of the Stock Exchange. A member of the Stock Exchange sends an order for trading to BelexFIX via a client workstation and/or electronic use of BelexFIXAPI modules.

Article 15

The following orders are considered among the important elements:

- 1) personal data to identify the client and his/her authorized representative, which are identical to those contained in the contract with the client;
- 2) type of order according to the nature of the transaction (purchase or sale) or the nature of the transactions that the Company should perform;

- 3) type and designation of financial instruments that are the subject of the order (unique identifier of a financial instrument, or the characteristic of the contract in the event of a derivative financial instrument);
- 4) the quantity of the financial instrument;
- 5) the price of the financial instrument and the currency expressed as a unitary price per financial instrument or derivative contract without fees and accrued interest: for stocks and derivative contracts in dinars, for bonds and other forms of securitized debt in a percentage from its nominal value.
- 6) day, place and time of receipt of the order;
- 7) deadline until which the order is valid;
- (8) the fee of the Company, market organizers, the Central Registry and other transaction costs;
- 9) the signature of the client (for the order drawn up in writing) that is the other identification of the client, when the order has been drawn up by telephone or electronically.

If the Company receives an unclear or incomplete order, it has the right to seek an amendment or supplement of the client's order, or may postpone acting upon the client's order until the ambiguity is resolved.

For all data not stated in the order, which have not been specified as mandatory elements of the order, or for information that has been determined to be valuable data on the market, the Company is guided by the interests of the client, while the Company does not guarantee that the execution of such an order will achieve the greatest possible protection of the client's interests or benefit.

Article 16

In order to execute the order for the purchase or selling of financial instruments, the client is obliged to make available to the Company:

- 1) with a purchase order - monetary funds needed for the execution of orders;
- 2) with a sales order - financial instruments that are the subject of the order.

If the Company does not manage a money account for the client, or a financial instruments account, under disposal of monetary funds or financial instruments referred to under Paragraph 1 of this Article, a confirmation from the member of Central Register that performs for the client depositary affairs, or financial instruments, is implied.

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

Article 17

The Company may receive client's order at its headquarters, then the organizational unit, branch and business premises of an authorized investment company (if the Company has concluded a contract with another investment company for receipt of orders (authorized investment company)).

A client's order shall be considered received when it is received at the headquarters or the Company's branch, or organizational unit, which have permission to execute an order.

Article 18

The Company may conclude a contract with an authorized investment company for receipt of orders from the Company's clients only under the condition that such contracts:

- 1) is not conditional upon the payment of fees or other costs, in the amount higher than the fee that the client would pay the Company had it directly provided the service;
- 2) does not cause unnecessary business risks;
- 3) does not significantly endanger the quality of internal controls;
- 4) allows monitoring by the Securities Commission.

Article 19

The Company may receive client orders given:

- 1 directly;
- 2 facsimile;
- 3 telephone;
- 4 e-mail or by electronic means;

The Company may receive orders by phone, e-mail or by electronic mail, if so provided in the contract with the client.

In the event an order is received by phone, the company is obliged to provide devices for recording and to keep the recorded content, on the media from which it is possible to listen to the recorded files, in order to provide accuracy and reliability of records and monitoring of orders.

In this event, the company applies appropriate specific safeguards in order to ensure accuracy and reliability of Company records and the procedures governing the manner for acting upon phone orders.

The Company may receive orders electronically via a protected web service, e- mail, in a manner to ensure the accuracy and reliability of the order records.

In the event an order is received electronically via a protected Internet service provider, via e-mail, the Company is obliged to apply appropriate specific protection mechanisms in order to ensure accuracy and reliability of Company order records, and procedurally govern the manner and treatment of orders received electronically via a protected Internet service provider or e-mail.

Article 20

The Company is obliged to maintain a book of orders in electronic form in which it records orders from clients for the purchase or sale of securities, as well as amendments and recalls of those orders, in a manner which immediately captures the time of receipt of the order and prevents subsequent changes to orders, which have not been approved by the client.

Article 21

In particular, the Order book of the Company shall contain the following information:

- (1) first and last name / business name or other designation of the client;
- (2) first and last name / business name or designation of persons representing the client, (3) order number;
- (4) date and exact time of receipt of the order, amendment and recall;
- (5) identification mark of a financial instrument;
- (6) the price of a financial instrument and the currency code in which the price is stated;
- (7) the quantity of the financial instrument;
- (8) purchasing, or selling designation;
- (9) the nature of the order, if it is not a selling or purchasing order; (10) type of order;
- (11) the status of the order;
- (12) all other details, conditions and instructions regarding the execution of the order.

When the Company transfers the order for execution to another investment company, the Order book also

- contains:
1. first and last name / business name or other designation of the client;
 2. business name or other designation of the investment company to which the order was transferred;
 3. date and exact time the order was transferred or amended;
 4. conditions for the transfer of the order.

Article 22

The Company is obliged to notify the client immediately, no later than the next working day from the day of receiving the order, via permanent media, of the:

- 1) time and place of receipt of the order, amendment or recall;
- 2) acceptance or rejection of an order, along with the reasons for refusing execution.

THE POLICY FOR EXECUTING AN ORDER AND ENTRUSTING THE EXECUTION OF ORDERS

Article 23

The Company establishes measures and systems for fast, fair and efficient execution of a client's order in relation to orders from other clients or the Company itself, that is measures and systems that allow for the execution of similar orders from clients in accordance with the time when the Company received the order.

For executing the order pursuant to Paragraph 1 of this Article, the Company shall:

1. enter the information from the order, which shall be conducted on behalf of the client, into the Order book immediately and accurately;
2. immediately execute similar orders from the client in accordance with the time when the orders were received, except if the prevailing conditions on the market, or the characteristics of the order, or the interests of the Client make this impossible or require different treatment.
3. immediately and accurately classifies the orders executed on behalf of the client;
4. take all needed, necessary actions in order to ensure that all financial instruments or funds of the client received during the settlement of obligations in accordance with the execution of an order, are transferred to the account designated by the client in a timely manner;
5. inform the client of any significant difficulties in connection with the execution of the order, immediately after becoming aware of the same.

When providing investment services to clients, the Company is obligated to put the clients' interests ahead of its own, to operate fairly, honestly and professionally in accordance with the best interests of the client while respecting the principles established by provisions of the Law

Article 24

When the Company receives a limit order from the client, pertaining to stocks which are traded on a regulated market, or MTP, which has not been immediately executed, or executable due to the prevailing situation on the market, the Company is obliged to, except if the client has expressly provided different instructions, take measures for the execution of the order in the shortest time possible by immediately publishing the limit order in a manner that will make it easily available to other market participants. The Company has fulfilled this obligation once it has forwarded the limit order to the regulated market or the MTP, as well as when the obligation to publish the limit is not applied to orders that exceed the normal market size as determined by rules of the regulated market or MTP.

In terms of the preceding paragraph of this Article, it shall be considered that the Company has issued a limit order which cannot be immediately executed when it sends an order to a regulated market, or MTP, which has an order book or allows the publication of orders which can be easily executed when market conditions so permit.

The Company has a duty to submit reports of services conducted, to the client, which also contain expenses related to transactions and services performed in the name of the client, while the form and content of the report is prescribed by the Commission.

Article 25

The Company may refuse execution:

- 1) of a purchase order when it has determined that the client's account does not have sufficient funds for settling obligations which would be incurred upon the execution of the purchase order;
- 2) a sale order when it has determined that the client's securities account does not have sufficient financial instruments required to execute the order.

Exceptionally from the previous paragraph of this Article, the Company shall not refuse to execute a client's order if it can be done in fully or partially:

- 1) from realized but unsettled transactions;
- 2) providing a loan with the consent of the client, pursuant to applicable regulations;
- 3) borrowing securities in accordance with the rules governing securities lending .

The Company has a duty to refuse the execution of a purchase or sale order in the event there is justifiable doubt that the execution of such an order:

- 1) violated provision of the Law, or law governing the prevention of money laundering and financing of terrorism;
- 2) a criminal offense, an economic offense or a misdemeanor was committed punishable under the law.

In case of an event referred to under Paragraph 3 this Article, the Company shall immediately inform the Commission.

In determining the circumstances under Paragraph 3 of this Article, the Company has the right to rely on own information, as well as on information obtained from its clients or potential clients, except if it does not possess knowledge, or should possess knowledge that such information is clearly outdated, inaccurate or incomplete.

When the Company refuses the execution of client's order, it is obliged to inform the client immediately after the order is received and it needs to cite the reasons for refusal.

Article 26

The Company has a duty to take all necessary activities in order to, during execution of the order, achieve the best possible settlement for its Client with respect to the price, cost, speed, possibility of execution, settlement, size, nature, and all the other actors in connection with the execution of orders, except that when the client issues special instructions in connection with a transaction, the Company shall execute the order according to these instructions.

The Company shall establish and implement effective systems for acting in accordance with the previous Paragraph of this Article, in particular procedures for execution of orders received from clients.

For each class of financial instruments, the procedure for executing orders from the previous Paragraph of this Article, shall contain information on the different locations for the execution of orders and the factors that affect the choice of a proper location for the execution of the order.

Article 27

In determining the relevance of factors for executing orders, the Company has a duty to take into consideration the following criteria:

- a. the characteristics of the client, including its classification into professional and small clients;
- b. characteristics of the order;
- c. characteristics of the financial instruments to which the order pertains;
- d. characteristics of trading locations where the order can be executed.

In trading places assessment procedure in which the client's account could be carried out in a way to achieve optimal outcome, the company is obliged to take into account their commissions and execution fees account for each of these possible trading places.

The Company may not establish and collect its commissions and fees in a manner that would lead to unjustifiable disparities between the trading locations where the order can be executed.

