

## APPENDIX 3

### ORDER EXECUTION POLICY

#### I INTRODUCTORY PROVISIONS

##### Article 1

Order Execution Policy (hereinafter: “**Policy**”) is the mechanism for ensuring taking of any reasonable steps with the aim of achieving the best possible result when executing client order taking in consideration the elements and criteria below.

The Policy shall apply to the investment services of executing orders and order receipt and transfer on behalf of and for the account of clients in the course of mediation in buying and selling of the financial instruments provided by Authorised Bank (hereinafter AB) to the clients, in accordance with the provisions of applicable regulations and AB internal acts.

The provisions hereof relate to the retail and professional clients.

When providing the investment services of order receipt and transfer and client order execution, the Bank shall always proceed with due professional care and intend to adequately protect client interests.

##### Article 2

When the AB receives the client order including specific instructions for its execution, it shall adhere to the principle of achieving the most favourable outcome for the client to the extent in which the client instructions will be fully met, and it will warn retail client that the order may only be executed in accordance with the client instructions, rather than in accordance with the company policy regarding the order execution at the most favourable conditions.

The AB will especially warn the client that any individual instruction, due to the factors included in the instruction, may prevent the AB to, when executing the client order, take the steps prescribed in the order execution policy for the purpose of achieving the most favourable outcome for the client.

The Bank shall not guarantee that it will, in every situation, be able to provide the most favourable execution, but that it will proceed in accordance with the provisions of this Policy, for which it deems that it ensures the most favourable outcome for the client in the majority of the cases.

##### Article 3

The objective of this Policy is to determine:

- factors relevant for order execution under the most favourable conditions,
- criteria for determining the significance of the factors relevant for order execution,
- elements and criteria to determine the order execution location,
- types of transactions and circumstances in which the Bank may deviate from the method of action provided for herein,
- measures and actions regarding the client order treatment,
- measures to monitor the efficiency of the procedures and mechanisms for client order execution under the most favourable conditions for the client.

#### II TYPES, PLACE, AND METHOD OF ORDER RECEIPT

##### Article 4

The clients may submit the Authorised Bank the following types of orders for securities buying and selling by:

- 1) Transaction type:
  - order for financial instrument buying,
  - order for financial instrument selling;
- 2) Price:
  - market order;
  - order with limited price;
- 3) Time of duration:
  - day order (ceases to apply at the end of business hours of the day it has been submitted),
  - order to day (with the duration of no longer than 90 days or in accordance with the rules of market operator),
  - GTC (with the duration of 90 days or in accordance with the rules of market operator).

Besides basic order types referred to in paragraph 1 of this Article, clients may also submit the Authorised Bank other order types defined in the acts of the market operator to which such orders are submitted.

#### Article 5

The order for financial instrument buying or selling submitted to the Authorised Bank by the client shall include the following elements:

- 1) Data on order receipt:
  - order ordinal number,
  - order receipt place,
  - date and time (hour and minute) of the order receipt,
  - order receipt method, and
  - number of agreement based on which the order is received;
- 2) Client data:
  - name and surname/client name,
  - client address/head office,
  - client identification number (personal identification/company ID),
  - number of the client's financial instrument account including the designation of the Central Registry member where the account is maintained or the number of omnibus custody account of the financial instruments including the designation of custody bank,
  - number of money account of the client including the designation of commercial bank – Central Registry member with which the money account is maintained;
- 3) Data on intended transaction:
  - order type (buying or selling),
  - type of the order considering the method in which the price is determined (market or limit order including price or other order type in accordance with the market operator's rules),
  - order type by the time of order validity (day, to date, or GTC including the validity date, or other order type in accordance with the market operator's rules),
  - CFI code and ISIN number of the financial instruments and nominal value,
  - Volume (number) of the financial instruments and the price expressed in currency;
- 4) Market data:
  - market operator (name and identification number),
  - trade method;
- 5) Commission amount (of the Authorised Bank, market operator, Central registry, third party);
- 6) Indication that principal is aware of the Order Execution Policy of the Authorised Bank and that all of the order elements are clear to him, especially the method of the calculation of the fees and charges which must be paid for the order execution;
- 7) Signatures of the client and the authorised person of the Authorised Bank.

