

**GENERAL BUSINESS RULES OF THE INVESTMENT COMPANY
RSI GLOBAL INVESTMENT COMPANY AD PODGORICA**

I. GENERAL PROVISIONS

Article 1

These business rules of the investment company RSI Global Investment Company AD Podgorica (hereinafter: the Business Rules) regulate mutual rights and responsibilities of the Investment Company RSI Global Investment Company AD Podgorica (hereinafter: the Investment company) on one part and the client of the Investment company on other part in relation to the provision of investment services and thereto related ancillary services.

The Business rules form an integral part of each individual contract executed by and between the Investment company and the client in relation to the provision of investment services, such as receiving and transmitting orders, order execution on behalf of a client, portfolio management, investment adviser activities and alike.

By entering into contract with the Investment company, meaning by completing the questionnaire which forms and integral part of the contract, the Client acknowledges to have received the Business rules, Pricelist, Client Categorization Policy, Order Execution Policy, Conflict of interest Management Policy and to have been informed on the Investor Protection Measures.

Where an individual contract signed with the Client deviates from the Business rules, the provisions of the individual contract shall apply.

Any matter not regulated by the Business rules and individual contract shall be governed by the effective laws and bylaws and any amendments thereof as may be adopted during the business relation. Where laws and bylaws passed after the effective date of these Business rules or individual contract regulate certain matter in a different way, provisions of the relevant regulation shall apply until the Business rules of the investment company are amended accordingly.

The effective Business rules are available to the Clients at the business premises of the Investment company and/or on the official webpage of the Investment company.

II. INFORMATION ABOUT THE INVESTMENT COMPANY

Article 2

Investment company RSI Global Investment Company AD Podgorica, having its registered seat at the address Rimski trg 4, building 1, floor V, 81000 Podgorica, Montenegro, operates in

compliance with the authorisation issued by the Capital Market Authority of Montenegro, reference number: 03/2-4/5-21 dated 11.10.2021.

In compliance with the authorization, the investment company RSI Global Investment Company AD Podgorica is authorized to provide investment services as defined in Article 206 paragraph 1 items 1, 2, 4, and 5 and incidental services as defined in Article 206 paragraph 2 items 1 and 4 of the Law on Capital Market. The authorization refers to financial instruments as defined in Article 3 paragraph 1 of the Law on Capital Market that includes derivative instruments and financial contracts for differences.

The Investment company is authorized to hold financial instruments and funds of the clients.

Investment company RSI Global Investment Company AD Podgorica provides its services only at the Investment company's registered seat and has no registered tied agents.

Investment company RSI Global Investment Company AD Podgorica is a member of the Montenegro Stock Exchange AD Podgorica and Central Securities Depository and Clearing Company AD Podgorica (CSD&CC).

III. INFORMATION ABOUT THE CLIENT

Article 3

In compliance with the regulations governing the operations of investment companies and regulations governing the anti-money laundry and counter-terrorism financing, before establishing a business relationship, the Investment company shall obtain the following information and documents from the client:

- a) As regards natural persons, the Investment company shall obtain data on full name, registered seat, residence, unique master citizen number, title and number of identification document, IBAN and/or number of the transaction account held with a bank. In addition to this, the Investment company shall keep on files a certified copy of an identity card or passport and copy of IBAN or current account.
- b) As regards legal persons, the Investment company shall obtain data on name, registered seat, company number, authorized representatives, number of transaction account and beneficial owners. In addition to this, the Investment company shall keep on files a certified copy of the extract from the register not older than three months, certified copy of an identity card or passport of the authorized representative and a copy of a bank signature card with the number of a transaction account held with a commercial bank.
- c) The Investment company shall also obtain from the clients, natural and legal persons, data as may be necessary for the purposes of an in-depth analysis in compliance with the regulations governing the anti-money laundry and counter-terrorism financing as well as data on beneficial owner of a legal person. For these purposes the Investment company shall collect data which are mandatory prescribed by the Law and Business rules of investment companies, with the scope of data varying depending on the risk level of an

individual client. An authorized representative shall make a statement on beneficial owner of the legal person under substantive and criminal liability.

- d) For the purposes of client categorization into Retail clients and Professional clients, the Investment company shall collect necessary data on natural and legal persons by means of a questionnaire.

The data referred to in items c) and d) paragraph 1 of this Article will be collected through a form or questionnaire for natural and legal persons.

If the Client is represented by a proxy, such person shall submit an original copy of the power of attorney certified by a notary public or a competent governmental authority

Warning: If the Investment company was not able to collect all necessary information and documents as referred to in this Article of the Business rules by the fault of the client, before establishing business relation and/or during business relation, the Investment company shall not be required to provide investment services to the client and/or shall terminate the business relation.

Client or potential client shall provide information relating to the knowledge and experience in writing.

The information referred to in the paragraph above can be provided in a standardised format.

Article 4

Investment company, when providing investment advice or portfolio management or other investment services to their clients, shall obtain the necessary information regarding the client's or potential client's knowledge and experience in the investment field relevant to the financial instrument or a service required or offered, so as to enable the company to recommend to the client or potential client the investment services and financial instruments that are suitable for the client.

Information regarding the client's or potential client's knowledge and experience referred to in paragraph 1 of this Article, appropriate to the type of client, the type and extent of service, type of transaction, including the complexity and risks, shall in particular include:

- 1) the types of service, transaction and financial instrument with which the client is familiar;
- 2) the nature, volume, and frequency of the client's transactions in financial instruments and the period over which they have been carried out;
- 3) the level of education and profession of the client or potential client.

Notwithstanding previous paragraph of this Article and in compliance with Article 267 of the Law, investment company, when providing investment services that only consist of execution and/or the reception and transmission of client orders with or without ancillary services to provide those investment services to their clients without the need to obtain the information where all the following conditions are met:

- 1) the services relate to shares admitted to trading on a regulated market or in an equivalent third country market, money market instruments, bonds or other forms of securitised debt (excluding those bonds or securitised debt that embed a derivative);

- 2) the service is provided at the initiative of the client or potential client;
- 3) the client or potential client has been clearly informed that in the provision of this service the investment company is not required to assess the suitability of the instrument or service offered;
- 4) the investment company complies with its obligations under Article 301 of this Law on Capital Market which governs prevention of conflict of interests between the investment company and its clients.

Article 5

When providing investment services to professional clients, the Investment company can consider that such clients have sufficient knowledge and experience in the investment field and understanding of risks associated with financial instruments or transactions.

The Investment company shall not be required to provide to the professional client the following services:

- 1) provide appropriate information as to enable understanding of nature and risks of investment services and type of financial instruments to enable taking a proper investment decision. Previously includes trading in derivatives/complex financial instruments;
- 2) notifies in writing that financial instrument or service are not suitable for the client;
- 3) obtain from the professional client a written consent to the Order Execution Policy;

Professional clients shall mean clients referred to in Article 53 paragraph 1 of the Law on Capital Market.

Prior to providing services, the Investment company shall notify the client that based on the available data the client can be considered as a professional client.

IV. CLIENT CATEGORISATION

Article 6

Investment company shall categorize the client as either a retail client or a professional client based on the client's knowledge, experience, financial standing and investment goals and notify the client on the assigned. Clients considered as Professional clients as well as clients considered as Qualified investors considered as are defined in Article 53 paragraph 1 and Article 282 paragraph 2 of the Law on Capital Marker. The investment company shall categorize any other client as a retail client. The investment company can ensure to the Professional client, if so requested, a higher level of safeguards as ensured to retail clients.

When dealing with retail clients, the Investment company shall apply such rules of business conduct that ensure to the client a higher degree of safeguards and level of information.

When providing investment services and thereto related ancillary services to Qualified investors, the Investment company shall apply business rules in compliance with the effective Law on

Market Capital, where the Qualified investor either on the own initiative of the investment company or on client's request can be categorized as a professional client or retail client.

