

APPENDIX 1

ORDER EXECUTION POLICY

OF BROKER-DEALER COMPANY

MOMENTUM SECURITIES AD NOVI SAD

I GENERAL PROVISIONS

Article 1

This Order Execution Policy of Broker-Dealer Company Momentum Securities ad Novi Sad (hereinafter referred to as: **“the Policy”**), shall hereby prescribe procedures and activities of Broker-Dealer Company Momentum Securities ad Novi Sad (hereinafter referred to as: **“the Company”**) according to which the Company shall enable execution of client orders under the most favourable conditions for the client, in particular:

1. Types and elements of orders;
2. Place and conditions of order reception;
3. Book of Orders;
4. Order execution;
5. Best order execution;
6. Order execution venue and
7. Orders with specific instructions.

Article 2

This Policy shall govern the procedures that the Company shall comply with in the provision of investment services, and that shall result in the execution of order under the most favourable conditions for the client.

In this regard, this Policy does not guarantee the best possible execution of every individual order of the client, but its provisions allow achievement of most favourable outcome when executing client orders.

The Company shall, when executing client orders in the provision of investment services, take all reasonable steps, in order to execute client order under the conditions that are most favourable for the client.

II TYPES AND ELEMENTS OF ORDERS

Types of orders

Article 3

Clients can deliver to the Company the following types of orders:

1. by type of transaction:
 - order to purchase
 - order to sell;
2. by duration:
 - daily order

- until date order, with validity period of not more than 90 days;
- until revocation order – within 90 days from the date of issuance

3. by price:

- order with limited price
- market order, which by duration can be only a daily order;

4. withdrawal order

5. orders with specific execution terms (specific orders):

- execute immediately and completely or not at all (fill or kill -FOK),
- execute immediately or cancel (immediate or cancel - IOC)
- order to change (modify) a placed order
- order hiding the actual order quantity (Iceberg)
- stop order;
- market maker order;
- trading block order, (at the open – ATO)
- at the close – ATC

Specific orders may be used only if their application is provided for in the acts of the organizer of the market.

Apart from types of orders mentioned in paragraph 1 of this Article, the clients may place other types of orders to the Company that are provided for in the acts of the organizer of the market.

Elements of an order

Article 4

Elements of an order include:

1. unique identification of market organizer member (ordering party);
2. type of securities (name or symbol);
3. order number from the book of records of market organizer member (ordering party);
4. type of transaction (purchase or sale);
5. quantity of securities;
6. type of order by price, with specified price;
7. duration of order, with specified validity expiration date;
8. client identification from trade order, in a manner prescribed in procedures agreed among the market organizer and the Central Securities Depository;
9. type of financial instruments account, with a selection of depository of account;
10. type of account money, with a selection of depository of account;
11. commission fee;
12. type of business (broker or dealer)
13. date and time of order reception;
14. special conditions of order execution;

15. other elements.

III PLACE AND CONDITIONS OF ORDER RECEPTION

Place of order reception

Article 5

The Company may receive client orders:

1. in the Company's headquarters;
2. in an organization branch;
3. in an affiliate office;
4. in business premises of authorised investment company.

The client's order shall be deemed received whenever received in the Company's headquarters or its affiliate or organization branch that are licensed for order execution.

Whenever affiliate office that does not have legal entity status, or organization branch of the Company is receiving client orders, yet without licence to execute orders, they shall warn the client:

1. that they do not have order execution licence;
2. about arrival deadline for the order for execution in Company's headquarters;
3. that the order shall be considered received after its receipt for execution in Company's headquarters.

Conditions of order reception

Article 6

The Company may receive client orders:

1. directly;
2. via telephone, fax or electronically, if provided for in the contract with the client.

The Client may come to the headquarters of the Company and sign the order in person.

Should the order be received via telephone, conversations led via telephone lines of the Company shall be recorded and stored, and may serve as evidence of issued order.

IV BOOK OF ORDERS

Article 7

The Company shall keep a Book of Orders wherein orders shall be registered immediately at reception, including orders to be transferred for execution to authorized investment company, changes and order revocations.