Article 28

The Company has a duty to ensure its clients information appropriate for the execution of orders and to obtain written consent from the client, for the execution of the order, pertaining to the procedures in connection with the execution of the order, while the above information and consent can be a part of the contract with the client.

When procedures for execution of orders provide for the possibility of executing orders outside regulated markets, or MTP, in accordance with provisions of the Law and relevant acts of the Commission, the Company must notify the client of that possibility and receive prior, explicit consent before commencing the execution of the order, while that consent may be part of the contract or provided for each individual transaction.

Article 29

Prior to execution of the order, the Company shall:

- a) inform the client of the policies for execution of orders, while those policies must be provided to small clients on a permanent media;
- b) warn the client of opportunities, provided by policies for the execution of orders, that orders may be executed outside regulated markets, or MTP;
- c) to receive written consent from the client on policies for the execution of orders, while that consent may be an integral part of the contract with the client.

The client may grant consent pertaining to the execution of orders outside regulated markets, or MTP for all or for each, individual transaction.

Article 30

The Company shall:

- 1) monitor the effectiveness of executing policies in order to timely identify and eliminate deficiencies;
- 2) regularly, at least once per year, estimate whether on locations where the execution of orders takes place, stated in the policies for execution of orders, the best possible effects for the client are achieved and whether it is necessary to perform changes in existing policies.
- 3) notify clients of all significant changes in connection with the manner or policies of execution orders.
- 4) provide evidence, to the client, upon their request, that their orders have been executed in accordance with Company policies on execution of orders.

Article 31

The Company establishes and implements effective systems, and in particular policies which during the execution of orders, allow the most favorable outcome for the client.

In order to achieve the objectives set out in the previous Paragraph, the Company attaches great importance to those factors relevant for the execution of orders, in accordance with the criteria set out herein, as well as at the locations where the Company executes the orders as well as factors that affect the choice of the appropriate location for the execution of orders, for each class of financial instruments, that is warnings that every individual instruction from the client, given the factors that are included in those instructions, may prevent the Company to take steps that are prescribed in the policies pertaining to the execution of the order in order to achieve the best outcome for the client.

Pursuant to Paragraphs 1 and 2, of this Article, the Company is obliged to, during the execution of orders, undertake all activities necessary in order to achieve a successful outcome for client, taking into account:

1. the price of the financial instrument;
2. costs, speed and ability to execute;
3. costs, speed and likelihood of settlement;
4. size, type and nature of the order and
5. all other circumstances relevant to the execution of the order.

When the Company receives from a client an order with special instructions for its execution, the Company is obliged to abide with Paragraph 3 this Article to the extent that it will fully comply with the instructions of the client, while it must warn a small client that the order will be executed in accordance with the instructions of the client and not in accordance with the policies of the Company in connection with the execution of orders under the most favorable terms.

Article 32

The Company shall determine how to achieve the most favorable outcome for a small client in relation to total transaction costs, which shall include:

1. the price of the financial instrument;
2. all costs directly associated with the execution of the order, which the client shall bear, include commissions, or fees: the location for trading, clearing and settlement of transactions, of the Company, paid to third parties involved in the execution of the order.

Article 33

The Company is obliged to act in the best interest of the client even when the orders are given to another investment company for execution.

For the purpose of fulfilling the obligations specified under Paragraph 1 of this Article, the investment company shall be obliged to take measures which:

1. provides for achieving the best possible effect for the client taking care of all factors relevant for the execution of the order and the criteria on the basis of which the importance of these factors is determined;
2. shows reverence for the priorities stated in the client's instructions in relation to the policy of the Company in connection with the execution of orders under the most favorable terms.

Article 34

The Company may joint an accepted, order from a client or a dealer with another accepted order, only if:

- (1) The Company has an effective policy for sorting orders, which precisely enough governs the fair merging and sorting of orders, which specifically includes:
 - the manner in which the quantity and price specified in the order affects the classification and
 - manner of dealing with partially executed orders;
- (2) it is unlikely that the merging of orders will damage the interests of those client whose orders are merged;
- (3) the Company warns each of the clients, whose orders are being merged, that merging could damage the client's interests in relation to an individual order.

When the total order, created by merging one or more accepted orders, is partially executed, the Company is obliged to split the respective transactions proportionally among the clients relative to the participation of their financial instruments in the total order.

Article 35

A company which merges a dealer order with one or more accepted orders from clients:

1. may not split the orders in a manner which will harm the client;
2. is under obligation to, in case of partial execution of merged orders, split the dealer order in a manner which gives priority to the client in relation to the Company.
3. is obliged to, via its policies for splitting orders, prevent re-splitting of dealer orders, carried out in combination with accepted orders from clients, in a manner that is harmful for the client.

An exception from Paragraph 1, Item 2, of this Article, the Company may proportionally split a dealer order, in accordance with its policies for splitting orders, only if it can prove that without the combination of a dealer order with an accepted order from the client:

1. it would not be possible to execute an accepted order from a client under such favorable conditions;
2. it would not be possible to execute an order from a client at all.

Article 36

The Company, during the performance of investment services - purchase/sale of financial instruments for the account of the client, executes orders from clients on a regulated market, MTP or OTC market in the Republic of Serbia and other relevant markets abroad, in accordance with these Rules and Procedures, the Policy for executing orders for clients of the Company, as well as market rules for those markets where the client's order is being executed.

Article 37

The acceptance and execution of orders on foreign markets, organized markets and outside organized markets abroad, for new clients, the company shall carry out on the basis of an Agreement on investments and additional services, and for existing clients based on an Annex to the contract for providing investment services prior to receiving the first order from the client for the purchase or sale of financial instruments.

For that purpose, the Company will conclude a mediation contract with investment companies abroad through which will all orders for trading securities abroad will be realized.

The Client shall be notified of all commissions and costs of the Company, domestic bank as well as the costs of the investment company/bank abroad, with whom the Company has signed Agreement on mediation and / or administration of financial instruments and funds, incurred on foreign markets.

For mediation and execution of orders for foreign financial instruments, the Company may open consolidated-cash account or consolidated-financial instruments account at a domestic bank or at a foreign investment company/bank, conducted on behalf of the Company and for the account of the client through which the Company will manage client's financial instruments and funds.

The methods for placing trading orders, clearing and settlement of financial instruments and financial assets, the Company shall agree separately with those institutions in the previous paragraph

If the client operates through its individual accounts, the client is obliged, before concluding the first transaction, to provide the Company with the details of its account, as well as with the settlement instruction.

Article 38

The Company shall, upon execution of an order on behalf of the client, through permanent media:

- 1) immediately deliver to the client all relevant information pertaining to the execution of the order;
- 2) send a small client confirmation of order execution, as soon as possible and no later than:
the first work day after the execution, the first work day after receipt of confirmation, in cases when the Company received confirmation of execution from a third party.

When the order from a small client, pertaining to the purchase or selling of investment units, is conducted periodically, the Company is obliged to send confirmation to the client of order execution as soon as possible, and no later than the first work day after execution order.

The client may not waive the right to be informed on the execution of an order, but may order the notice to be sent to another person whom he authorizes.

Article 39

As a rule, confirmation of order execution consists of:

- 1) business name and headquarters of the Company;
- 2) first and last name / business name or other designation of the client;
- 3) date, time and location of trading;
- 4) identification designation of the financial instrument;
- 5) amount of financial instruments;
- 6) individual and total price, and the currency in which the price is expressed;
- 7) purchasing, or selling designation;
- 8) the nature of the order, unless it is a purchase or sale order;
- 9) type of order;
- 10) the total amount of accrued commission and fees specified by item;
- 11) the client's obligation in connection with settling the transaction, including a time limit for the payment or delivery, as well as appropriate information on the account.
- 12) notification on the second contractual party in the transaction, if the other contractual party is only the Company, another entity affiliated with the Company or another client of the Company, except if the order was carried out in a trading system which allows anonymous trading.

For the purpose of stating individual prices from Paragraph 1, Item 6, of this Article, and in situations when the orders are executed in numerous transactions, the Company is obliged to provide the client with information on the price of each individual transactions.

When the Company is providing the information under Paragraph 1, of this Article, via standard designations, it is obliged to clarify the meaning of those designation.

Article 40

In the event that the Company is forwarding the execution of orders to another investment company, the conclusion of a contract between the Company and another authorized investment company is only possible if:

- 1) it does not condition the collection of fees or other costs from the client in an amount which is higher than the fees which the client would be liable for had the Company provided the services;
- 2) cannot cause unnecessary business risks to the Company;
- 3) cannot significantly compromise the quality of internal controls;
- 4) enables monitoring by the Commission.

The following must be regulated under the contract referred to in Paragraph 1 of this Article:

- 1) the deadline and manner in which the client's order is transferred to the Company;
- 2) that the authorized investment company is obliged to warn the client with respect to the deadline and receipt of orders, responsible for completeness and accuracy of accompanying data, and is obliged to keep, as a business secret, data on the Company's clients and their orders;
- 3) that the investment company, to whom the order is transferred, does not have the obligation to investigate the accuracy and completeness of information received from the authorized investment companies, to use information on the client, and to bear the responsibility of executing the transaction pursuant to an order;
- 4) act upon complaints from potential and existing clients.

Article 41

The Company has a duty to record, in the order book, the execution of orders after it has executed the order, that is after it has received confirmation of the transaction, in the event when the Company has transferred the order for execution to another investment company.