V. RIGHT TO CATEGORISATION INTO DIFFERENT CATEGORY

Article 7

Where a client categorised as a retail client wishes to change a status in relation to all or just some products and services, the client shall request in writing a treatment of a professional client in general or only for a specific investment service, type of transaction or product. Prior to changing a status, the investment company will make assessment of knowledge and experience to establish whether the client meets at least two out of the following three conditions:

- The client executed more than 10 transactions per quarter in the last year,
- Size of the financial instruments in the Client's portfolio exceeds EUR 500.000,
- The Client has at least one year of working experience in the financial department, at positions which require knowledge of planned transactions or services.

Before being assigned with the status of a Professional client, the client shall confirm in writing (special document) to accept the effects of a different categorization.

Before categorizing client into a different category, the investment company shall warn the client to the level of protection and rights offered by the investor-compensation scheme that can be lost.

Clients considering themselves for professional clients however being assigned with the status of retail clients by the investment company can request change of category without pursuing the foregoing procedure.

Where a client categorized as a professional client or qualified investor wishes to change a status and to obtain a treatment with a higher level of protection such as the one enjoyed by retail clients, such client shall refer to the investment company a written request demanding a higher level of protection (in relation to all or just specific services or products), and shall proceed to signing of a Contract on assigning a status of a retail client in relation to all or just specific products and service or transactions.

VI. TRADING IN FINANCIAL INSTRUMENTS SUBJECT TO CLIENT'S ORDER

Article 8

This service includes reception and transmission of order to buy and/or sell financial instruments in the event the Investment company executes the order and reception and transmission of orders to be executed by other authorized investment company.

Retail investor and Investment company shall sign a General Agency Agreement. An integral part of this agreement is a Questionnaire by means of which the Investment company undertakes to

buy and sell financial instruments subject to the placed orders in his own name but for the account of the client, and the client in turn undertakes to pay a brokerage commission and other transaction costs. Under the scope of the general agency agreement the client is enabled with trading in the capital market of Montenegro as well as in international markets provided the Investment company has previously secured all the necessary conditions to that end.

Subject to the Order the Client undertakes to buy or sell certain financial instruments for the Client in compliance with the contents of the Order. At the same time the Client authorizes the Investment company to undertake such activities in conformity with these Business rules of the investment company and individual contract.

The order refers to a precisely specified quantity of the financial instruments.

VII. MANDATORY CONTENTS OF AN ORDER

Article 9

For a Client to complete it, an order shall include the following details:

1. Type of order (buy or sell);
2. Personal data of the Client when the client is a natural person (first name, last name, address, phone number personal identity card number or passport number for foreign citizens) and general data of the Client when the client is a legal person (name of a legal person, company number, registered seat and first and last name of the authorized representative);
3. Account number of the investor held with CDC&CC or other equivalent register or depository);
4. Type and identifier of the financial instrument;
5. Quantity of the financial instruments;
6. Price expressed per units for shares in Euro and cent or in foreign currency for buy and/or sell of foreign financial instruments, and for debt financial instruments in the percent of their face value;
7. Validity of order;
8. Password specified in the General Agency Agreement.

VIII. PRICE OF THE FINANCIAL INSTRUMENT IN AN ORDER

Article 10

Price at which an order is to be executed is expressed per unit amount as a maximum price the client is willing to pay (when buying) and a minimum price at which the client is willing to sell the security (when selling) in case of stocks. As regards the bonds the price is expressed in percent of their face value. The price is expressed in the currency applicable at the trading venue specified by the client in the order.

Limit order is placed on the relevant market at price defined in the order while in market order the order price is not predefined but the order is executed pursuant to the most favorable offer on the market at that moment.

In case of the contract for difference trading, several types of orders can be offered to the client, in particular:

- Market order: buy/sell order in relation to the buy/sell price;
- Limit order: buy/sell order in relation to the buy/sell price until the price has reached the defined limit; These orders can be valid for a limited time or unlimited time / “good-til-cancelled”/;
- Stop-Loss Order or Take Profit Order: a market order in which position is closed (by a market order) if the loss per such position reaches a level defined under the contract (stop loss level) or if the profit reaches a certain level (take profit level) that has been defined against the price at which the order was given;
- Trailing Stop-Loss Order: an order used to stop losses by which the level at which the position is closed moves higher as the position becomes more profitable; and
- Guaranteed Stop Order: a stop-loss order which guarantees the position will be closed at the level of the order so to prevent from the slippage (regular stop-loss orders allow for closing of position by a market order, however the next price can be worse than the stop-loss level).

IX. VALIDITY OF ORDER

Article 11

When a validity period is not specified for a buy or sell limit order, it shall be considered that the order is good til cancelled. On the other hand, market order that has not been fully executed shall be immediately cancelled on the same date for the non-executed part.

Orders instructing buy and sell of financial instruments in foreign markets can be received only as good-for-day orders.

X. PLACING ORDERS

Article 12

The client can place an order by following means:

- In writing, via registered mail or fax,
- Via electronic transmission to the broker of the Investment company,
- Verbally, by phone communication
- In person at the premises of the Investment company
- Via an online trading platform.

1. In written form, the order is placed via registered mail or fax. Such order shall be signed by the client and for the purposes of identification it shall contain a password specified under the General Agency Agreement.
2. For placing orders via electronic transmission, the client shall use only the e-mail address that is specified under the General Agency Agreement. Such e-mail address is considered to be a personal e-mail address of the client; thus, the Investment company shall consider any and all orders received from such address and containing a password specified under the General Agency Agreement as client's orders.
3. An oral order can be placed by a direct phone communication with a broker of the Investment company. All phone communication is recorded and obtained audio-recording can be used exclusively as the proof of the order. The investment company undertakes not to use the audio-recording for any other purposes. The Client gives an explicit consent to the recording of phone communication with the Investment company.
4. In person at the premises of the Investment company, where the Client shall present the identification document (personal identity card, passport (for natural persons) or extract from the company register and personal identity card of the authorized representative (for legal persons) for the purposes of the identity authentication.
5. Via an online trading platform. The client logs into the trading platform using the account name and password assigned to the client by the Investment company. The Investment company will accept all the orders placed via online platform by the client who has logged into the platform. The client shall be responsible to securely manage the account name and password assigned to the client.

XI. RECEPTION AND EXECUTION OF ORDERS

Article 13

The Investment company shall confirm to the client that the order has been received without further delay and in any case not later than on the day following the order reception date.

The Investment company reserves the right refuse the client's order in the following events:

- a) If the order has not been placed in a manner compliant with these Business rules of the Investment company;
- b) If the order does not contain key elements as defined under these Business rules,
- c) In the event the blockage has been imposed on trading in certain financial instrument in the place of the order execution,
- d) If the preconditions for trading on a market of the country as defined in the order have not been fulfilled and if the client fails to pay the funds necessary for purchase of the financial instruments and/or if the client fails to transfer financial instruments intended for sale to the deposit account of the broker with the CDC&CC or an equivalent register or depository which allows for clearing and settlement;
- e) Where there are grounds to believe there is a reasonable doubt:
 - About illegal manipulation of price of the financial instrument or other illegal activities,

- That execution of an order may cause damage to the Investment company;
- That execution of an order may constitute a crime or offense.

The Investment company is not authorized to establish a business relation and thereof not authorized to execute the client's order if the Investment company is not able to collect all the information and documentation referred to in Article 2 paragraph 2 of these Business rules of the Investment company or additional information and documentation in compliance with the regulations that are effective at the time of the order placement, if it does not dispose of the contractual documentation of the client or has not been able to assess the suitability of the product or service.

XII. ORDER MODIFICATION AND CANCELLATION

Article 14

Order modification shall mean change of the requested quantity or price of the financial instrument compared to the original order. If the original order has already been executed, the Investment company is not able to accept the requested modification or cancellation of the order. In the event of a partial execution of the order, the order can be modified in the part relating to the remaining securities from the order. Any order modification will result in a new order.

Request for order modification or cancellation shall be referred to the Investment company in the manner specified for order placement.

XIII. ORDER EXECUTION

Article 15

The received orders that are to be executed on a regulated market or MTF operated by Montenegro Stock Exchange ad Podgorica and/or to be executed over the counter or MTF will be executed by the Investment company. Orders to buy or sell securities to be executed on a foreign market in particular a regulated market or MTF or over the counter or MTF in relation to which the investment company has secured preconditions for trading, the Investment company will transmit orders for execution to an authorized company abroad that has access to a market abroad, immediate or indirect, in compliance with the order execution procedure.