In individual cases, the order shall include:

- authorisation to the Authorised Bank that it may attach the selling order of the client to the orders of the clients of other company, for the purpose of achieving more favourable sales conditions;
  - authorisation to the Authorised Bank that it may entrust the order execution to other Investment Company in accordance with the Law and acts of the Securities Commission;
  - consent to the Authorised Bank that it may, at the same time, in the same transaction of the financial instrument buying and selling represent the financial instrument buyer and seller.
- Any change of already submitted order in terms of price and volume of the financial instruments shall be made by submitting a new order.

#### Article 6

Cancellation of the order for the financial instrument buying or selling shall include the following elements:

- 1) Data on the receipt of the order cancelling the submitted order:
  - order ordinal number,
  - place and date,
  - time (hour and minute),
  - order receipt method;
- 2) Client data:
  - name and surname/client name,
  - client address/head office,
  - client identification number (personal identification number/company identification number);
- 3) Data on the order cancelled:
  - order ordinal number,
  - place and date,
  - time (hour and minute),
  - order receipt method;
- 4) Signatures of the client and authorised person of the Authorised Bank.

#### Article 7

The Authorised Bank shall receive the client orders for the financial instrument buying and selling in the business premises of its head office, Bank branch, and/or in the business premises of other investment company, as well as in the premises of other legal entity with the registered office in the Republic of Serbia in accordance with the Law and by-laws.

The client order shall be deemed received when it is received at the registered office of the Authorised Bank or its branch, i.e. the organisational unit having license for the order execution.

The branch which does not have legal entity status or a part of the Authorised Bank, which does not have license for the order execution shall, in the event of the order receipt warn the client about the following:

- 1) that they do not have the license for the order execution
- 2) the term within which the order will be received at the registered office of the Authorised Bank
- 3) the order shall be deemed received after it is received at the investment company.

The Authorised Bank may authorise other investment company, in agreement, to receive client orders in its business premises and for the account of the Authorised Bank if the prescribed conditions for service rendering through other investment company are met.

#### Article 8

The Authorised Bank may receive the client orders for the financial instrument buying and selling issued by the clients by:

- 1) direct order delivery to the Authorised Bank in writing,
- 2) fax,
- 3) telephone
- 4) e-mail or other electronic method (by Internet service which may not change the content of the received document.)

In the event of the order receipt in the manner referred to in paragraph 1 items 2, 3, and 4 of this Article, the Authorised Bank shall apply relevant protection mechanisms, such as recording devices, to ensure the correctness and reliability of the orders in records.

#### Article 9

The Authorised Bank shall electronically maintain order register, in which the orders shall be recorded immediately after their submission, including the orders which may be transferred to the execution to other investment company, order changes and cancellations.

The Authorised Bank shall maintain the order register in such a manner to:

- prevent subsequent change of input data;
- ensure the clearness and chronology of the input data,
- ensure getting statement (for certain client, by agreement type, by securities type, for certain period, and the like).

The Authorised Bank shall maintain the Order Register with the content prescribed in the Business Rules of the investment company in the course of service rendering by the Commission.

#### Article 10

The Authorised Bank shall, not later than the next business day following the receipt of the client order for the financial instrument buying or selling, submit the confirmation to the client, through permanent medium, on the order receipt, i.e. the confirmation of the order change or cancellation.

The order receipt confirmation shall include the data on:

1. time and place of the order receipt, or the order change or cancellation;
2. acceptance or rejection of the order execution, including the reason of the execution rejection.

### III ORDER COVER

#### Article 11

Before the order input in the market operator's information system, the Authorised Bank will check whether there are sufficient financial instruments subject to the sales on the financial instrument account, i.e. whether the client's money account contains sufficient funds to settle the liabilities resulting from the execution of the order for financial instrument buying.

The client order shall be deemed covered if the transaction settlement may be made:

- 1) from realised, but non-settled transactions
- 2) granting loan to the client by the Authorised Bank, based on the applicable regulations;
- 3) borrowing of the financial instruments in accordance with the rules governing the rules

on financial instrument borrowing

When checking the cover, the Authorised Bank will be guided by the by-laws and internal procedures.