The records referred to under Paragraph 1 of this Article shall contain:

1. first and last name / business name or other designation of the client;
2. date, time and location of trading;
3. identification designation of the financial instrument;
4. the quantity of financial instruments;
5. individual and total prices, and currency in which the price is expressed;
6. buying, or selling designation;
7. nature of the transaction, if it is not about a selling or purchasing transaction;
8. authorized person who conducted the transaction or who is responsible for its execution.

Article 42

The Company has a duty to, at the request of the client which holds the financial instruments, via permanent media, submit a property report for the client.

The Company does not have the obligation under Paragraph 1 of this Article if such a report is submitted as part of another periodic report.

The property report on the client includes:

- 1) details on all financial instruments that the Company keeps for the client, at the end of the period covered by the report;
- 2) manner of use, or disposal of financial instruments during the reporting period;
- 3) uses, that is yields on the basis of such use or disposal.

Information referred to under Paragraph 1, Item 1 of this Article, must be based on the settlement date with the obligation to indicate those transactions which, at the end of the period to which the report refers, have not been settled.

Article 43

The investment company is obliged to provide its clients, to whom it is providing portfolio management services, with periodic reports on the activities of managing their portfolio.

Periodic reports under Paragraph 1 of this Article must be submitted to small clients on a permanent media, at least quarterly, except in the following cases:

1. when the client chooses to receive information on conducted transactions upon the completion of each, individual transaction, in which case the periodic report must be submitted at least once every 12 months, for transactions with:
 - shares of companies or other securities equivalent to shares, which represents equity participation or voting rights, as well as certificates of deposits relating to shares,
 - bonds and other forms of securitized debt, including depositary receipts which relate to these securities,
 - money market instruments,
 - units of collective investment institutions.
2. when the management contract portfolio contracted a financial leverage portfolio, in which case the periodic report must be submitted at least once a month.

In cases referred to under Paragraph 2, Item 1 of this Article, the investment company is obliged to, immediately after the transaction, submit confirmation to the same to a small client.

Article 44

Periodic reports on portfolio management activities delivered to a small client must, as a rule, consists of:

1. business name and headquarters of the investment company;
2. account designation of the small client;
3. report on the contents and the assessment of the portfolio, including details of any financial instrument held for the client, its market value, or fair value if market value is not available, a cash balance at the beginning and end of the reporting period and the yield of the portfolio during the reporting period;
4. the total amount of fees and expenses incurred during the reporting period, stating the smallest total management fees and total expenses related to the execution and, where possible, and notice that a more detailed specification may be available upon request;
5. comparison of the yield of the portfolio during the period covered by the report, with the reference value of the yield agreed between the investment company and the client, if applicable;
6. total amount of dividends, interest and other payments received during the reporting period regarding the portfolio of the client;
7. information on other corporate activities which give rights in relation to financial

instruments held in the portfolio;

8. for each transaction completed during the period, as a rule:

- day, time and location of trading
- identification designation of the financial instrument,
- the quantity of the financial instrument,
- individual and total price,
- purchasing, or selling designation,
- nature of the order, unless it is a purchase or sale order,
- type of order.

A periodic report does not have to contain information under Paragraph 1, Item 8 of this Article, if the client opts to receive information on executed transactions after the execution of each, individual transactions.

Additional reporting obligations on portfolio management or transactions with potential obligations.

Article 45

The investing company is obliged to, during the performance of management portfolio services for a small client that includes uncovered open positions in transaction with potential obligations, to inform such a client of any loss which exceeds a certain threshold determined in advance, agreed between the investment company and the client, no later than by the end of the work day in which the threshold has been surpassed.

In the event that the threshold referred to under Paragraph 1 of this Article is crossed on a non-business day, the investment company shall notify the client of this fact no later than the end of the following business day.

CORPORATE ACTIVITIES

Article 46

The Company will provide corporate services to clients in relation to enforcing rights from financial instruments, that client owns on the proprietary or collateral account in the name of the company, and for its account, respectively the Company will inform the client of the corporate activities and will perform necessary activities on clients request.

For domestic corporate activities, the Company will collect information from available public sources (Central Registry and Belgrade Stock Exchange, and upon the cognition it may provide information through the ads or through the available web sites of the publishers).

For foreign corporate activities, the Company receives the notification from the investment company or the bank that keeps a summary account of financial instruments for its clients.

The Company is not responsible for non informing or for late notification by the issuer, the Central Registry, the BSE or bank / investment company with whom the Company leads the financial instruments of their clients, but will take into account any omission in reviewing their suitability for continued service delivery.

If the performer of the activity, from the order for corporate actions, is an authorized person employee of the Company, the Company is obliged to provide and deliver to the client the information and the data about that corporate action from the order. If an authorized person is not an employee of the Company, the client is obliged to deliver a photocopy of a personal document of an authorized person, and the Company has no obligation to inform the client about the executed order for the corporate activity nor about related information.

If the Client initiates a court case, the same will not be conducted in the name of the Company, and the client will be identified in front of a court or attorney, as the lawful holder, with appropriate acknowledgment of the Company.

The Company will comply with the applicable regulations of the Company Law.

Article 47

The elements of the order for corporate activity are:

Order number, date, information about the client, data about the corporate activity with the number of financial instruments owned by the client, day-section, instruction for the treatment, client's signature and the signature of the Company authorized person.

Amendment and Revocation of the order should have the same elements as the order.

Deadline for submitting the orders for domestic and foreign market is 3 working days before the corporate activity is held. The company is not responsible for orders submitted after the indicated deadline.

Based on the received client's order for corporate activity, and in purpose of authorization and representation at meetings of shareholders, the Company may issue power of attorney for a third party on its memorandum or in the form of the issuer if so regulated under that assembly.

Article 48

The Company is authorized according to the agreement, and without a special order from the client, to collect all revenues (dividends, interests, coupons, etc.) arising from the financial instruments, and which are received in the name of the client on the Company account, to register them as client's revenue, as well as to transfer them to the clients account. The Company will calculate and charge the fee for this service to the client.

INFORMATION SPECIFICALLY PROVIDED TO SMALL CLIENTS

Article 49

The Company has a duty to, prior to the conclusion of the contract, or prior to providing services to a small client or a potential small client, via a website or permanent media, provide information on:

1. The Company as an investment company and the services that the Company provides;
2. financial instruments;
3. protection of financial instruments and client funds;
4. costs and fees.

The Company has a duty to notify the client, and the potential client, in a timely manner of each significant change in information stated under Paragraph 1 of this Article.

CONTENTS OF THE CONTRACT WITH THE CLIENT

Article 50

The Company shall conclude a written contract with the client which shall contain:

1. rights and obligations of the contractual parties, which may be determined by referring to other documents that are available to the client;
2. other conditions under which the Company provides services to clients;
3. a statement from the client that he is familiar with the content of the business rules and the Company's tariff rulebook prior to the conclusion of the contract.

When an authorized investment company receives a clients' orders, the contractual parties are the client and Company.

Article 51

The Company is not under any obligation to conclude contracts with the following professional clients if he conducts for them services related to receiving and transferring orders, that is the execution of orders, or any additional services associated with the same.

1. entities who are subject to approval or supervision by a competent authority for conducting business on the financial market, , such as: loan institutions, investment companies, other financial institutions whose operations have been approved or are supervised by an appropriate supervisory authority, insurance companies, collective investment institutions and their management companies, pension funds and their management companies, dealers of stock markets, as well as other entities supervised by competent bodies;
2. The Republic, autonomous provinces and local self-governments, as well as other states or national and regional bodies, the National Bank of Serbia and central banks of other countries, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

For clients referred to under Paragraph 1 of this Article, the Company is not required to apply the provisions of relevant ordinances that further regulate the obligations of the Company set out under Articles 164, 165, 169 and 176 of the Law.

Article 52

Pursuant to the contract with the client, the Company shall open an account for the client for financial instruments with the Central Registry, either directly or through another member of the Central Registry.

Notwithstanding Paragraph 1 of this Article, entities for whom a contract with the client is not required, the Company shall open an account for financial instruments, for those for clients, in accordance with the rules of the Central Registry. The client shall have the right use the services of opening and keeping a monetary account at the Company or a bank - a member of the Central Registry.

1. Contract on investment and additional services

Article 53

Contract on investment and additional services, which the Company concludes with the client, governs the reception and transmission of client orders relating to the sale and purchase of financial instruments and the execution of orders on behalf of clients, as well as additional services in connection therewith, respectively keeping and administration of financial instruments and funds related to that.

The contract referred to under Paragraph 1, of this Article shall regulate the mutual rights and obligations between the Company and the client, and in particular:

- 1) terms, manner and place of acceptance and recall of orders on behalf of the client to buy or sell financial instruments;
- 2) types of orders which the client may submit to the Company;
- 3) method of managing client's funds
- 4) markets, or locations for execution of orders and the manner of execution, in accordance with Policies for execution of orders;
- 5) reporting to the client on execution of order;
- 6) reference to documents, available to the client, which are regulated by rights and obligations of the client and the Company,
- 7) language and communication mode of the client and the Company;
- 8) provisions for keeping, treating and protecting client data;
- 9) the maximum amount of commissions and fees, or the basis for calculating the same,
- 10) other mutual rights and obligations.

The contract referred to under Paragraph 1 of this Article may contain essential elements of the contract for opening and maintaining financial instruments.

2. Service contract in connection with the offer and sale of financial instruments without a firm commitment basis / emission agent services /

Article 54

A contract for services by an emission agent which the company concludes with clients - issuers of financial instruments is regulated by organizing the issuing of financial instruments without a firm commitment basis.

The contract referred to under Paragraph 1 of this Article regulates the mutual rights and obligations of the Company and the client, in particular:

- 1) organizing the issuance of financial instruments;
- 2) organizing the inclusion of financial instruments on a regulated or MTP market;
- 3) the amount and method for calculation fees and expenses for conducting the activities of an emissions agent;
- 4) other mutual rights and obligations.