XIV. COMMISSION FOR ORDER EXECUTION

Article 16

The Investment company is entitled to a commission for order execution in compliance with the Pricelist that is effective at the time of the order placement. The Pricelist is available at the premises of the Investment company and/or the Investment company can provide it to the client

upon request. By placing an order, the client acknowledges to have read and understood the Pricelist.

XV. ORDER BOOK

Article 17

Orders are entered into the order book. The order book is maintained in an electronic format. The information contained in the order book represent a trade secret. The information contained in the order book can be made available for inspection only to court and regulatory authorities in compliance with effective regulations. Information contained in the order book can be made available for inspection to persons performing internal or external audit and control of the Investment company, persons engaged in accounting services or software maintenance for the back office of the Investment company and persons who need such information to discharge their duties at the Investment company or for the Investment company provided that such persons have been previously warned to the obligation to treat the information contained in the order book as a trade secret.

XVI. ORDER PRIORITISATION

Article 18

In performing duties that arise from the orders, the Investment company undertakes to adhere to the priority list in the order book. The priority of orders is established based on the sequence in the order book, hence an order sent earlier to the Investment company has priority over the later sent order. The Investment company transmits to the Stock system the buy and sell bids corresponding to execution of a specific order in compliance with the so defined sequence. Sequence of realization of orders (conclusion of the financial instrument transactions for order execution) depends on market conditions, client's instructions to the Investment company and the strategy the Investment company uses to execute the order on terms most favorable to the client.

XVII. TRANSMISSION OF ORDERS TO A THRID PARTY FOR EXECUTION

Article 19

When not able to independently execute buy and sell orders for financial instruments on foreign market, the Investment company transmits these orders to a foreign authorized participant - investment company.

By giving buy or sell orders for financial instruments of foreign issuers, which are not included for trading on a regulated market or MTF operated by Montenegro Stock Exchange AD, the Client explicitly authorizes the Investment company to assign execution of such orders to another investment company that is authorized in the financial instruments trading in compliance with the regulations of the country where such investment company has a seat.

When assigning execution of orders to the other investment company, the Investment company undertakes to check if the replacing company possesses a valid license for trading in financial instruments and on the occasion of sending instructions transmit to the replacing company the same order as was received from the client.

The list of foreign markets available to clients for trading subject to intermediation of the investment company as well as the list of foreign authorized companies to which the Investment company in such cases transmits orders for execution constitute an integral part of the Order Execution Policy, which is available at the business premises of the Investment company or on the webpage of the investment company.

XVIII. ORDER EXECUTION POLICY

Article 20

When executing orders or transmitting orders to another authorized company for execution, the Investment company shall act in compliance with their own Order Execution Policy. When establishing business relation, the Investment company undertakes to obtain from the client consent to the Order Execution Policy.

In the event of any major modification of the elements used to determine the most favorable result to the client, the Investment company will make available the Order Execution Policy to the active clients.

XIX. RIGHTS AND RESPONSIBILITIES OF THE INVESTMENT COMPANY AND CLIENTS IN RELATION TO THE ORDER RECEPTION AND EXECUTION

Information the Investment company provides to clients prior to entering the contract

Article 21

The Investment company shall make available to the client or potential client their Business rules and Pricelist and any subsequent amendments of the foregoing documents in one of the following manners:

1. At the business premises where the Investment company do business with clients,
2. By publishing on the webpage of the Investment company.

The Investment company shall make available any subsequent amendments to their Business rules and Pricelist within 8 days before the effective date of such amendments.

All information provided by the Investment company to the client or potential client shall:

1. Be true, clear and easily comprehensible by an average client of the target group;

2. Not emphasize any potential benefits arising from a service or financial instrument before an unbiased warning as to the associated risks;
3. Not conceal, diminish or make incomprehensible important details, quotations or warnings;
4. Not contain a name of any competent authority in a way that may imply or suggest approval of the instrument or service of the Investment company by such authority;
5. Not be misleading;
6. Be in a comprehensible format to enable the clients to understand the nature and risks associated with the investment services and a type of the financial instrument based on which they could take a decision on investing.

Information about nature and risks of the financial instruments

Article 22

The Investment company shall provide clients or potential clients with a general description of the nature and risks of financial instruments, taking into account, in particular, the client's categorization as either a retail client or a professional client, enabling the client to take investment decisions on an informed basis.

The description of risks referred to in paragraph 1 of this Article shall particularly include:

- 1) the risks associated with that type of financial instrument including an explanation of leverage and its effects and the risk of the investment losses;
- 2) the volatility of the price of such instruments and any limitations on the available market for such instruments;
- 3) financial commitments and other additional obligations of the investor in the case of transaction in such financial instruments;
- 4) any margin requirements or similar obligations, applicable to financial instrument.

When trading in contract for differences, the Investment company will define all the risks associated with the trading in the financial instruments concerned in the contract with the client and will inform the client on the risks associated with:

- leverage;
- financing costs.

Article 23

Where there is a possibility to execute the client's order over the counter and outside of an MTF, the Investment company shall notify the client on such possibility, and obtain an explicit written consent from the client before proceeding to execution of the client's order, except when it comes to the professional clients in which event such consent is not required.

The client's consent can be a part of the contract or a separate statement, and can be issued for all transactions or for each individual transaction.

Article 24

The Investment company undertakes to:

1. Obtain written consent of the client to the Order Execution Policy before the order execution where such consent was not given on the occasion of contract signing. Such consent is not required in case of the professional clients;
2. Monitor efficiency of the adopted order execution policies and procedures, meaning to monitor if the orders are executed in a way which delivers the best results for the clients, so as to identify and remedy deficiencies in a timely manner;
3. Notify the clients on methods and procedures for execution of orders;
4. Notify the clients on any major changes relating to the manner of execution of orders or amendments to the order execution procedures;
5. Upon request of the client, prove to have executed orders in compliance with the adopted order execution procedures.

The investment company shall establish and implement policy of execution of client's orders, which for any class of financial instrument shall contain details of different trading venues and elements that may affect selection of the proper trading venue.

Where the client's trading order can be executed outside the regulated market or MRP, the Investment company shall inform the client about such possibility and request from the client a consent for execution of order outside the regulated market or MTF for each transaction individually. The consent shall be issued in a standardized format of the statement.

Information about financial instruments

Article 25

The Investment company shall provide clients or potential clients with a general description of the nature and risks of financial instruments, taking into account, in particular, the client's categorization as either a retail client or a professional client, enabling the client to take investment decisions on an informed basis.

The description of risks referred to in paragraph 1 of this Article shall particularly include:

- 1) the risks associated with that type of financial instrument including an explanation of leverage and its effects and the risk of losing the entire investment;
- 2) the volatility of the price of such instruments and any limitations on the available market for such instruments;
- 3) financial commitments and other additional obligations of the investor in the case of transaction in such financial instruments, including potential obligations;
- 4) any margin requirements or similar obligations, applicable to financial instrument.

When providing information about the financial instrument, the Investment company shall:

1. If the investment company provides a client or potential client with information about a financial instrument that is the subject of a current offer to the public and a prospectus has been published in connection with that offer, the investment company shall inform the client or potential client where that prospectus is made available to the public;
2. In the case of financial instruments that incorporate a guarantee by a third party, provide to a client or potential client the information about the guarantee that shall include sufficient detail about the guarantor and the guarantee to enable client to make a fair assessment of the guarantee;
3. Where the risks associated with a financial instrument composed of two or more different financial instruments or services are likely to be greater than the risks associated with any of the components, the investment company shall provide a client or potential client with an adequate description of the components of that instrument and the way in which its interaction increases the risks.

When trading in contract for differences, the Investment company will define all the risks associated with the trading in the financial instruments concerned in the contract with the client and will inform the client on the risks associated with:

- leverage effects;
- financing costs;
- spread;
- type of orders available.