#### Article 12

The Authorised Bank shall reject the execution of the order for buying i.e. selling and immediately notify the Commission thereof if there is a reasonable doubt that by executing such order

- 1) the provisions of the Law or of the law governing the prevention of money laundering and terrorism finance would be breached
- 2) the act punishable by the law as criminal offence, commercial violation, or infraction is committed

When determining the circumstances referred to in the paragraph 1 of this Article, the Authorised Bank may use own information, and/or the information obtained from its clients or potential clients unless it is aware or it should be aware that such information is obviously obsolete, incorrect, or incomplete.

#### Article 13

The Authorised Bank may reject the execution of the order for buying i.e. order for selling if it is determined that the submitted order of the client may not be covered in any of the methods for the transaction settlement referred to in the Article 11 hereof.

## IV RELEVANT ORDER ELEMENTS AND CRITERIA FOR DETERMINING ORDER EXECUTION AT THE MOST FAVOURABLE CONDITIONS

### Article 14

When executing the order of the client, the AB will take any actions necessary to achieve the most favourable outcome for the client, taking in consideration the following factors:

1. The financial instrument price and the total transaction cost (price and cost are the basic factors when selecting the place of the order execution. Out of these two factors, the price is more significant, because it is the basic component of the total cost);
2. Execution promptness and possibility – if there are several places of the execution where equally good conditions are offered, the promptness and probability of the order execution will be the next element to be considered by the AB. The higher the liquidity of a place is, the bigger is the probability of the order execution;
3. Settlement promptness and probability
4. Order size, type, and nature – the above shall include the characteristics of the client order, e.g. market or limited order, as well as any specific instruction of the client regarding the order, applicable price, and the liquidity depth on such prices, the possibility of the market to execute complex orders;
5. Any other circumstances relevant for the order execution.

When determining the significance of the factors relevant for the client order execution, the AB will take the following criteria in consideration:

1. Characteristics of the client, including its allocation to professional and retail client in accordance with the AB's Client Categorisation Rulebook;
2. Client order characteristics;
3. Characteristics of the financial instrument the order relates to;
4. Characteristics of the place of trade where the order may be executed.

When the Bank executes the retail client order, the achievement of the most favourable outcome is primarily determined in relation to the transaction total costs. The transaction total costs include the financial instrument price, any costs directly relating to the order execution borne by the client, which include commissions, i.e. the fees of the place of trade for transaction clearing and settlement, the AB, and the fees paid to third parties included in the order execution.

When executing the order of the professional client, the Bank may additionally take in consideration the promptness and probability of settlement, size, type, and sequence of the order, market impact, financial instrument type, transparency, as well as any other circumstances for which the Bank assesses that they mean the best possible order execution in actual case.

## V CLIENT ORDER HANDLING

### Article 15

The AB will execute the client orders equally promptly, fairly, and efficiently in relation to the orders of other clients, dealer order, or orders of relevant persons in the course of personal transactions. With the aim of executing the orders as stated above, the AB will:

1. Immediately and correctly enter the information from the order which is to be executed in the order register;
2. Immediately after the receipt of the signed order of the client in the AB's premises and after the check of order cover, input it in the system of the market operator, in accordance with the Business Rules of Investment Company in the course of service rendering by the Securities Commission and acts of the market operator; client orders are prioritised in relation to the dealer orders and orders of relevant persons in the course of personal transactions;
3. Immediately execute similar client orders in accordance with the time when the orders are received unless this is prevented due to the conditions prevailing on the market or due to the order characteristics, or the client interests require different handling, or if the trade for the given financial instrument is finished;

4. Immediately and correctly allocate the orders executed for the account of the client;
5. Take any necessary actions to ensure that all of the financial instruments or cash of the client received in the course of the settlement, which are obligatory based on the executed order, are transferred to the given client account in a regular and timely manner;
6. Notify the client on any significant difficulties regarding the order execution, immediately after becoming aware of them.

### **Order with Limit**

Limited order is the order for buying or selling of certain financial instrument volume at the price listed in the Order or at the price more favourable for the client.