The contract on emission agency activities between the Company and the client may limit the Company's obligations to:

- 1) a certain amount of financial instruments that are issued, that is whether the agent's obligation refers to the emission of one or more financial instruments;
- 2) a specific type of work performed by the emission agent (manner of organizing emissions and/or the inclusion of financial instruments on the regulated or MTP market).

3. Contract for providing services of a corporate agent

Article 55

The contract for providing services of a corporate agent, which the Company has concluded with the client, as a special type of service contract on emission agent services, shall regulate the mutual rights and obligations between the client and the Company, namely:

- 1) before the Central Registry:
 - (1) opening and managing an emissions account, depository accounts, and other client's account, in accordance with the Rules of the Central Registry;
 - (2) submitting a request for the granting of an identification designation for financial instruments (CFI code and ISIN number) and its registration into the issuing account;
 - (3) submitting a request for the issuance of uniform records of legal holders of financial instruments;
 - (4) submitting a request and taking other actions in connection with the payment of dividends and other yields on financial instruments,
 - (5) submitting a request for the annulment of issued financial instruments,
 - (6) conducting the procedure for replacing financial instruments,
 - (7) conducting the procedure for purchasing own shares,
 - (8) implementing takeover offers, whose publication has been approved by the Securities Commission, as well as procedures for enforced sale of shares and other procedures in accordance with the Rules and other general acts of the Central Registry;
 - (9) the amount of commissions and other fees or the basis for the calculation and payment of the same;
- 2) before the Belgrade Stock Exchange or other market organizers:
 - (1) submitting a request and other documentation for the inclusion of financial instruments on regulated markets or MTP;
 - (2) submitting reports and notifications which the client is obligated to publish, in accordance with the Law and acts of the Securities Commission, on the Internet page of the market organizer;
 - (3) submitting a request for exclusion of financial instruments from the regulated markets or MTP and the implementation of other activities in accordance with the Rules and other general acts of market organizers;
 - (4) the amount of commissions and other fees or the basis for the calculation and payment of the same;
- 3) giving advice to business companies pertaining to capital structure, business strategy, mergers, buying companies and similar issues, as well as fees for those services.

4. Portfolio management contract

Article 56

Portfolio management contract which the investment company concludes with the client, in particular, consists of:

- 1) authorization from the client that the investment company may: manage, buy and sell financial instruments without his consent, on his behalf, charge commissions and fees for providing portfolio management services;
- 2) the amount of funds, that is the type and amount of financial instruments which the client shall make available to the Company;
- 3) a description of the investment policies which the investment company shall implement, comprises of: type of financial instruments which will be bought from the client funds and the characteristics of the issuer of those instruments, the maximum allowable amount of investment in the financial instruments of a single issuer and its affiliate entities, other circumstances important for determining the degree of investment risk;
- 4) other restrictions to discretionary rights given to the investment company;

- 5) the amount of fees and commissions, and the basis for the calculation and payment of the same;
- 6) the client's right to terminate the contract, at any time, provided that the remaining obligations of the client and investment company have been fulfilled.

The management company that provides the clients with portfolio management services cannot invest assets of the client in investment units, or shares, of investment funds which it manages.

Article 57

5. The Agreement on providing additional services in the process of acquiring the shares of dissenting shareholders

The agreement on providing additional services in the process of acquiring the shares of dissenting shareholders, in particular contains:

1. rudiment for providing this service
2. proprietary and cash account number
3. commission fee of the Company
4. the Company's and the client's obligations

6. The Agreement on providing services in the takeover bid and forced redemption of shares

The Agreement on providing services in the takeover bid and forced redemption of shares in particular contains:

1. rudiment for providing this service
2. commission fee of the Company
3. the Company's and the client's obligations

MUTUAL RIGHTS AND OBLIGATIONS OF THE COMPANY AND ITS CLIENTS

Article 58

A client of the Company may be any domestic and/or foreign legal entity and/or natural person.

More specific conditions for acquiring the status of a client may be determined by the Director of the Company, via a special act, given the type of client (domestic or foreign entity, legal or natural person) and the type of contract intended to be concluded.

Article 59

Prior to contract conclusion with the Company, clients are obliged to make available to the Company all documents requested by the Company, on the basis of which the Company can conduct an identification of the client in order to determine whether they meet the requirements for execution of work which is the subject matter of the contract, and in particular:

- 1) name, or the name and address or headquarters of the client;
- 2) company identification number, personal identification number or other identification number for foreign legal entities or natural persons;
- 3) tax identification number for domestic legal entities and foreign legal entities and natural persons;
- 4) account number and name of the bank where the account is kept;
- 5) number of proprietary account ;
- 6) other information necessary for the execution of work.

The client of the Company - legal entity, is responsible for notifying the Company, in writing, immediately upon a change, having taken place pertaining to:

- 1) changes, or amendments to the Articles of Association and the Statute,
- 2) change in managers and other persons authorized to do business with the Company,
- 3) status changes,
- 4) obtaining, or termination of client status in another member,
- 5) increase or decrease of share capital,
- 6) change of majority owner,
- 7) when the client has become insolvent,
- 8) when a process of forced settlement, bankruptcy or liquidation, has been initiated over the client,
- 9) other data relevant to the operations of the Company for the account of the client.

Article 60

Prior to placing the order the client must:

- 1) have an open proprietary account with a member of the Central Registry;
- 2) have an open account with the Company or other member of the Central Registry;
- 3) authorize the company to transfer and register rights, in accordance with the given order, from the securities to the client's proprietary account.

Authorization from Paragraph 1, Item 3 of this Article may be:

- 1) contained in the contract for performing investment and additional services, when that contract contains essential elements from contracts for keeping securities accounts,
- 2) provided in a separate contract on keeping a securities account;
- 3) provided on the basis of another legal matter.

COMMISSIONS AND FEES

Article 61

The client shall pay the Company a brokerage commission or other fees on the basis of investment and additional services for the account of the client, as well as other services performed for the client.

The brokerage commission, settlement fees, or other fees, which shall be paid by the client, shall be determined by the contract for a particular service up to the maximum rate, or the amount determined by the Company's Tariff Rulebook.

When performing activities related to purchasing and selling securities on behalf of the client in the confirmation of receipt, that is during the implementation of the order, the commission amount for that transaction, as well as the settlement fee, if the client uses additional services of the Company, will be specified in accordance with the maximum commission as determined by the Agreement for investment and additional services.

Fees that are expressed in foreign currencies will be calculated at the official middle exchange rate NBS on the day of the calculation.

PROTECTION OF CLIENT'S PROPERTY AND TREATMENT OF CLIENT'S FINANCIAL INSTRUMENTS

Article 62

The Company has a license, from the Commission, to hold client's financial instruments and funds.

The Company opens and administrates following types of financial instruments accounts for clients:

- proprietary account, pledge account, managing account and other accounts in the name and for the account of the client
- summary account in the name of the Company but in the name of the client

In terms of the definition of the legal owner, shareholders and the indirect owner of the Capital Market Act, the financial instruments of the consolidated accounts opened in the name of the Company, for the account of the client, are recorded in the name of the Company as shareholders, but not as a legal holder or indirect owners of these financial instruments.

For clients, the Company opens and administrates the accounts with domestic financial instruments, in accordance with the Central Registry Act. Foreign financial instruments are kept in the register of foreign countries, where the transaction was made on the summary account of the Company, but for the clients of the Company, the Company keeps the analytics account of financial instruments recorded in their books, for each particular client.

The Company opens and administrates the internal cash account for recording all customer deposits, which are related to the investment and additional services with domestic and foreign financial instruments.

Article 63

In order to protect the rights of their clients, the company is obliged to:

1. keep the records, accounts and correspondence related to that precise and accurate, to regularly adjust them to the records and account of the third parties that hold client assets, to differentiate property of the client from the assets of the other client and assets of the Company at any moment
2. take measurements to ensure that the account of the Company's financial instruments at the Central Registry are recorded separately from the financial instruments of its clients
3. adopt measures which reduce operational risk of loss or reduction of client asset or rights related to these assets to a minimum.

Paragraph 1 of this Article is also applied in cases when the Company keeps the client's financial instruments on the summary account.

Article 64

The Company, in the name and for the account of the client, or on its own behalf and on behalf of the client, performs settlement of transactions of financial instruments through the Central Registry with payment, or perform payments and transfers of funds from the client's account for trading with financial instruments, providing for the client, payment obligations and debt collection.

In addition, the Company performs transfers of financial instruments without payments between accounts of the same holder and transfers to the new account holder, as well as registration and deletion of third parties on financial instruments, applying regulations CRHOV for domestic financial instruments, and for the transfer of foreign financial instruments, the Company will proceed in the same way, unless otherwise provided by legislation or the rules of a foreign investment company or bank to specific foreign markets.

Before placing the order for trading on domestic or foreign markets, the client needs to have sufficient amount of financial instruments and / or funds on the account, or that the order is covered with financial instruments and / or funds in the "netting" that allows the client that, in his positions included, executed unbalanced financial instruments and / or funds.

The Company is obliged to monitor that the cash account or financial instruments account of the client has sufficient funds or financial instruments at the date of settlement.

The customer is responsible for covering their trading accounts, when placing the order.

If the client does not provide sufficient funds or a sufficient amount of financial instruments on the account, which are required to make an order or transaction, the Company will not execute the order, or if the order was submitted by another investment company, the Company will not verify the transaction, nor will it be liable for damages caused by another investment company.