In the event referred to in paragraph 4 of this Article, the Investment company shall specifically indicate to the client that in case where the client holds only part of the funds in a separate investment account (margin), the upward or downward moving of the price of the instrument used as the basis for entering the contract for differences will result in, terms of percent, in a smaller or larger profit compared to direct investment in the financial instrument.

When trading in contract for differences, the Investment company, through its contract with the client, will define a minimum margin the client needs to have so as to enter the contract for differences and inform the client that the lower the margin is, the potential leverage effects are higher.

The investment company will trade in contracts for differences that are based on:

- indexes;
- stocks;
- goods;
- Forex (currencies) and
- bonds.

The investment company that provides investment services or performs investment activities referred to in Article 206 of the Law in relation to the financial instruments referred to in

Article 3 paragraph 1 item 4 of the Law, and uses a leverage, shall secure a negative balance protection.

The negative balance protection referred to in paragraph 5 of this Article ensures that the Investment company does not allow for occurrence of a negative balance position in the client's account and cannot request from the client funds on the basis of an eventual negative balance position.

The negative balance position assumes that the client cannot lose more funds than those kept in the account that is opened with the investment company.

Leverage means use of a margin with an aim of increasing a potential return on investment which also symmetrically increases a potential loss.

Leverage trading means that a client can trade in an amount higher than the assets the client has investment and which serve exclusively as a margin.

The Commission via its decision defines the amount of leverage for the financial instruments trading.

Article 26

An investment firm shall:

- 1) ensure that orders are promptly and accurately executed, recorded and allocated;
- 2) execute client's orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable or the client's interests require otherwise;
- 3) inform, without delay, a retail client on potential difficulties for the proper execution of orders.

The Investment company may enter a sell order into the regulated market trading system on its own behalf and for the account of the client, or on its own behalf and for its own account, if securities are registered in the proprietary account of the person placing the order or on whose behalf the order is placed, in the amount specified in the sell order.

The Investment company may execute a sell order only when securities are transferred from the securities holder's account into the securities register to the account of an investment company in a depository.

Article 27

The Investment company may receive client's orders:

1. directly, in a written form at the premises of the Investment company in Podgorica, on every working day in period from 08.00h – 16.00h;
2. by mail, phone, telefax or electronically if so, agreed with the client.

The order can be placed by phone or other distance communication system exclusively if the following conditions have been fulfilled:

1. The Investment company and the client have signed a contract under which the client has given an explicit consent to the phone communication and accepted all the risks associated to such communication;
2. The client has supplied a written statement therein explicitly indicating:
 - Ba phone number to be used to establish communication and place orders and to receive confirmation of executed orders and notifications;
 - Password to be used for the purposes of order placement.

In the case referred to in paragraph 3 of this Article, the client assumes the responsibility to keep the password confidential and shall not disclose it or make it available to a third party.

The Investment company carries out client identification after receiving the statement referred to in paragraph 2 item 2 of this Article based exclusively on the reported password and phone number. The Investment company shall refuse any order received by phone if not received from the phone number or by using a password indicated in paragraph 2 item 2 of this Article.

At the beginning of the phone conversation that is being recorded, the Investment company shall inform the client about the conversation being recorded and that the contents of the phone conversation can be used in any proceedings involving the client as well as a proof of an order being placed and the contents of such order.

The investment company shall not assume any responsibility for a damage the client may have sustained due to an unauthorized use of password by a third party or as a result of communication with the company by phone.

The Investment company and the client may agree that the client can place an order via telefax. In such case the client will be enabled with an option to place order in such manner. The order received by telefax, subject to previous agreement, will be considered received on a day and at the time that the Investment company has received a signed order.

The Investment company and the client may agree that the client can place an order through e-mail using the internet service. Where this manner of order placement is agreed, the order will be placed through a client or a person specified in the contract, from the e-mail addresses predefined in the contract.

The e-mail address used to place an order or name of a person authorized to place the order will be defined by the client in a separate annex to the contract. The order in the name and for the account of the client can also be placed by a third party based on the original and court-verified power of attorney for disposal of the financial instruments.

Article 28

An order cannot be placed, referred or transmitted or received over the phone or via e-communication that is realized using the privately owned equipment that the Investment company cannot record or copy.

Any order placed contrary to paragraph 1 of this Article shall not be considered a legally valid order.

Acceptance of orders

Article 29

The Investment company shall accept execution of:

- 1) buy orders when finds that there are enough funds on the client's account to settle its liabilities that would occur on the basis of execution of buy order;
- 2) sell orders when establishes that there are enough securities on the client's security account required to execute the order.

The Investment company can refuse to execute buy or sell order for financial instruments if the conditions referred to in paragraph 1 of this Article have not been met.

Notwithstanding paragraph 2 of this Article, the investment company shall not refuse execution of an order if the client's order may be executed in whole or in part:

- 1) from realized but unsettled transactions;
- 2) by granting loan with the consent of the client and in accordance the law;
- 3) by borrowing securities in accordance with the rules governing borrowing of securities.

An investment firm shall refuse:

- 1) to accept a buy or sell order, after determines that the execution of such order would result in a criminal offense or a misdemeanor;
- 2) to accept a buy or sell order that must be executed on a particular trading day, when the deadline for submission of that order for its execution has already expired in accordance with regulated market rules on which those securities have been admitted to trading;
- 3) to accept an order if the order does not meet the requirements prescribed by the law or the agreement, or if any of required information necessary for their execution were not submitted;
- 4) execution of an order, if there are reasonable grounds for suspicion of money laundering and terrorist financing activities;
- 5) execution of an order, if an investment firm considers that execution of order may lead to manipulations on a regulated market.

Notwithstanding the grounds for refusal of an order, the Investment company, the Investment company shall notify the client in the same manner the order was received, on the next working day following the day of order receipt, stating specific reasons for refusal of the order.

Confirmation of order reception
Article 30

The Investment company shall confirm to the client an order has been received, modified or cancelled by sending a notification about:

1. time and venue of the order receipt, modification or cancellation,
2. acceptance or refusal to execute the order, indicating specific reasons for refusal of the order, immediately upon receipt of the order,

The confirmation referred to in paragraph 1 of this Article shall be delivered not later than on the day following the day of order receipt in the same manner the order was received if not otherwise agreed with the client, upon client's request.

Article 31

The Investment company shall execute the order in compliance with the client's instructions and its own Order Execution Policy with a due care.

By accepting the buy or sell orders, the Investment company undertakes to:

- Buy or sell financial instrument according to the elements contained in the order;
- In case of buying, perform settlement of purchase through CDC&CC or other equivalent register or depository;
- Notify the client about the executed transaction (by means of calculation that can be collected personally at the premises of the Investment company or be sent via e-mail or regular mail)
- In case of selling, make payment of the selling value of financial instruments less the costs of fees payable by the clients, except where the client wants to use the funds for further purchase of the financial instruments;
- Upon the purchase settlement, meaning after the client's payment order, make payment within one working day as of the day the client placed the payment order, except where the payment refers to the selling of financial instruments abroad in which case the Investment company shall make payment within one working day as of the date of receiving money from the international custody bank.

The client shall:

- Before placing a buy order, make payment of the total purchase value specified in the order and increased by the amount of fees and commissions in compliance with the Pricelist. The clients operating through a custody bank shall provide details of a custody account with detailed instructions for settlement of financial instruments;

- Before placing a sell order, ensure sufficient quantity of financial instruments as necessary for settlement on the deposit account of the Investment company;
- Pay a brokerage commission and all transaction costs such as the cost of the trading venue, custody bank as well as any eventual costs of trading in a relevant foreign market, in all as per the purchase or sell order and according to the effective Pricelist of the Investment company and/or the Pricelist of a third party;
- Reimburse the Investment company with any amount paid on behalf of the client against the taxes payable.

Considering the reception and transmission of orders for execution in relation to the clients whose assets are kept in the collective custody account with the authorized custody bank, the Investment company shall undertake the following:

- Upon request, notify the client about the terms and conditions of the contract with the custody bank;
- Keep all the safe kept financial instruments and funds in a separate client account, separately from its own assets;
- Notify the client about corporate activities related to the financial instruments kept for the client;
- Receive in the name and for the account of the client dividends and other remunerations from the corporate activities of the issuers and calculate and pay in the name and for the account of the client the pertaining capital gains tax in Montenegro.