When the AB receives a limit order from the client regarding the financial instruments included in trade on the organised market, i.e. MTF, which is not immediately executable according to currently prevailing situation on the market, the AB will, unless the client has explicitly provided different instructions, take actions for the order execution as soon as possible, by immediately announcing the limit order in such a manner which will make it readily accessible to other market participants. It is considered that the AB has met this obligation by forwarding the limit order on the organised market, i.e. the MTF having the trade system based on order register. The limit order will be executed as soon as this is permitted by market conditions.

The AB is not obliged to announce the limit order, when the order exceeds usual market size determined in the rules of the organised market and/or MTF.

The AB will take any reasonable steps for the purpose of ensuring the reliability of announced data, their continuing supervision for the purpose of detecting possible errors, and correct them immediately after they are noted; facilitate data consolidation with the identical data from other sources; ensure the data availability to the public under the equal conditions on commercial basis at acceptable expense

### **Order Pooling and Order Allocation**

The AB may pool the client order with the orders of other clients into a single order. Such obtained order is called pooled order. In this manner, the AB may impact the transaction cost decrease. After the realisation of the pooled order, the transaction shall be allocated by client orders.

When the pooled order is realised, it shall be fully allocated to individual client orders, i.e. it is deemed that the client orders are realised as a whole at the average price of the pooled order realisation,

When the pooled order is realised, it shall be partially proportionately allocated if the prices provided by the clients in their orders are the same. If the prices in the client orders are different, the client orders submitted at higher prices in the buying order i.e. lower process in selling order will be prioritised. Strike price shall be the average price of the pooled order.

When the pooled order is not daily order, i.e. when the pooled order is realised in several daily tranches, the allocation shall be made on a daily basis, in accordance with the above rules.

If the AB pools the dealer order to the orders of other client, in the course of the pooled order allocation, the client orders are prioritised in accordance with the above allocation rules. However, if the AB may reasonably prove that equally favourable execution conditions of the pooled order would not be possible without the pooling of the dealer order of the AB or that it would otherwise not be possible to execute the pooled order at all, the allocation from the transaction shall be made proportionally, in accordance with the above rules.

The order pooling shall be made exclusively in case when it is unlikely that it will be detrimental to the interests of the client whose order is pooled. The AB emphasises that the possibility affects individual client may not be fully excluded.

The AB will, before issuing the order, present the client the possibility that his order is pooled to the orders of other clients and/or to the AB order and the fact that the order pooling could affect the client interests in relation to individual order.

In accordance with the above, the AB emphasises that:

- it will not allocate the orders in the manner which would hamper the client,
- in the event of partial execution of the pooled orders, allocate the dealer orders in such a manner that the client has got priority in relation to the AB,

- it will not allocate the dealer orders executed in combination with accepted client orders in the manner which is detrimental for the client.

#### Article 16

When the client has submitted the order as day order, the Authorised Bank shall issue the order in the market operator's information system immediately after the check of the order cover, in accordance with this policy (on the same date, according to order receipt sequence), i.e. if the order has been submitted after the trade completion, at the beginning of trade on the first next date.

#### Article 17

When the client determines the securities price in the order for financial instrument buying or selling, the presented price shall, in the course of the order execution be:

- 1) with order for buying – maximum price the principal is willing to pay for certain security,
- 2) with order for selling – minimum price the principal is willing to accept for certain security.

When the client does not determine the price in the order, such order shall be deemed market order and it shall cease to be valid after the expiry of the date when it is input in the market operator's information system.

#### Article 18

The Authorised Bank must not input the order for buying or selling financial instruments for the account of the Authorised Bank or a person employed at the Authorised Bank in the market operator's information system if, because of this, previously submitted client order for buying or selling of the same security could not be executed or it could be executed under the conditions less favourable for the client.

The client orders shall be prioritised in relation to the dealer orders of the Authorised Bank and the orders of relevant persons

When inputting the order of relevant persons, the Authorised Bank will be guided by the Bank Policies and Procedures in the conflict of interest prevention area.