Article 65

The Company will, in accordance with legal regulations and business practices of each and every specific foreign markets, offer the performance of investment and additional services in these markets, in which services can be provided in the best interests of the client and with due professional care, using the services of local banks or foreign investment company or bank.

The Company takes into account the expertise and market reputation with the selection of a foreign investment company or bank, as well as all regulatory requirements that may adversely affect the rights of the Client.

The Company will hold at local banks, or at foreign investment company or a bank, foreign financial instruments on behalf of the Company, on behalf of its clients, on the summary account of the Company for that purpose, under their terms of business, as well as the rules and practices that apply to this specific market.

The list of available foreign market is available on the Company web page.

The Company will provide settlement of transactions concluded with foreign financial instruments with professional care, where the client will be entitled to dispose of foreign financial instruments after receipt of confirmation on realized transactions.

Article 66

When choosing a foreign depository (investment company or bank) on whose accounts will hold financial instruments of its clients, the Company is obliged to take into account:

1. the expertise and market reputation of the depository;
2. that the depository is subject to regulations in the state governing keeping of financial instruments for the account of another person;
3. to periodically review the choice of the depository and the agreed arrangements for holding and storing customer financial instruments.

Exempt from the Paragraph 1, item 2 of this Article, the Company may deposit client financial instruments with the depository in a country where holding and keeping of financial instruments for the account of another person are not specifically regulated, only if it meets one of the following conditions:

1. The nature of the financial instrument or investment services associated with that instrument required deposit with the depository in that country;
2. Professional client, in writing, requests from the Company's disposal of its financial instruments with the depository in that State.

If it is needed to get the funds deposited abroad, on behalf of the client, with the central bank, banks, investment firms or other authorized financial institution, the Company is obliged to ensure that these funds are on the account or on the accounts separately from accounts belonging to the Company.

Article 67

Financial instruments of the client are not the property of the Company and are not included in its assets, are not included in the liquidation or bankruptcy estate, nor can they be used for payment of liabilities of the Company to third parties.

The funds that are on the cash account of the client, the Company can only use for payment of liabilities in connection with investment services and activities, as well as additional services performed for clients.

Funds on clients' account, are not owned and not included in the assets of the Company, can not be used to pay company liabilities or be subject to levy.

Article 68

The Company is obliged to use financial instruments of the client only on the basis of client orders.

The Company must not:

1. pledge or alienates financial instruments owned by the client without his prior written authorization;
2. use financial instruments of the client to pay their obligations, as well as the obligations of other clients.

The Company is obliged to keep the records on:

1. on the details of the client on whose instructions the use of financial instruments have been carried out;
2. the amount of financial instruments used, sorted by clients who have given prior consent to the use of their financial instruments.

The referred data from the paragraph 3 of this Article, shall be conducted in a way that allows fair distribution of potential losses.

RECORDS AND CONFIDENTIALITY OF THE DATA

Article 69

The Company shall keep separate records of funds, financial instruments and persons on whose behalf performs the tasks, to keep the data from these records as a business secret and to protect them from unauthorized use, alteration or loss.

Company books, records and data that is specified by the Law and these Rules, the Company is obliged to keep at least 5 years after the financial year, which documents are related to, is over , or longer if required by statutory and bylaw regulations.

Employees of the Company are required to keep data on balance and turnover on the accounts, as well as other information available to them through the course of providing investment and additional services and they must not disclose to third parties, or use or allow third parties to use them.

Exceptionally, the data from the previous paragraph may be disclosed and made available to third parties:

- 1) on the basis of written consent of the client;
- 2) at the written request of the Commission for Securities
- 3) by an order of court or other competent state body

By signing the agreement, the client allows the Bank to share personal information in foreign investment company or bank, if it is necessary in order to perform the rights and claims of the client's account, unless so required by local regulation in this market.

Article 70

The calculation of the value of the portfolio on account of financial instruments, the Company will use the following values:

- last price on the Belgrade Stock Exchange or foreign stock exchange
- nominal value of the debt instruments (bonds, treasury bills ...) and financial instruments that are not listed in a stock exchange

In the case of non-working or net trading day at a particular stock exchange, will be taken the last available price for the calculation.

Foreign financial instruments nominated in foreign currency will be calculated at the official exchange rate of the National Bank of Serbia.

The value is calculated based on the actual number of days in the month and calendar year of 360 days.

TERMS FOR LENDING/BORROWING FINANCIAL INSTRUMENTS;

Article 71

Lending financial instruments, through the conclusion of a repurchase contract and similar transactions, are carried out via the Company as a member of the Central Registry.

The Company keeps records in connection with these transactions which are submitted to the Commission in their monthly reports.

Profit achieved from lending financial instruments on behalf of the client shall be attributed to the client, given that the Company may charge for its lending services in accordance with the Tariff Rulebook.

The Company may lend financial instruments of the client to another client, another investment company or credit institution, which is a member of the Central Registry, if so provided for under the contract concluded with the client or if the client has granted written authorization to the Company.

The Company may lend financial instruments from its own account to entities under Paragraph 4 of this Article, and the profit received from lending financial instruments will be attributed to the Company.

Article 72

The Company may lend financial instruments to another client, another investment company or credit institution which is a member of the Central Register:

1. whose holder is the Company;
2. whose holder is a client with whom the Company has a contract on keeping a financial instruments account, under the condition that it concludes a contract with that client on borrowing or that it receives written authorized from the client to do so.

The Company may borrow financial instruments from the client for its own account if requirements under Paragraph 1, Item 2 of this Article have been met.

The Company may, on behalf of the client, mediate in concluding a contract on borrowing financial instruments.

Financial instruments which have been pledged, and whose distribution is limited, may not be the subject of a loan contract.

Article 73

Loan contract, that is lending authorization in particular, includes:

1. mutual rights and obligations of the contractual parties;
2. CFI code and ISIN number or another internationally recognized designation, and the quantity of financial instruments which may be borrowed, that is lent;
3. duration of the contract, which may not exceed one year;
4. a time period for which the financial instruments may be given up for a loan, that is borrowing periods;
5. authorization which the client gives to the Company in order to transfer the financial instruments to which the contract pertains;
6. provisions on fees, commissions and payment terms.

The Company shall, no later than the next business day from the date the financial instruments have been transferred from the client's account, inform the client of the date of the transfer, the amount of transferred instruments and the loan time.

Fulfillment of the borrower must be ensured by giving pledge.

If the borrower fails to fulfill its obligation on maturity resulting from the contract of lending, the lender can determine the value of their claims in relation to the value of financial instruments that they had on the day of conclusion of the contract or on the day of meeting the obligations of the borrower and sell the stocks in accordance with the regulations Contracts and Torts.

THE RULES OF CONDUCT WHILE PROVIDING INVESTMENT SERVICES

Article 74

When the Company is providing information to clients electronically, it shall ensure that the following conditions have been met:

1. the client has submitted a valid e-mail address to the Company;
2. the client has chosen this way of submission;
3. the client has been notified electronically of the Internet address and the place on the same, where he can access relevant information;
4. information is regularly updated;
5. information is continuously available.

Article 75

All information, including marketing material, which the Company refers to clients and potential clients must be accurate, clear and not misleading, and marketing materials must be clearly labeled as such.

Information from the previous Paragraph of this Article:

1. contains the business name and headquarters of the Company;
2. must be easily understandable to the average client of the group to which it was addressed;
3. must not stress the potential benefit from the service or financial instrument, without the simultaneous impartial warnings to the risks in connection with the same;
4. should not disguise, diminish or obscure important details, statements or warnings;
5. must not contain the name of a competent authority in a manner that would alleged or suggest approval of the instrument or services by such bodies.

The Company has a duty to ensure that the marketing material complies with all other information the Company refers to the clients during its service.

Article 76

Referring information which compares services, entities, which provide such services, or financial instruments, is permissible only if:

1. the comparison is meaningful and presented in an unbiased and balanced way;
2. all key facts and assumptions, used for comparison, have been stated;
3. sources of information, used for comparison have been stated.

Article 77

Referring information which contains indicators of past performance of financial instruments, financial index or services is permitted only if:

1. indicators of previous results of financial instruments, financial index or services are not the most significant element of such communication;
2. the information includes results for the previous five years, or for the whole period in which the financial instrument was available, the information on when the publication of the financial index began, and

the investment services was provided (in the event that the instrument, index or service has only been in existence a short time period). The information may include a longer period, but in all stated cases the result must be based on a 12 month period;

3. the reference periods and the source of information are clearly specified;
4. information contains a clear warning that the earlier results are not reliable indicators of future results;
5. in a situation when the result relies on data denominated in a foreign currency, the currency is clearly presented, along with a warning that the result may be different due to changes in exchange rates;
6. the impact of commissions, fees or other costs, when the result is based on the gross principle, is published.

Article 78

Information which the Company sends, which includes or relates to simulated results from the previous period, must be associated with financial instruments or a financial index.

The information from the preceding Paragraph can only be referred if:

1. the simulated previous result is based on actual previous results of one or more financial instruments or financial indices which are equal to or from which were derived, these financial instruments;
2. the actual previous results under Item 1 of this Paragraph, meet all requirements from the preceding Article, except that prescribed under Paragraph 1, Item 4 of this Article;
3. the information contains a clear warning that the simulated previous results are not a reliable indicator of future results.

Article 79

When referring information about future results the Company shall have the following in mind:

1. that it is not based nor does it refer to earlier simulated results;
2. are based on reasonable assumptions and facts;
3. in case the result is based on the gross principle, the impact of fees, commissions or other costs is presented;
4. contain a clear warning that the information on future outcome is not a reliable indicator of future results.

Article 80

When the information which is sent to clients and potential clients relates to special tax treatment, the Company is obliged to clearly point out that it depends on the individual case as well as that there is the possibility of future changes.