Where keeping the assets with the Investment company for the purposes of trading in financial instruments, the Client agrees and confirms by signing a general agency agreement and by placing individual buy or sell orders for financial instruments, to the transfer of the client's assets to third parties at which the Investment company keeps the client's assets abroad.

XX. DEPOSITS AND WITHDRAWALS RELATING TO BUY AND SELL OF FINANCIAL INSTRUMENTS

Article 32

For purchase of financial instruments on the Montenegro stock market or abroad the deposits are made in EURO currency. Where needed, upon the client's request the Investment company shall make conversion of funds into a different currency if it is required in compliance with the trading conditions on a certain market.

Withdrawals resulting from the selling of financial instruments shall be made to the transaction account of the client (Payment System Law), and/or upon the client's request in a foreign currency to the foreign currency account. All the costs incurred by transfer of funds to the client's accounts abroad shall be borne by the client.

The Investment company shall not make payment to the client for the funds kept for the client's account.

XXI. PORTFOLIO MANAGEMENT

Article 33

Rights and responsibilities of the client and the Investment company in relation to the portfolio management shall be regulated in detailed by the Portfolio Management Agreement which is a standardised agreement. Any matter not regulated by such agreement shall be governed by the Business rules of the Investment company, which will be made available to the client before entering into the Portfolio Management Agreement.

XXII. INVESTMENT ADVISORY SERVICES

Article 34

Investment advice means the provision of personal recommendations to a client, either upon its request or at the initiative of the investment firm, in respect of one or more transactions relating to financial instruments.

Personal recommendation represents a recommendation for:

- 1) buying, selling, subscribing for, exchanging, redeeming, holding or underwriting a particular financial instrument;
- 2) exercising or not exercising any right conferred by such financial instrument.

Personal recommendation referred to in paragraph 3 of this Article is not a personal recommendation if it is issued exclusively through distribution channels or to the public.

Before providing the investment advice it is necessary to carry out the appropriateness assessment in compliance with Article 33 of these Rules.

Upon payment is made of the fee set forth in the effective pricelist, the investment advice is provided and the client is delivered with a copy of a report containing a personal recommendation.

The investment advisory services are provided by means of a direct contact with an authorized investment advisor at the business premises of the Investment company or if so, requested by the client at some other place. By exception, it is possible to provide investment advice over the phone if so, requested by the client and subject to previously developed investment profile and categorization of the client. Where investment advice is provided over a phone, the report will be delivered to the client by regular or electronic mail.

Based on the personal recommendation, the client can make his own decision on investing and is warned to the risks referred to in article 30 of these Rules and also the possibility that the Investment company, employees thereof or related parties of the Investment company may hold possession over financial instruments that are the subject of the personal recommendation. The

investment advisory services shall not include analyses developed and distributed by the Investment company.

XXIII. ANCILLARY SERVICES

Article 35

The Investment company shall provide to the clients ancillary services in an organized manner after fulfilment of the necessary organizational and technical requirements. The client agrees that the Investment company may request entering into an Agreement for provision of ancillary services. The Investment company shall inform the clients on availability of the ancillary services via webpage of the Investment company and other channels of communication between the Investment company and the clients. The Investment company, using the defined channels of communication, may from time to time deliver to the clients the investment researches and financial analyses developed in compliance with the effective regulations and industry rules. For the purposes of the investment researches and financial analyses the Investment company may rely on the information, analyses, studies and other documents provided by the subjects of analyses and can consider such documents as accurate, true and complete without an additional verification. Additionally, the Investment company may rely on the publicly available information from the recognized sources of financial data which the Investment company is not required to always verify. The Investment company states that the contents of the investment researches and financial analyses to be delivered to the clients by no means represent an explicit or implicit investment advice or personal recommendation of any kind or nature to the client and/or third parties in terms of any foregoing actual and/or proposed transaction, product or investment goal. The Investment company especially states that the client shall take full responsibility over all decisions and transactions in his own accounts of the financial instruments and further states that the Investment company shall not be responsible for any decision on investing and disposing of the assets brought in by the client. The Investment company shall not be responsible for the accuracy or delay in the investment researches and financial analyses resulting from the force majeure events and/or IT-related, organizational, communication and similar problems. The Investment company shall not be required to inform about changes in his opinion, information, forecast and projections resulting from the changed circumstances. The Investment company specifically outlines that the client shall knowingly and independently take all risks related to investment into financial instruments, thus the Investment company in no case shall be liable to the client for any eventual damage resulting as a consequence of realization of any risk associated with the buying, selling, holding and/or keeping of the financial instruments, of which the client was properly made aware of, and/or delivery of the investment researches and other ancillary services provided to enable the client to conclude transactions with one or more financial instruments and all other risks associated with provision of the investment advisory and ancillary services.

XXIV. HOLDING AND SAFEGUARDING OF FUNDS AND FINANCIAL INSTRUMENTS BELONGING TO CLIENTS

Article 36

Ownership rights of the clients are protected under the Law on Capital Market, which sets forth that the client's assets shall be separated from the assets of the Investment company. For this purpose, the Investment company in addition to its regular accounts held with commercial banks also has a special purpose account, which in compliance with the law do not form part of its assets or its liquidation or bankruptcy assets, nor may they be the subject of execution for the purpose of settling a claim against the Investment company. The special purpose accounts shall be used only for deposits and withdrawals of the clients' funds intended for buy and/or sell of the financial instruments according to the clients' orders.

As a CDC&CC member, the Investment company shall pay repayable funds to the guarantee fund given the settlement risk of transactions traded on the Montenegro stock exchange.

The funds from selling of the financial instruments and/or financial instruments may be used for execution of new orders, except where the client requests withdrawal, return of the stocks to the CDC&CC or return of the stocks from the collective custody account to the CDC&CC.

The Investment company shall keep the funds deposited by the client for purchase of the financial instruments and funds from selling of the financial instruments separately from its own funds, in special purpose accounts held with commercial banks in Montenegro, taking due care of the bank rating and risk dispersion. The clients are made aware that as regards trading abroad, the Investment company holds funds and financial instruments at authorized custody banks abroad in the collective custody accounts (summary of risks associated with holding the assets in the collective custody accounts is defined in Article 30 of these Rules).

When selecting a third party in whose accounts the financial instruments and/or funds of the clients are deposited, the account should be taken of the rating, expertise and market reputation of third party, as well as of any legal requirements or market practices related to the holding of those financial instruments and funds. The Investment company shall not be held responsible for any loss or damage resulting from the omission or insolvency of third parties or their third parties but shall be liable to the client only for selection of the third party, meaning that the Investment company exercised expertise and due care in selection of the third party in compliance with the provisions of the Law on Capital Market and other laws and bylaws.

XXV. LIEN RIGHTS

Article 37

The Investment company shall be entitled to impose a blockade on the financial instruments belonging to the clients pursuant to the Law of Contract and Torts as well as the right to the out-of-court settlement from the value of the financial instruments and collection right from the funds in the special account of the client under following conditions:

- Where the client has due but outstanding liabilities to the Investment company that result from any contract concluded in accordance with these Business rules of the Investment company.

The Investment company shall notify the client beforehand on its intention of collection through a blockade on the financial instruments, retaining the funds or intention to offset the monetary balance and receivable against the client's debt to the investment company.

As regards the financial instruments trading abroad, when the Investment company holds the financial instruments in the collective custody account opened in the name of the Investment company, the custody bank according to the contract in place with the investment company shall be entitled to the lien rights on the assets (financial instruments, funds) in the account in the event of the liabilities arising from the contract on opening of the custody account that are due but outstanding.

XXVI. REPORTING TO RETAIL CLIENTS

Article 38

Before provision of investment advisory services, the Investment company shall provide to the retail clients and potential retail clients the information about:

1. The Investment company and services provided by the Investment company;
2. Financial instruments and general overview of the nature and risks associated with such financial instruments;
3. Safeguarding of financial instruments;
4. Costs and associated expenses.