## VI PLACE OF ORDER EXECUTION

#### Article 19

The Bank shall execute the client orders for buying and selling of the financial instruments, traded on the national market, at the following places:

organised market (Beogradska Berza a.d. – hereinafter BB),  
multi-lateral trading facility (MTF)  
over-the-counter (OTC)

The Bank shall execute the client orders for buying and selling of the financial instruments, traded on the international market, at the following places:

- organised market – foreign stock exchanges,  
multi-lateral trading facility (MTF),  
over-the-counter (OTC)

#### Place of order execution by financial instrument class:

##### Shares

##### Shares of Local Issuers

In the Republic of Serbia, the shares of the local issuers are traded on Beogradska berza a.d. (hereinafter: "Belgrade Stock Exchange"). Belgrade Stock Exchanges consistently ensures the best results to the client:

**Price:** Belgrade Stock Exchange provides the best prices and the lowest spreads, because it ensures the highest liquidity for local shares.

**Cost:** Trading the shares of the local issuers at the Belgrade Stock Exchange the client will not be exposed to the payment of commissions and charges of foreign investment companies to which the orders might be transferred for execution.

**Execution promptness:** Belgrade Stock Exchange has got e-trading system, based on time-priority-trading, and it guarantees the order execution within short time period; for the most liquid shares, the order execution is almost immediate.

**Execution probability:** Most often, the Belgrade Stock Exchange ensures the highest execution probability within reasonable time period.

**Settlement probability:** The settlement is guaranteed by main counterparty – the Central Depository and Clearing House (hereinafter: Securities CR).

### Shares of Foreign Issuers

Market in the domicile country of the issuer or leading exchange rate ensures the highest liquidity, therefore also the highest probability for the realisation of the orders, and the most favourable prices for trading the shares of the foreign issuers:

In the course of the analysis, the AB will consider the following factors:

**Price:** the place of the execution in the country of share issuance, in general, ensures the highest liquidity and the lowest spreads, in any case lower than those at other trading places;

**Cost:** the analysis will also consider the costs of execution and payment abroad. Further, other costs relating to the engagement of foreign investment company (broker) will be taken in consideration since the Bank does not have direct access to the places of execution on international markets;

**Execution promptness and execution probability:** the place of the execution in domicile country, due to the highest liquidity, guarantees higher probability of execution within shorter time;

**Settlement probability:** is criterion for comparing different settlement places since not all of the stock exchanges provide the settlement guarantee.

Orders for trading the shares of foreign issuers shall be executed in the domicile country of issuer or at some of leading foreign stock exchanges transferring the order to a foreign investment company (where the Bank does not have direct market access).

### Bonds

#### The Republic of Serbia Government Bonds

The government bonds are traded on the primary or secondary market, depending on whether this is primary selling or secondary trade of this financial instrument.

Primary market: Ministry of Finance i.e. auction platform of Public Debt Administration is the only, therefore the best place for the execution of the orders relating to the issues of the government bonds.

Secondary market: The Belgrade Stock Exchange is the only secondary market of the government bonds issued in the Republic of Serbia, therefore the comparison of the most favourable outcome in relation to other organised markets is not implemented.

The client orders will be executed at the Belgrade Stock Exchange even in the event when the government bond is also included on the organised markets managed by the stock exchanges abroad. If the government bond is included exclusively at the foreign stock exchange, the client orders will be executed at the foreign stock exchange at which the bonds are included.

When executing the orders, the AB shall always take the following criteria in consideration:

**Price:** Market prices will be taken in consideration with the transactions at OTC fixed prices;

**Cost:** Executing the order at the Belgrade Stock Exchange the client will not be exposed to the payment of commissions and costs of foreign investment companies the orders could be forwarded to for the execution.

When executing orders abroad, the analysis will also include the costs of execution and settlement abroad. Further, other costs relating to the engagement of foreign investment company (broker) will be taken in consideration;

**Execution promptness:** The execution promptness depends on the financial instrument liquidity;

**Execution probability:** The execution of the OTC transaction at fixed price depends on the instrument liquidity;

**Settlement probability:** since the OTC markets do not guarantee the settlement, the AB will trade through renown and the most liquid OTC markets recognised in the business world as the places of trade which endeavour to ensure as higher protection level to their participants in the course of transaction settlement as possible.

#### Other Debt Securities Included on the Local Market

All of the elements for the calculation of the most favourable outcome applied to the RS government bonds shall also apply to this asset category.