Article 81

Information about the Company and the services provided, as a rule, includes the following:

1. business name and headquarters of the Company, as well as any other data that provides effective communication with the Company;
2. number and date of the decision on granting a work permission for the Company, as well as and the name and contact address of the competent body which issued that license.
3. the possible ways and the language of communication between the Company and the client, including the manner of placing and receiving orders, as well as providing documents and other information by the Company;
4. the scope, frequency and period of reporting on the services which the Company provides to the client;
5. a brief description of how instruments are protected, *i.e.* funds, including general information on the Investor Protection Fund, whose member the Company is, in the event that the Company holds financial instruments, *i.e.* monetary fund's of the client;
6. a brief description of the policy for managing conflict of interest.

The Company is obliged to, at the request of the client, provide more detailed information on the policy for management conflict of interest.

Article 82

Information on financial instruments consists of a general display of the nature and risk characteristic for financial instruments.

Taking into account the individual type of financial instruments, the description of the risk from the previous paragraph, as a rule, contains:

1. risks associated with a particular type of financial instrument, including an explanation of the financial leverage and its effects, as well as the risk of losing the entire investment;
2. the volatility of the prices of financial instruments, as well as any restrictions on existing markets for such instruments;
3. an explanation that a transactions with such an instrument, apart from the cost of acquiring the instrument, could include additional financial and other obligations, including potential obligations.
4. every condition that stems from the loan on the basis of which the instrument was purchased or from a similar obligation applicable to a certain type of instrument.

The Company is obliged to, while providing information on the financial instrument:

1. which is the subject of a public offer which is on-going and for which a prospectus has been issued - inform the client and potential client with the manner in which the prospectus is available;
2. that includes a guarantee by a third person - provide to the client and potential client sufficient details about the guarantor and the guarantee on the basis of which it can bring a fair assessment of the guarantee;
3. which is composed of two or more different instruments or services and for which it is obvious that the risk related to that instrument will be greater than the risks related to each individual component of that instrument - provide the client and potential client with an appropriate description of the individual components of such instrument and the manner in which mutual influences increase the risk.

Article 83

The Company, which is authorized to keep a client's financial instruments, is obliged to provide, as a rule, the following information:

1. that the financial instruments may be kept with a third party in the name of the Company and on the Company's obligations related to the actions or omissions of third parties as, well as on consequences for the client in the event the third party becomes insolvent;
2. when a third party keeps the financial instruments on an aggregate account as well warnings pertaining to the risks resulting therefrom;
3. notice in the event when accounts containing financial instruments of the client or potential client, are or will be in the jurisdiction of a foreign countries legislation (or countries which are not member states of the European Union), and indicate that the rights of the client or the potential client, in connection with the above financial instruments or funds, may vary accordingly;
4. notice of the existence and conditions for a possible pledge right which the Company has or could have over the financial instruments of the client;
5. prior to concluding transactions which finance securities, and which relate to financial instruments that the Company is keeping for a small client or before those financial instruments are used in another manner, the Company is obliged to, in a timely manner, before using the mentioned instruments, submit to the small client in writing, clear, complete and accurate information about the obligations and responsibilities of the Company with respect to the use of the above financial instruments, including conditions for their return to the client as well as about the risks that they include.

The Company has a duty to, prior to providing services to a client who is considered to be a professional client, provide information prescribed under Paragraph 1, Items 4 and 5 of this Article.

Article 84

Information on costs and fees include:

1. the total cost, which the client is obliged to pay, in connection with the financial instrument or service, including all related commissions, fees, and other expenses, as well as all payments through the Company;
2. the basis for calculating the price, in cases where the total price cannot be specified;
3. a warning about the currency and the relevant foreign exchange rates and costs in cases where any part of the total price under Item 1 of this Paragraph must be paid or represents an amount in a foreign currency;
4. notification that there is a possibility for other costs, including taxes or other payments, associated with transaction in connection with financial instruments or services, which may arise for the client, and which are not payable through the Company or have not been imposed by the Company;
5. payment methods;

In the events referred to under Paragraph 1, Items 1 and 2 of this Article, the commissions, or fees that the Company charges must be itemized separately for each case.

Article 85

For determining the client's and potential client's investment goals, the Company may ask them for information relating to:

1. desired duration of investments;
2. willingness to assume risks;
3. the risk profile of the client, or potential client, and
4. for the investment purposes.

Article 86

The profile which the Company compiles, of the knowledge and experience of the client or potential client, shall include:

1. type of service, transaction and financial instruments that are known to the client, or potential client;
2. nature, extent and frequency of transactions made by the client, or potential client with the financial instruments and the period during which they were carried out.
3. the title and current occupation or relevant previous profession of the client or potential client.

Article 87

In order to determine the ability of the client to financially bear investment risks, the Company may request from the client, or the potential client, information related to:

1. the source and amount of his regular income;
2. his property, including information on liquid assets, investments, real estate;
3. his regular financial commitments.

Article 88

Prior to and during the provision of other services, the Company is required to request information from the client, or the potential client, on its knowledge and experience in the investment field which is of importance for the financial instrument or service which is being offered or which the client is seeking.

The Company may rely on information obtained from the client, or potential client, in writing, except when it has become known to him or should have been known to him, that the information is outdated, inaccurate or incomplete.

The Company is obliged to warn the client or potential client if:

1. it cannot determine whether a financial instrument or service is appropriate for him, due to the client's decision not to provide information or to provide insufficient information referred to under Paragraph 1 of this article;
2. the financial instrument or service is not suitable for him, if this has surmised based on obtained information.

The warning under Paragraph 3 of this Article, the Company may submit in standardized form.

Article 89

A company which provides its clients only services for receiving and transferring orders, or execution of orders on behalf of the client, is not under any obligation to seek from the client information as in cases when other services are provided, if the following conditions are met:

1. the service was provided upon the client's initiative.
2. the services relates to:
 - shares involved in trading on a regulated markets, or MTP, or on equivalent markets of third countries,
 - money market instruments, bonds and other forms of securitized debt, excluding bonds and securitized debt instruments which contain a derived financial instrument,
 - units of collective investment institutions and
 - other similar financial instruments;
3. the client has been clearly warned that the Company is not under obligation to assess the eligibility of provided or offered financial instrument or service;
4. The Company fulfills the statutory obligation with respect to the prevention of conflict of interest between the Company and its clients.

The warning referred to under Paragraph 1, Item 3 of this Article may be given in a standardized form.

INVESTIGATING CUSTOMER COMPLAINTS

Article 90

The Company has a duty to establish, implement and regularly update, effective and transparent procedures for the acceptable and expeditious treatment of complaints received from small clients.

The Company has a duty to keep a record, of all complaints and measures that have been undertake on that basis, in a manner and within the deadlines set forth in the relevant Commission rulebook.

PROHIBITION OF MARKET MANIPULATION

Article 91

Market manipulation is abuse in relation to any financial instrument that is involved in trading on a regulated market, or MTP, or in connection with which a request for inclusion has been sent, regardless of whether a transaction on that market has taken place.

The following, in particular, are actions and procedures considered to be market manipulation:

- (1) activities of one or more entities acting together in order to ensure their dominant position over an offer, or demand of a financial instrument, which will result in directly or indirectly rigging the buying or selling price, or the creation of other unfair trading conditions;

(2) the purchase or sale of financial instruments at the close of trading in order to cause a misconception with the investors;

(3) the exploitation of occasional or regular access to traditional or electronic media by stating an opinion on the financial instrument, or indirectly on the issuer, in such a manner that the entity has previously taken a position in that financial instrument and benefits from the impact the presented opinion has on the price of that instrument, while at the same time the existence of a conflict of interest was not issued to the public in an appropriate and efficient manner.

Article 92

Market manipulation is forbidden under the Law.

Entities involved in market manipulation are jointly and severally liable for damages arising as a result of that manipulation.

Employees of the Company are required to comply with procedures and measures aimed at detecting and preventing manipulation on a regulated market, MTP, which have been prescribed herein and via acts issued by market organizers.

The Company's internal control must have a clearly defined role and broad powers, in implementing measures and procedures for detecting and preventing market manipulation, good knowledge of the organization, technology and business procedures.

The Company is obliged to, on the basis of available information, notify the Securities Commission when it has justifiable suspicion that market manipulation has taken place.

Article 93

Measures and procedures for detecting manipulation include the following actions by the Company:

(1) monitoring and analysis of data on client trading, as well as other available data regarding the frequency of order placing by clients which affected or might affect a significant departure in price variation, in trade or liquidity of certain financial instrument on the market;

(2) recognition of joint action by clients of the Company, or with clients of another investment company, when placing an order for a financial instrument aimed at directly or indirectly fixing purchase or selling prices or creating other unfair trading conditions;

(3) monitoring and analysis of data on the buying or selling of financial instruments by clients of the Company, at the close of trading, that could or did lead to other investors being misled;

(4) data analysis of trading conducted by particular clients of the Company, at the request of the Securities Commission, and market organizers, on the existence of reasonable suspicion of manipulation;

(5) notification from the Securities Commission on opinions being voiced regarding financial instruments, or indirectly on the issuer, in traditional or electronic media, in order to achieve benefits that are pursuant to provisions of the Law, considered to be manipulation.

Article 94

Measures and procedures for preventing manipulation include the following actions by the Company:

(1) refusal, by the Company, to execute orders from clients whose execution would represent potential manipulation;

(2) undertaking measures, in accordance with the Company's Articles of Association, toward its employees, who are responsible for the execution of the orders which have allowed market manipulation, in order to prevent future such actions.