The Investment company shall notify the client or potential client on any significant modification of information.

The information shall be provided via the webpage of the Investment company in compliance with the Law or by means of another durable medium in a standardised format.

All calculations, documents and reports shall be delivered to the client in a durable medium to the residence address/registered seat address or e-mail address through internet provided that all the conditions as defined in the Business rules have been met, especially as regards the consent of the client to such manner of delivery of information.

The language of communication shall be Montenegrin. The investment company can communicate with foreign legal and natural persons in English or other foreign language that may be defined in the contract, provided that the contract, orders and other necessary documents that are shared with the Investment company are compiled in a bilingual format.

The communication between the Investment company and the client is maintained in a manner agreed with the client and being the most suitable to the client, in accordance with the Law on

capital marker and conditions prescribed by the Law. Where the client chooses to communicate with the Investment company by phone, via application, e-mail or other means of distance communication, the Investment company shall be entitled to:

- 1) the recording of telephone conversations or electronic communications relating to transactions concluded when dealing on own account and the provision of client order services that relate to the reception, transmission and execution of client orders regardless of the transaction being concluded or not;
- 2) take all reasonable steps to record relevant telephone conversations and electronic communications, made with, sent from or received by equipment provided by the investment firm to an employee or contractor or the use of which by an employee or contractor has been accepted or permitted by the investment company;

By virtue of these rules the client is notified before providing investment and ancillary services that telephone communications or conversations between the investment company and its clients will be recorded.

XXVII. CONFIRMATION

Article 39

The Investment company shall provide to the client information related to the order execution without delay. The Investment company shall send confirmation of the order execution no later than the first business day following execution or, if the confirmation is received by the Investment company from a third party, no later than the first business day following receipt of the confirmation from the third party. The confirmation shall include the following data:

- identification of the reporting investment company; other designation of the client; the trading day;) the trading time; the type of order; the venue identification; the financial instrument identification; financial instrument; the issuer; the quantity; the unit price; the total consideration; the buy/sell indicator; the cost specification per items.
- For the clients trading online, all data on the executed orders are available in the e-format in the online trading application. The calculation currency is EURO regardless of the market the client uses for trading.

XXVIII. PORTFOLIO MANAGEMENT PERIODIC STATEMENT

Article 40

For the clients having signed the Portfolio Management Agreement with the Investment company, the periodic statement shall be delivered every 6 (in writing: six) months according to the balance as on June 30 and December 31. Where the client requests the periodic statements to be delivered in every 3 (in writing: three) months, the client shall refer a written request to

the address of the registered seat of the Investment company. The portfolio management period statement shall include:

- a) the name of the investment company; designation of the retail client's account;
- b) a statement of the contents and the valuation of the portfolio, including details of each financial instrument held, its market value or fair value if market value at the time the statement is being sent, the cash balance at the beginning and at the end of the reporting period, and the performance of the portfolio during the reporting period;
- c) summary of transactions executed during the reporting period;
- d) the total amount of fees and charges incurred during the reporting period, itemizing total management fees and total costs associated with execution;
- e) a comparison of performance during the period covered by the statement with the investment performance benchmark;
- f) the total amount of dividends and other payments received for the account of the client during the reporting period resulting from the ownership of the securities and information about other corporate actions giving rights in relation to financial instruments.

The Investment company shall perform portfolio valuation against the last/final price reached on the market on the day of the portfolio calculation or the last available trading date before the portfolio calculation date within the scope of the periodic statement, while internally, for the purposes of making decision on investing, the portfolio valuation can be performed even more frequently if required. If in managing portfolio the Investment company realizes loss which exceeds the percent defined in the Portfolio Management Agreement, the Investment company shall immediately inform the client about such loss via phone or e-mail by the end of the business day on which the threshold has been exceeded. The currency of calculation shall always be EURO regardless of the market on which the assets of the client are invested.

XXIX. FEES AND ASSOCIATED CHARGES

Article 41

The Investment company shall calculate to the client fees and other charges according to the effective pricelist. With regards to trading in all types of financial instruments the fee of the Investment company shall apply, but also the costs of the trading venue, the CDC&CC costs and eventual costs of keeping the securities. The clients whose transactions are settled through custody accounts shall be also subject to the additional fees as defined in the Pricelist. Trading in foreign markets may entail additional costs such as costs of return of the funds to Montenegro, meaning a foreign bank fee and a local bank fee.

All costs shall be calculated for each individual transaction except if otherwise provided in the Pricelist for a specific service. In case of the order being cancelled, the fee shall not be charged. The portfolio management fee assumes charging of the management fee, trading fee, success fee and management termination fee (see Pricelist for more details). If the client sustains a cost

caused by the market specific and such costs has not been provided for in the Price list, the Investment company shall separately calculate the costs and deliver the calculation to the client. In addition to the foregoing costs, the client may incur other transaction-related costs such as taxes on dividends from abroad or costs of corporate activities, where the Investment company shall calculate to the client all costs of taxes and pertaining fees.

As regards trading in contracts for differences, the Investment company realizes profit from the instrument price movement, financing costs and fees. Inactive accounts (no open positions or no transactions) can be subject to penalties in which case Investment company is authorized to debit the client's account for a certain amount as specified in the Pricelist in case of a three-month inactivity.

For the purposes of accessing certain markets abroad, payment of special or additional costs can be agreed with the client.

XXX. RISKS ASSOCIATED WITH THE FINANCIAL INSTRUMENTS TRADING AND PROPERTIES OF FINANCIAL INSTRUMENTS

Article 42

Investing in financial instruments considering their properties is associated with the following risks:

- a) Business risk arises from the uncertainty if the issuer of securities will be able to maintain its competitive market position in future, business stability and continuity of growth. High business risk can adversely affect the price of securities of the issuer concerned.
- b) Financial risk is a consequence of the structure of the source of finance of the issuer of securities. Analysis of the foregoing risk requires analysis of the financial indicators of the issuer of securities. High financial risk can adversely affect the price of securities.
- c) System risk that is inherent in the capital market in general, market segment, economy branch etc. In other words, price of certain securities can significantly fluctuate even when financial indicators such as profit, dividends, interest payments, competitive position and other financial indicators of the issuers of securities have not changed (e.g., due to the change in interest rate, recession, adverse weather conditions and natural disasters, behavior of the investors in the market etc.).
- d) Foreign exchange risk is associated with investing in the securities that are denominated in a foreign currency, hence the return on security investment is exposed to the risk of the EURO exchange rate change against the currency in which part of the investment is to be expressed. The change in the foreign currency values can significantly affect the total return on security expressed in local currency.
- e) Interest risk arises from the uncertainty brought by the future price of money (future interest rate). It is typical of all debt securities (fixed-income securities). Price of the

fixed-income financial instrument moves opposite to the interest rate movement. If the interest rates in market grow, the price of the fixed-income bonds drops and vice versa if the interest rates drop, the price of fixed-income bonds grows.

- f) Default risk entails a risk that the issuer of bonds will not be able to settle in full or in part its liabilities when due or that the issuer will not be able to refinance its due liabilities (refinancing risk). Non-fulfillment of obligations can affect the income from the debt securities (e.g., bonds, commercial papers etc.) of the issuer concerned, but can also significantly affect the income from other securities of the issuer concerned (e.g., return on stocks).
- g) Liquidity/marketability risk represents a risk that at certain moment the security could not be sold or could not be sold without a significant discount.
- h) Inflation risk means a risk that the value of securities will drop as a consequence of the general price growth.
- i) Call risk or prepayment risk is associated with bonds. The effects occur when the issuer has an option to redeem bond prior to the bond maturity date under conditions that are unfavorable to the investor at that time or when the issuer has an option to repay principal before the bond's maturity date.
- j) Economic risk involves effects of the cyclical and seasonal movements in economy or individual sectors on the profitability of investments into certain industrial sectors. Value of securities related to cyclical sectors such as construction will be more affected by the economic cycles than the value of securities related to less cyclical sectors such as food industry where economic cycles will not be that much affected by the economic cycles.
- k) Political risk or country risk can significantly affect the return on securities. These risks include for example changes in laws and regulations, negative movements in international relations or within the country, risk of the interstate and intrastate conflicts etc. In case of countries in transition which lack elements of a modern market economy, political factors can significantly affect the return on securities.
- l) Risk of change of tax regulations represents the probability of change of tax regulations by the legislative authorities in a way that would adversely affect the return on the securities investment that are subject to the change of such tax regulations.
- m) Social risk includes possibility of a change in consumer sentiment towards certain companies or overall activities, which may be triggered by different causes (consequence of an environmental movement or the environmental pollution concerns). Such social climate can lead to shutting down of numerous companies or overall activities that were not able to adopt to the new trends and opening of new companies.
- n) Event risk involves possibility of occurrence of unexpected events (natural disasters, takeovers and restructuring, regulatory changes etc.) that may significantly affect the capability of the issuer to fulfil its commitments (principal and interest repayment).