### **Bonds Included on Foreign Markets**

The most liquid place of trading these bonds is most often outside the organised market (on the OTC market) based on the price quotations through the markets (trading platforms) with the right of access reserved for brokers and/or institutional counterparties (Bloomberg, Reuters, etc.). Primary market (this is usually the market in the domicile country of issuer or leading stock exchange) ensures the highest liquidity, and, accordingly, usually the highest probability for the realisation of order and the most favourable price.

All of the elements for the calculation of the most favourable outcome for the client applied to the shares of foreign issuers also relate to this asset category.

### **Warrants**

Warrants are the financial instruments entitling the holders to buy the shares of certain issuer, under the conditions determined in the course of the warrant issue. The clients may provide orders for warrant buying or selling on the local or foreign market.

All of the elements for the calculation of the most favourable outcome for the client applied for the shares of local issuers, i.e. the shares of foreign issuers, shall also relate to this asset category, depending on whether those are the warrants traded on the local or foreign market.

### **ETF (Exchange traded funds)**

ETF are the stakes at the investment funds traded on the organised market, thus the main function is the implementation of certain investment strategy. The clients may provide orders for ETF buying and selling on the foreign market.

When calculating the most favourable outcome for the client in case of ETF trading, the same elements as with the shares of foreign issuers shall apply.

### **Derivative Financial Instruments – Financial Derivatives**

This asset category includes options, swaps, forward agreements, and any other derivative agreements relating to securities, currencies, interests, yield, goods, other derivative instruments, financial indices or measures, climate variables, inflation rates, issue quotes, and other official economic and statistic data which may be settled in cash or manually.

#### **Derived Financial Instruments Traded on the Market**

The AB shall only execute the financial derivative orders which are standardised and traded on the organised market and/or multi-lateral trade facility in Serbia or abroad, therefore, all of the elements for the calculation of the most favourable outcome for the client applied to the shares of local i.e. foreign issuers, also apply to this asset category.

### Article 20

When providing the service of order execution and/or receipt and transfer on behalf of and for the account of the client select the place of the execution ensuring permanent achievement of the best possible outcome for the client.

The Bank will, in accordance with this Policy, execute the client orders exclusively on the organised markets, i.e. MTFs at which it is a direct member. Exceptionally, upon the request i.e. at explicit consent of the client, the Bank may also execute the order outside the organised market or MTF. The client may give his consent regarding the order execution outside the organised market, i.e. MTF for all or any individual transaction, in agreement or based on a special consent independent from the agreement.

If it receives the order for buying/selling the financial instrument quoted at two or several places of the execution, the Bank will always, unless it receives different, special client instruction, execute the order on the organised market or MTFs at which it is the direct member.

If the Bank receives the order regarding the financial instrument quoted on two or several organised markets or MTFs where it is the direct member, the Bank will execute the order on the market ensuring the most favourable total transaction cost, taking in consideration relevant circumstances regarding it and the size of the given order.

If the client provides order to the Bank regarding the financial instrument quoted at only one place of the execution, the Bank will execute the order i.e. forward it (directly or indirectly) to that place of execution, and it shall be deemed the achievement of the most favourable outcome for the client.

#### Article 21

As for the trading on the market on which the AB is not the member, the order will be forwarded to some of Erste Group companies, and unless none of the companies from Erste Group covers the requested market, the order will be forwarded to selected broker.

The AB shall act in the best interest of the clients even when the orders are provided for execution to other investment company, as a rule, foreign investment company, to execute the order abroad. The AB selects foreign investment company being in compliance with all of the elements for the most favourable order execution prescribed herein.

When selecting partner foreign investment companies/brokers, the Bank shall take into account the professionalism, reputation, and status of the same on the domicile market, that the given investment company/broker is subject and in compliance with the applicable regulations of the state in which it provides investment services.

When selecting the partner foreign investment companies/brokers, the Bank will take in consideration that they provide their services in an efficient, prompt, simple, cost-efficient manner, and that the Bank and its clients are continually provided quality and continuing support on the given foreign market.

The Bank will periodically review the selection of foreign investment companies/brokers and agreed arrangements with them, for the purpose of ensuring the conditions for the most favourable execution of the orders of its clients.