(3) notification from the Securities Commission on cases, with respect to which the Company has a justifiable suspicion are acts of market manipulation, in order to take all necessary measures in accordance with the competences of the Commission.

LIABILITY OF THE COMPANY AND THE CLIENT FOR THE DAMAGE

Article 95

The Company is responsible for damage caused to their customers for damage caused by:

- breach of confidentiality that occur in performing with such client
- failure to execute or improper or untimely execution of the order.

The Company shall not be liable for damages in cases of:

- if the client is not timely made or revoked the order,
- extraordinary circumstances which could not be influenced (natural disasters, earthquake, fire, etc.).

The customer is responsible for the damage:

- if it turns out that the submitted data and documents to the account are not reliable and accurate;
- due to non-compliance with legislation, contracts and these rules and procedures;
- if the damage caused intentionally or by gross negligence;

OTHER ISSUES OF IMPORTANCE TO THE COMPANY AS A BROKER - DEALER COMPANY:

GENERAL ORGANIZATIONAL REQUIREMENTS FOR PERFORMING COMPANY ACTIVITIES

Article 96

The Company shall ensure:

1. adequate office space in which to carry out the activities for which permission was granted;
2. technical, that is physical protection of the facilities, equipment and documentation.

Article 97

The Company is required to perform the services within individual organizational units.

Article 98

Working hours of the Company are 8:00 a.m. to 4:00 p.m. every weekday.

If need be, during the weekend, national and religious holidays, on-call duty can be arranged of which clients will be notified via the Company web site or bulletin board.

Exceptionally, the Director may prescribe different work hours or trading times of which clients will be notified via the Company web site or bulletin board.

Article 99

Employees of the Company shall have appropriate qualifications, knowledge and experience required for good performance of services which the Company offers.

The Company shall have at least two full-time employees with a license from the Commissions for brokerage activities.

Article 100

The information system of the Company shall be adequate, given the scope and complexity of the services provided by the Company.

The Company has a duty to ensure an effective control and protection of its information systems, which must provide security, completeness, and confidentiality of data, and in particular:

1. hardware and software protection from unauthorized access to data with detailed monitoring (procedures for registration, analysis and control of every activity in the system), access control via authorization to its users;
2. adequate training of employees pertaining to the use of the system and the procedures for its protection.
3. that only authorized persons, on which the Company keeps separate records, have access to the information system and the ability to input, edit and use data;
4. that every person with access to a workstation must have a user name and password and can only access those functions that are necessary to carry out his work, given that only one person may have one username and password;
5. that only approved information, in the manner stipulated in the Company acts, may be entered into the information system of the Company;
6. that only information whose entry has been approved has been entered into the information systems;
7. that the accuracy of entered data is regularly checked

Excerpts from the information system of the Company shall bear the date and time of preparation and verification by the authorized individual.

Article 101

The Company has a duty to adopt, implement and regularly update measures which will ensure the continuity of the business information system, and in particular:

1. protection of the system with hardware and software solutions, reliable systems for continuous power supply, reserve of telecommunications links and devices;
2. reliability of the information system:
 - the creation of simultaneous duplicate data on servers and backup servers,
 - compiling at least two copies of the data at the end of each work day, one copy to be kept in the offices, and the second copy in another location.

The Company is obliged to adopt, implement and regularly update measures that will ensure continuity of operations in the event of extraordinary circumstances, which include the timely establishment of function for access to information and timely resumption of services if, in the event of extraordinary circumstances, it is not possible to carry out uninterrupted operations.

Article 102

The Company prescribes, applies and regularly updates accounting procedures that enable the timely delivery of financial statements, which reflect a true and faithful state of the financial situation of the Company, and which are in accordance with the applicable accounting standards and regulations.

The Company is required to maintain its book of accounts and to prepare financial statements conducted in accordance with the Law and the law governing accounting.

Article 103

The Company has a duty to regularly monitor and, if necessary, update and improve the business system, internal control and policies and procedures set forth by relevant rulebooks of the Commission on general organizational requirements.

RULES OF CONDUCT FOR RELEVANT PERSONS, IN PARTICULAR PROCEDURES ON KEEPING BUSINESS SECRETS AND PREVENTING THE ABUSE OF INSIDER OR CONFIDENTIAL INFORMATION

Article 104

A relevant person, in relation to the Company, is:

- a person with an ownership share in the company;
- a person in a managerial position (the Director, Member of the Board of Directors);
- an employee of the Company;
- any other natural person who is engaged by the Company to deliver services under its jurisdiction.

An individual with whom a relevant person is in a close relationship with is:

- a spouse or extramarital partner of the relevant person;
- descendants and ancestors in a straight line, indefinitely;
- a relative to the third degree of consanguinity, in a lateral line, including kinship by marriage;
- adoptive parents and adopted children and descendants of adoptees;
- guardian and wards and descendants of the wards,
- any other individual who has spent at least one year, from the date of the subject personal transactions, in the same household with a relevant person.

Article 105

The Company adopts, implements and regularly updates appropriate measures in order to prevent relevant persons undertaking those activities, prohibited by the Commissions rulebook, by:

1. participating in activities that may lead to conflicts of interest or
2. based on activities which it carries out in the name of the Company, it has access to insider, or other classified information, relating to the client or to transactions with the client or for the client's account.

The Company shall ensure that:

1. all relevant person of the Company are aware of prohibited activities, and measures taken by the Company in connection with personal transactions and related notifications;
2. they are immediately informed of all personal transactions;
3. when assigning tasks to another individual, the service provider shall keep a record of personal transaction of relevant persons of the service provider and, upon request from the Company, shall immediately deliver the information on personal transactions;
4. it keeps records of all personal transactions, which must include any approval or prohibition in connection with personal transactions.

Article 106

Management and employees of the Company shall keep as confidential:

1. information on clients;
2. information on the status and traffic on client accounts;
3. information on services provided to clients;
4. other information and facts they become aware of during the provision of services.

The Company may not use, disclose to third parties or allow third parties to use information from the previous Paragraph.

Information referred to under Paragraph 1 of this Article may be presented for consideration and disclosed to third parties only:

1. with the written consent of the client;
2. during a control exercised by the Commission, the Central Registry or market organizers;
3. on the basis of a court order;
4. upon the order issued by the body that deals with the prevention of money laundering or terrorist financing;
5. pursuant to an order issued by another competent state body.

Article 107

All individuals who possess insider information, within the Company, are prohibited from using that information either directly or indirectly, in the acquisition, alienating, or the attempt at the acquisition or alienation, for either their own account or for the account of a third party, financial instruments to which the information refers.

The preceding Paragraphs shall apply to those individuals within the Company who have insider information by way of a:

- 1) membership in a management or supervisory body of the issuer or a public company;
- 2) equity participation in the issuer or a public company;
- 3) access to information while performing duties at the workplace, by nature of his profession or other duties;
- 4) criminal offenses which he has committed.

Provisions of this Article shall not apply to transactions which are carried out during the execution of due obligations of acquisition or alienation of financial instruments, when such obligations are the result of a contract concluded before the person possessed insider information.

Article 108

Each person under Article 89 is prohibited from:

- 1) revealing and making available insider information to any other individual, except if the information is revealed and made available during the regular course of business, profession or duties;
- 2) recommending or inducing others, on the basis of insider information, to acquire or dispose of financial instruments to which that information relates.

Article 109

Provisions under Articles 89 and 90 herein pertain to any person who possesses insider information, and who knew or should have known that what was in question was insider information.

PROCEDURE FOR PERSONAL TRANSACTIONS OF RELEVANT PERSONS

Article 110

Personal transactions are transaction with financial instruments, which a relevant person conducts outside the scope of activities performed by a relevant person, or which was conducted for the account of a relevant persons, persons with whom the relevant person is related to or which are closely related in terms of the Law or a person whose relationship with the relevant person is such that the relevant person has direct or indirect material interest in the outcome of the transaction, which is not a commissions or fee for the execution of the transaction.

Article 111

The Company prohibits a relevant person from performing the following activities:

1. conducting private transactions if:
 - this includes the misuse or disclosure of insider or confidential information relating to clients or transactions with the client or for the account of the client,
 - the conclusion of such a transactions will create a conflict or is likely to create conflict with the obligations of the Company;
2. advising or persuading another person to conclude transactions with financial instruments, in a manner that exceeds the relevant persons authorization or is not provided for by the contract on the provision of services;
3. to reveal to another person any information or opinions, except as part of routine powers, or within the framework of the service contract, if the relevant person knows, or should know, that such action will have an impact on the other person to:
 - conclude a transactions with financial instruments
 - advise or persuade a third party to complete such a transaction.

Article 112

The provisions herein, as well as provisions of relevant Commission rulebooks, which provisions relate to personal transactions do not apply to personal transactions with investment units in an open investment funds if the relevant person and any other person, for whose account the transaction is being carried out, are not included in the management of the mentioned subject.

Paragraph 1 of this Article refers to persons with whom the relevant person is related to or with whom the relevant person has a close connection.

MEASURES FOR DETERMINING, PREVENTING AND MANAGING CONFLICT OF INTEREST

Article 113

The Company shall organize its business operations so that it reduces conflict of interest, to the smallest possible measure, conflict of interest whose existence may damage client interests, and which may occur during the performance of services between:

1. the interest of the Company, relevant persons and all persons closely associated with them, on the one hand, and interests of the client, on the other hand;
2. the interest of the Client and the Company, mutually.

Article 114

In determining conflict of interest that may damage the interests of the client, the Company assesses whether it, relevant persons or persons who are closely associated with them, due to performance of services or for other reasons:

1. may achieve financial gain or avoid a financial loss to the detriment of the client;
2. have an interest or benefit from the results of the services provided to clients or transactions made on behalf of a client, and which are different from those of the client;
3. have a financial or other motive that suits the interests of another client or group of clients and are detrimental to the interests of the client;
4. perform the same activity as the client.