Business risk, financial risk, system risk, economic risk and social risk are risks typically associated with the stock trading. The call risk or prepayment risk, interest risk, default risk and even risk are risks typically associated with bonds, while the exchange rate risk, liquidity/marketability risk, political risk, risk of change of regulations are common risks associated with both stock and bond investments.

XXXI. RISKS ASSOCIATED WITH HOLDING OF FINANCIAL INSTRUMENTS/FUNDS IN THE COLLECTIVE CUSTODY ACCOUNTS

Article 43

Funds and financial instruments belonging to the clients who trade in foreign markets are deposited in the collective custody accounts that are held with custody banks and opened in the name of the investment company for the account of the client. Analytics of assets per individual client is maintained by the investment company via its own records. By means of automatic checks through business information systems and double-checks by different organizational units, the Investment company mitigates eventual risk of error in record keeping that could adversely affect the assets and rights of the clients.

Keeping assets in the collective custody accounts may lead to the following risks:

- Impossible identification of ultimate owners of the assets at depository – in case of any loss a problem may arise with a view to identification of the ultimate owners of the assets in the collective accounts. Nevertheless, in many countries there are clear and simple legal solutions to these problems.
- Safeguarding of assets – non-separation of assets at the level of central depository represents a risk that an intermediary in the chain, a member of the central depository or other intermediary may be considered as an ultimate owner of the securities. Failure in identification on part of the custody can lead to a situation in which the ultimate owner of the securities will be at risk of confiscation of assets be if one or more intermediaries in the chain become insolvent.
- Compulsory lending of assets – as a factor beyond control of the Investment company and resulting from a routine and negligent act of a foreign third party, where with occurrence of a temporary disbalance, the result of deficit can be a compulsory lending of the financial instrument of one client to any other client which at that moment wishes to dispose of his assets.
- Transparency – the collective accounts at the level of the central depository together with the improper identification of the ultimate owners of the securities can disable the regulatory authorities, tax authorities, issuers or any stakeholder entitled to collect information about the positions and movements of the securities at the level of the central depository to identify the beneficial owners of the securities.
- Corporate activities – because of a possible existence of a large number of custody and sub-custody accounts, a delay can occur between the issuer of securities and the client, meaning the impossibility to participate in the corporate activity in a timely fashion.

- Corporate activities – stock dividends or splitting – when there are more owners of the financial assets in the collective custody account during stock dividend distribution or splitting of certain corporate stock a problem may arise in relation to rounding the number of the allocated shares for certain clients in the exact proportion in which the clients hold the financial assets.
- Corporate activities – conflicting interests and different voting – when the custody bank keeps the securities in the custody account with a third party for more clients, some may wish to vote in favor and other may wish to vote against. In theory, there can be a risk that a relevant system of a certain country does not allow for one investor to vote opposite.
- Tax processes – the structure of collective accounts, without the investor category or without the activity category can impose significant deficiencies to tax processing on part of the tax authorities, agents, central depositories and intermediaries. As regards transaction taxes, for those central depositories that participate in estimation and collection of the capital gains tax from the transactions, the structure of collective accounts at the level of central depository can disable differentiation between the taxable and non-taxable transactions. Such structure can lead to the problems at the level of central depository, if the central depository, issuer or custody bank are responsible for the tax calculation and tax collection.
- Other risks – if the relevant legal system does not recognize the collective custody account as a valid legal form of the account, in case when a third party is not able to separate the assets of the investment company or custody from the client's assets, there is a risk that the client does not have ownership rights over its positions at all times. The foregoing risks associated with keeping the assets in the collective accounts can have larger extent in cases where a legal or regulatory system has not developed a coherent notion of the collective custody accounts

By entering into any agreement with the investment company and by placing buy or sell orders for financial instruments, the client acknowledges to have fully read and understood the above-mentioned risks and the fact that the Investment company shall not be held liable for any damage resulting from realization of any of the risks.

XXXII. LIMITED LIABILITY OF THE INVESTMENT COMPANY

Article 44

The Investment company commits to exercise due care in provision of services to the clients in compliance with the professional rules and the prevailing industry practice. In fulfilling its obligations, the Investment company shall be liable to the client only for the actual property damage that may result as a consequence of the wrongful intent or gross negligence of the employees of the Investment company, based on the principle of proven guilt. The Investment company shall not be held liable to the client for any damage caused by but not limited to:

- Factors beyond control of the Investment company such as losses resulting from the force majeure, natural disasters, wars market rules, governmental decisions, failures of the stock exchange communication systems or other circumstances beyond control of the Investment company,
- Own technical and organisational limitations such as overloaded phone lines or system in general, inability to use any of the communication channels,
- Default by the Investment company caused by omissions attributable to the other contracting party, issuer or institution that uses the services of the Investment company (e.g., non-availability of SWIFT),
- Omission in operations of the financial instruments depository, stock exchange, banks whose services the investment company uses including the custody banks, as well as the omission, breakdown or failure of the third-party system whose services the investment company uses for fulfilment of obligations under the contract with the client.
- The Investment company shall not be held liable for damages if fails to warn the client to the adverse effects of the order execution. Legal impossibility of fulfilment of obligation shall be considered as force majeure.
- The Investment company shall not be held liable for damages resulting from an untimely client's notice of change of the last name/name of the company, address/registered seat, phone number or e-mail address.

XXXIII. SUITABILITY AND APPROPRIATENESS OF THE INVESTMENT COMPANY PRODUCT OR SERVICE FOR THE CLIENT

Article 45

APPROPRIATENESS ASSESSMENT

The Investment company shall obtain from the client, retail investor, data about its knowledge and experience as necessary to understand the risks associated with the service to be provided by the Investment company (the types of service, transaction and financial instrument the client is familiar with; the nature, volume, and frequency of the client's transactions in financial instruments and the period over which they have been carried out; the level of education and profession of the client) so as to enable the Investment company to determine whether a product or service is appropriate for the client and warn the client to the non-appropriateness of such product or service. The Investment company, upon an explicit request, can provide the requested service to the client regardless of the eventual non-appropriateness.

Without obtaining the requested data, the investment company will not be able to determine whether a product or investment service is appropriate for the client. As it is assumed that qualified clients possess necessary knowledge and experience for investing on capital market, the Investment company will not carry out the appropriateness assessment for this category of clients. The Investment company will not carry out the appropriateness assessment in case of buy and/or sell of stocks admitted to a regulated market or a third country market, buy and/or sell of the money market instruments and all other simple financial instruments. The service is provided on client's initiative and the Investment company shall comply with the law governing

the conflict of interest. The appropriateness assessment will be carried out for trading in certificates as structured financial instruments.

SUITABILITY ASSESSMENT

Suitability assessment includes the overall procedure of obtaining data and information about the client before or during provision of the portfolio management or investment advisory services. All the data or information the Investment company obtains before or during the foregoing services shall be issued only in the best interest of the client, that is to enable the Investment company to determine if the strategy with a standard portfolio management service is suitable for the client and to enable the Investment company to recommend to the client products and services suitable for such client within the scope of the investment advisory service. Additionally, it is worth noting the importance of collecting accurate and complete data as these ensure the Investment company to make assessment of suitability and take steps in the best interest of the client.