#### Article 22

In the process of assessing the places of trade on which the client order could be executed in such a manner to achieve the most favourable outcome, the AB shall take in consideration its commissions and fees of order execution on each such possible places of trade.

The AB will not determine and charge its commissions and fees in the manner which would result in non-reasonable inequality among the places of trade where the order may be executed.

In the event of contingency (i.e. electronic system breakdown) the AB may be forced to select the method of order execution which differs from those mentioned herein. In such cases the AB will endeavour to achieve the most favourable order execution.

## VII ORDER REALISATION AND CLIENT REPORTING

#### Article 23

The order realisation means the conclusion of the transactions on the organised market, MTF, or OTC market.

The order may be realised in full or partially.

The Authorised Bank shall, after the order execution for the account of the client, besides the services of portfolio management, through permanent medium:

1. immediately submit important information to the client relating to the order execution;
2. send confirmation by e-mail to the client on the order execution, as soon as possible, but not later than:

- a) the first business day after the execution,

- b) the first business day after the receipt of confirmation, in cases when the Authorised Bank receives the confirmation on the execution from third party.

The notification shall include the following elements:

- 1) Corporate name and registered office of the Authorised Bank;
- 2) name and surname/corporate name or other indication of the client
- 3) trade date, time, and place
- 4) financial instrument identification
- 5) financial instrument volume
- 6) individual and total price and designation of the currency in which the price is expressed;
- 7) buying i.e. selling designation
- 8) order nature, unless this is the buying or selling order
- 9) order type
- 10) total amount of charged commissions and fees by items;

- 11) client's obligations regarding transaction settlement, also including the time period for payment or delivery, as well as relevant account data;
- 12) notification on the counterparty in the transaction, if the Authorised Bank is the counterparty, other entity related to the Authorised Bank or other Authorised Bank's client unless the order has been executed in the trade system ensuring anonymous trade.
- 13) Signature of the authorised person of the Authorised Bank.

When the client orders are executed in tranches, the Authorised Bank will notify the client on any individual tranches, as well as summarised notification upon the client's request.

## VIII OTHER PROVISIONS

### Article 24

The AB shall, before the order execution:

1. present this Policy to the client, and it must provide the information on permanent medium;
2. warn the client of the possibility that the orders may be executed outside the organised market, i.e. MTF;
3. receive from the client consents in writing regarding this Order Execution Policy, where such consents may be an integral part of the agreement with the client, and the Client may give consent for the order execution outside the organised market, i.e. MTF for each or any individual transaction.

### Article 25

The AB will monitor the efficiency of order execution to identify and eliminate the failures in a timely manner; on a regular basis, but at least annually, it will assess whether the best possible effects for the clients are achieved at the places of execution and whether it is necessary to make some changes in the existing order execution policies; notify the client on any significant changes regarding the method and policies of order execution; upon the clients' request, it will provide evidence that their orders were executed in accordance with the company's policies on order execution. Additionally, the assessment will be made if there is a suspicion that a place of execution does not meet all of the significant criteria any more, which are the basis for the selection of the place for the order execution.

### Article 25

The Bank shall make this Policy available on the Bank's Internet page ([http://www.erstebank.rs/rs/Sredstva/Poslovi\\_sa\\_hartijama\\_od\\_vrednosti](http://www.erstebank.rs/rs/Sredstva/Poslovi_sa_hartijama_od_vrednosti)), in the Bank's branches, and in the premises of the AB operations of the Broker-dealer Department.

The Bank will notify the clients on any changes of this Policy by making available the latest version of the Policy on the Bank's Internet page, in the Bank's branches, and in the premises of the AB operations of the Broker-dealer Department.

Any change, supplement, or addendum hereof will apply from the moment of its coming in the force and the Bank will deem that any changes, supplements, and addenda are accepted by the client after the first next sending of the order unless the client otherwise notifies the Bank.

### Article 26

This Policy shall come into force and be effective after obtaining consent of the Securities Commission.

ERSTE BANK AD NOVI SAD

Executive Committee

\_\_\_\_\_

Slavko Carić

Executive Committee President

\_\_\_\_\_

Jasna Terzić

Executive Committee Member

\_\_\_\_\_

Suzan Tanriyar

Executive Committee Member