Article 115

The Company, in proportion to the nature, scope and complexity of its activities, adopts and applies, and regularly updates an effective policy for managing conflict of interest.

The policy from the preceding Paragraph of this Article shall contain:

1. established circumstances which represent or may lead to a conflict of interest to the detriment of one or more clients, and in connection with an individual service provided by, or for, the Company.
2. if the Company is a member of a group, all circumstances known to the Company, or which should have been known, and that can lead to a conflict of interest arising from the structure and business activities of other members of the group;
3. Procedures and measures that the Company is obliged to apply for managing conflict of interest that may be at the expense of one or more clients.

Article 116

Procedures and measures for managing conflicts of interest must:

1. prevent or hinder any person to unduly influence the manner in which relevant persons are providing investment services;
2. eliminate any direct links between income of relevant persons who are largely involved in one business activity, and income or gain obtained by other relevant persons who are largely included in another business activity, if conflict of interest may occur in connection with these activities.
3. preventing or providing the controlled exchange of information between relevant persons if the exchange of information could be harmful to the interests of one or more clients.
4. preventing or providing supervision of the simultaneous or consecutive participation of relevant persons in different services, if such participation could have a negative impact on conflict of interest management.
5. providing separate monitoring of relevant persons whose primary function includes business activities for a client, or providing services to clients, whose interests may come into conflict or who in another manner represent different interests which may be in conflict, including the interests of the Company itself.

Article 117

The Company has a duty to, before provision of services, acquaint the client with the possible types and sources of conflict of interest.

The notice referred to under Paragraph 1 this Article shall contain, taking into account the classification of clients, sufficient information which will allow the client to make decisions with respect to services within whose framework conflict of interest appears.

Article 118

The Company shall keep and regularly update information about the services conducted in the name of or on behalf of the Company, in which conflict of interest appeared that may have adverse consequences for the interests of one or more clients or, in the case of jobs underway, which may occur.

MEASURES AND PROCEDURES FOR ESTABLISHING AND MANAGING RISK

Article 119

The Company establishes, implements and regularly updates the risk management system in proportion to the nature, extent and complexity of operations, the systems must include:

1. strategies, policies, procedures and risk management measures;
2. an organizational chart with defined powers and responsibilities for risk management;
3. the risk management process;
4. effective system of internal controls.

The Company monitors and assesses the eligibility, scope and efficiency of adopted strategies, policies and procedures for managing risks, as well as the appropriateness and efficiency of measures foreseen for removing possible shortcomings in strategies, policies and procedures for managing risks, including omissions by relevant persons.

Article 120

The Company can conduct the risk management function with other tasks given the type, volume and complexity of operations.

Article 121

The capital of the Company must always corresponds to the amount that is needed to cover its obligations and possible losses due to risks which the Company is exposed to during the course of its operations, and so as not to harm clients or participants in transactions with the Company.

The Company calculates the amount of capital, risk and vulnerability in the manner prescribed by the relevant act of the Commission.

Risk management is a set of activities and methods for determining, measuring, and monitoring risk including reporting on risks to which the Company is or might be exposed in its operations.

The Company identifies, measures and assesses the risks to which it is exposed to during operations and manages those risks, as well as prescribing procedures for the identification, measurement and assessment of risk, as well as risk management, in accordance with the regulations, rules and standards of the profession, and which procedure shall contain the following information:

- 1) provisions ensuring the functional and organizational separation of risk management activities from the ordinary course of business;
- 2) procedures for the identification, measurement and assessment of risk;
- 3) risk management procedures;
- 4) procedures which ensure control and the consistent application of all internal procedures related to risk management;
- 5) procedure for regular reporting to Company Management and the Committee on risk management.

The Company establishes a stable management system which implies a clear organizational structure with pre-defined, transparent and consistent job descriptions, effective measures for the identification, management, monitoring and reporting on risks and large exposure or potential exposure, as well as adequate internal control mechanisms, including adequate administrative and accounting procedures.

Article 121

Company documents cover all types of risks to which the Company is exposed to in operations, and in particular:

- 1) market risk;
- 2) credit risk;
- 3) liquidity risk;
- 4) operational risks;
- 5) the risk of exposure to a single entity or a group of affiliated entities.

Article 122

Market risks are: the risk of a price change, the risk of settling obligations and counterparty risk, the risk of permissible overdraft exposure, currency risk and commodity risk.

The risk of a price change is the risk of loss arising from changes to the prices of financial instrument or in case of derivative financial instruments, the price change to the base from which the instrument derives.

The risk of a price changes is divided into:

- 1) general risk of a price change is the risk of loss arising from changes in the price of the financial instrument due to changes in interest rates or any major changes on the capital market independent of any specific characteristics of that financial instrument.
- 2) specific risk of a price change is the risk of loss arising from a change in the price of the financial instrument resulting from a fact in connection with the issuer or, in the case of a derived financial instrument, a fact in connection with the issuer of the base financial instrument.

Settlement risk and counterparty risk are loss risks resulting from the failure of the counterparty to meet obligations based on positions from the trading book.

Currency risk is the risk of loss arising from changes in exchange rates. Commodity risk is the risk of loss arising from changes in commodity prices.

The Company develops and implements appropriate policies and procedures for the measurement and management of all significant elements and effects of market risks.

Article 123

Credit risk is the risk of loss that occurs due to the failure of an entity to meet its financial obligations towards the Company.

The Company is obliged to identify, measure, and assess credit risk according to the client's solvency and its timely execution of obligations towards the Company, as well as according to the quality of security instruments.

The Company has a duty to prepare and implement appropriate policies and procedures for managing credit risk.

The Company has an obligation to establish and implement an appropriate management and monitoring system for portfolios and individual exposures which carry credit risk, as well as appropriate value harmonization.

Article 124

Liquidity risk is the risk of adverse effects on the financial result and capital of the Company due to the inability of the Company to meet liabilities when due.

The Company is obliged to develop and implement policies and procedures for the continual measurement and management of liquidity risk, to regularly verify the accuracy of schemes on which the liquidity risk management system is based, to manage current and future cash inflows and outflows, as well as to adopt plans of action in liquidity crisis situations.

Article 125

Operational risk is the risk of loss due to mistakes, disturbances or damage that may arise due to inadequate internal procedures, actions of individuals, the system or external events, including the risk of changes in the legal framework.

The Company develops and implements appropriate policies and procedures for the measurement and management of operational risk, including events that are rare but have a significant impact, and to determine what constitutes operational risk in terms of these policies and procedures.

The Company adopts a plan for unforeseen circumstances and a plan for business continuity in order to ensure continuity of business and a loss limit in cases of infringement or interruption of business operations.

Article 126

Exposure of the Company toward one person is the total amount of claims which relate to that person or a group of affiliated entities (loans, investments in debt securities, proprietary stakes and participation, issued guarantees, sureties and similar).

A group of affiliated entities, within the meaning under Paragraph 1 of this Article, are two or more legal entities or natural persons which, if the contrary is not proven, constitute a risk to the Company and:

- 1) one of these persons has direct or indirect control over another entity;
- 2) are mutually associated in a manner that there is a great likelihood that due to a change in the business and financial situation of one entity a change in the business and financial situation of the other person may occur, and between them there is a possibility of transmission loss, gain or creditworthiness;
- 3) are connected as members of the same family.

The risk of exceeding the permissible exposure is the risk of loss due to exceeding the exposure toward a single entity or group of affiliated entities on the basis of trading book positions.

Great exposure of the Company toward one person or group of affiliated entities is exposure in an amount of 10% or more of company capital. The greatest permissible exposure to risk, toward an entity or group of affiliated entities, must not exceed 25% of the capital of the Company.

Article 127

If risk exposure exceeds the limitations under Article 193 of the Law, the Company is obliged to immediately notify the Commission on the amount of the exposure, in accordance with provisions under Article 199 of the Law.

After the assessment, the Commission may give the Company a deadline for harmonizing with the designated limits.

Total risk exposure toward entities under provision of Article 170 of the Law should not exceed 50% of the capital.

The sum of the total risk exposure of the Company shall not exceed 800% of the capital of the Company.

TRANSITIONAL AND FINAL PROVISIONS

Article 128

An initiative to amend, or supplement these Rules and Procedures for Business Operations may be submitted by the founder and members of the management.

Article 129

The General Assembly decides on amendments, or supplements, of these Rules and Procedures for Business Operations in the manner and under the procedures established for their adoption.

Article 130

The Company is obliged to provide to its customers and potential customers an insight into Rules and Procedures for Business Operations rules on the tariff and their amendments:

1. at the business premises where it deals with clients;
2. by posting it on the Company's website.

The Company is obliged to provide customers with an insight into the changes of acts referred to in paragraph 1 of this Article within seven days prior to the implementation of these changes.

The Company is obliged to publish these Rules and Procedures for Business Operations on its web site, the first work day following the receipt of the decision from the Securities Commission granting consent to the Rules and Procedures for Business Operations.

An integral part of and an Appendix to these Rules and Procedures for Business Operations are:

1. Rulebook on the policy for managing conflict of interest,
2. Rulebook on the policy for executing orders,
3. Information provided to small clients.

Article 132

On the day of application of these Rules and Procedures for Business Operations the previously adopted Rules and Procedures shall cease to apply.

These Rules and Procedures for Business Operations of the Company have been prepared in three (3) counterparts, one of which shall be kept by the Securities Commission while the remaining two shall be kept by the Company.

In Belgrade on February 18, 2015

Chairperson of the General Assembly, Bojan Tanasijevic