On the other hand, obtaining data and information about the client for the purposes of the suitability assessment (e.g., information regarding the client's knowledge and experience in the investment, data about financial situations, client's investment goals) represents a mandatory obligation of the Investment company. The foregoing data and information shall be obtained through the Suitability Assessment Questionnaire (hereinafter: the Questionnaire). Without these data and information, the Investment company shall not be authorized to provide to the client portfolio management or investment advisory services. The aforesaid shall also apply in case when the performed suitability assessment shows that the requested service or product is not suitable for the client. The Investment company shall consider as true the data provided in the Questionnaire, except were based on the questionnaire itself or by comparison with subsequently obtained data it becomes evident that the data is inaccurate or contradictory. The Investment company shall periodically through communication with the clients or delivery of a new Questionnaire form determine if the data provided in the Questionnaire are still up to date especially with a view to the general data, data on investment goals and financial situation. In case of change of data, the Investment company shall make a note accordingly that will form an integral part of the Questionnaire and/or file away the new Questionnaire. If the client fails to submit the requested data during review of the questionnaire data, the Company shall consider that no changes of data has occurred, meaning that the available data are up to date, except where the event-specific circumstances unambiguously suggest the client's unwillingness to submit the data (e.g., the client refuses to submit the data) and/or that the client has submitted the data which are evidently inaccurate or to a large extent contradictory to the data about the client that the Investment company has previously obtained. Such behavior of the client may represent grounds for contract termination.

XXXIV. CONTACT ADDRESSES AND ACCOUNT NUMBERS OF THE INVESTMENT COMPANY

Article 46

The Investment company shall deliver all reports, confirmations and other notifications related to the services provided to the client to the address of residence/seat of the client and/or to the

client's address that has been previously verified in the contract. Working hours of the Investment company is every day Monday to Friday, from 08:00h to 16:00h, except during public holidays and other non-working days in compliance with the published calendar of non-working days of the Montenegro stock exchange. The client can make contact with the Investment company at the address of the seat: Rimski trg 4, building 1, floor V, 81000 Podgorica, Montenegro, Tel: + 382 67131016; e-mail: info@rsiglobalinvest.com; trading department E-mail: operation@rsiglobalinvest.com.

The Investment company shall notify clients on change of data provided in this chapter on the webpage of the Investment company and by notification displayed at the business premises of the Investment company. The client shall inform the Investment company on change of address and other contact details and in particular any change in the number of the bank accounts for withdrawal of funds. If the client fails to notify the Investment company, it shall be considered that the Investment company has duly fulfilled its obligation using the existing contact details of the client for referring notifications.

The Investment company holds special purpose accounts for clients' deposits, held with the following banks in Montenegro:

- Hipotekarna bank ad Podgorica: ME25520004200000291835
- Adriatic bank ad Podgorica: ME25580420000000104706
- Ziraat bank ad Podgorica: ME25575015010001122292
- Universal Capital bank ad Podgorica: ME25560005010001083309

XXXV. STORAGE AND PROCESSING OF PERSONAL DATA

Article 47

The Investment company shall collect and further process personal data of the clients only for the purposes of the contract concluded with the client. By signing any contract with the Investment company or by placing any individual order, the client gives an explicit consent to the Investment company to perform all activities related to processing and exchange of personal data, facts and circumstances of the client that have come to knowledge of or have been obtained by the Investment company during performance of its duties. This includes the right of the Investment company to collect, store, record, organize, access and transmit personal data for the purposes of performing regular duties of the Investment company. The client wishing to invest in foreign markets consents to the transfer of its personal data beyond the territory of Montenegro if so required to meet the purpose of the contract.

XXXVI. CONFLICT OF INTEREST PREVENTION POLICY

Article 48

Potential conflict of interest means any situation in which the Investment company or a relevant person may take advantage of its professional or official position or authorization for gaining

personal interest or interest of the Investment company to the detriment of the client, or any other situation that is defined as a conflict of interest or a prohibited action under the regulations governing the capital market. Key principles applied by the Investment company against conflict of interest is the principle of the active prevention of conflict of interest and principle of transparency.

The Investment company applies an Internal rulebook on prevention of conflict of interest which establishes measures for prevention of occurrence of the conflict of interest and where the conflict of interest cannot be avoided, the Investment company will notify the clients about the circumstances that affect or may affect their independence and impartiality, in all cases before performing duties in the name of the client

When dealing with transactions, the relevant persons shall place the interests of clients and the stock market integrity above their personal interests. When buying certain security/financial instrument for one's own account, an employee of the Investment company shall not give priority to oneself over another client or over the portfolio account managed by the Investment company. If there is a conflict of interest between the client and the investment company that provides such client with the services of reception and execution of orders, the Investment company shall first execute the earlier received order. If a conflict of interest exists in relation to the execution of more simultaneous orders and in particular the order of client whose portfolio is managed by the Investment company and the clients to which the Investment company provides services of reception and execution of orders, the Investment company shall give priority to the order that was received earlier and/or the order which instructs execution of decision on trading of the portfolio manager if such decision was made earlier.

Time of the order reception is recorded in the order book maintained by the Investment company. The Internal rulebook in prevention of conflict of interest is available to the clients for inspection at the business premises of the Investment company or on the webpage of the Investment company.

The Investment company has taken all necessary steps to determine a conflict of interest and has adopted a rulebook on prevention of conflict of interest, which regulates circumstances that constitute or may lead to the conflict of interest to the detriment of the client and also procedures and measures the Investment company undertakes to prevent the conflict of interest and arising of risk to the Client's interests. The circumstances that constitute or may lead to the conflict of interest for the Investment company are the following:

1. The Investment company and/or relevant persons may achieve financial gain or avoid loss to the detriment of the client;
2. The Investment company and/or relevant persons have interest in or can benefit from the results of the tasks performed for the client or the transactions executed for the account of the client, where such interest is different from the client's interest;
3. The Investment company and/or relevant persons have financial or other motive for favoring the interests of other client or a group of clients to the detriment of the client's interests.

4. Subject of business of the Investment company and/or relevant person is the same as that of the client;
5. The Investment company and/or relevant persons receives or will receive from a person other than client an additional incentive based on the task performed for the client in a form of money, goods, services or similar, which do not represent a standard fee or commission for the performed task.
- 6.

In the context of this Article, the relevant person shall mean an executive officer or manager, employee, tied agent or majority owner of the Investment company.

XXXVII. MEANS OF COMMUNICATION

Article 49

The Investment company may provide information to the clients by electronic means, provided the following conditions have been met:

1. The client provided to the Investment company a valid e-mail address;
2. The client selected such method of communication;
3. The client was notified electronically about the webpage and venue where relevant data are available;
4. The Investment company updates information on regular basis;
5. The information is accessible continuously.

The client can place orders directly, by telefax, by phone or by electronic means if so provided in the contract with the client.

Where the client maintains all communication with the Investment company by electronic means, it is necessary to provide a statement by which the defined e-mail address is accepted as the means of communication with the investment company and is the only manner of delivery of documentation that is considered to be legally valid and by which the client waives its right to object to this manner of delivery and indicates explicitly that such delivery will be considered as a legally accepted personal delivery in case of any dispute.

XXXVIII. CLIENTS' COMPLAINTS

Article 50

Any complaints to the eventually unduly performed duties by the employees of the Investment company shall be filed using a standard Complaint form that is available on the webpage of the Investment company (e-copy) or at the business premises of the Investment company (hard copy) The Investment company shall also consider any complaints sent in an unofficial form to the contact addresses referred to in Article 33 of these Rules.

A complainant shall state his full name and address. Anonymous claims shall not be considered/ The Investment company maintains an electronic Register of complaints and informs the complainant on the complaint handling mechanism.

XXXIX. FINAL PROVISIONS

Article 51

Effective Business rules of the Investment company are available at the business premises of the Investment company or on a webpage of the Investment company, therefore the Client shall get familiar with the Business rules before placing an order. By placing an order to buy or sell financial instruments, the client acknowledges to have read and agreed to the Business rules of the Investment company.