The Company shall keep the Book of Orders in electronic form, in a manner preventing additional changes to the data entered.

The Company's Book of Orders particularly includes:

1. name and surname/company name or other client label;
2. name and surname/company name or label of client representatives;
3. order number;
4. date and precise time of order reception, changes and order revocation;
5. financial instrument identification;
6. financial instrument price and label of the currency expressed in the price;
7. financial instrument quantity;
8. purchase or sell label;
9. type of order by nature if it is not purchase or sell order;
10. order type;
11. order status;
12. all other details, conditions and instructions in relation to order execution.

When the Company transfers orders for execution to other investment company, the Book of Orders shall also include:

1. name and surname/company name or other client label;
2. company name or other label of investment company to which the order was transferred;
3. date and precise time of transfer of order, i.e. change of order;
4. order transfer conditions.

Upon request by the client, the Company may provide the client with an excerpt from the Book of Orders that is related to the order of the said client.

V ORDER EXECUTION

Article 8

The Company shall immediately and not later than the following working day after order receipt, deliver information to the client through permanent media as follows:

1. about the time, and place of order reception, changes or order revocations;
2. about acceptance or rejection of order execution stating reasons for the rejection of execution.

Article 9

The Company shall:

1. immediately and correctly enter order information from the order that is to be executed for client's account in the Book of Orders;
2. immediately execute all similar client orders complying with the time when orders were received, except if prevailing market conditions or order's characteristics inhibit that or if client's interests involve different actions;
3. immediately and accurately classify orders executed for client's account;
4. undertake all necessary actions needed for securing that all client's financial instruments or funds received while balancing liabilities pursuant to executed order, would be duly and orderly transferred to the account of respective client;
5. inform the client on all significant obstacles relating to the order execution immediately as they become known.

Article 10

The Company shall, prior to execution of an order:

1. provide information on the order execution policy to the client, and provide the retail client with the execution policy on a durable medium;
2. warn the client of the possibility, envisioned in the execution policy, that the order may be executed outside a regulated market or MTF;
3. obtain written consent of its clients to the order execution policy, and/or of the possibility referred to in point 2, and the consent shall be an integral part of the contract with the client.

The client may provide its consent to the order execution outside of a regulated market or MTF in the form of a general agreement or in respect of individual transactions.

The Company shall:

1. monitor the effectiveness of its order execution policy in order to identify and correct any deficiencies;
2. assess, at least once per annum, whether the execution venues included in the order execution policy provide for the best possible result for the client or whether it is necessary to make changes to its execution arrangements;
3. notify clients of any material changes to its order execution arrangements or execution policy;
4. demonstrate to its clients, at their request, that the Company has executed its orders in accordance with the Company's execution policy.

Article 11

In the case of a client limit order in respect of financial instruments admitted to trading on a regulated market or MTF which are not immediately executed under prevailing market conditions, the Company shall, unless the client instructs otherwise, make measures to facilitate the earliest possible execution of that order.

The measures under the previous paragraph of this Article shall understand that the Company has immediately after accepting the order, made public such order making it easily accessible to other market participants, entailing:

1. transmission of the client limit order to a regulated market or MTF, which has an order book trading system;
2. making public the order immediately while executing it as soon as the market conditions permit, which represents the taking of measures:
 - necessary to ensure that the information to be published is reliable, monitored continuously for errors, and corrected as soon as errors are detected,
 - facilitating the consolidation of the data with the same data from other sources,
 - making the information available to the public on a non-discriminatory commercial basis at a reasonable cost.

The Company shall not have the obligation to make public a limit order that is large in scale compared with normal market size as determined under the rules of the regulated market or MTF.

Article 12

The Company may execute a client order in aggregation with another accepted client order if the following conditions are met:

1. the Company has an effective order allocation policy, providing in sufficiently precise terms for the fair allocation of aggregated orders, including in particular:
 - how the volume and price of orders determines allocations and
 - the treatment of partial executions;

2. it is unlikely that the aggregation of orders will be to the disadvantage of any client whose order is to be aggregated;
3. the Company has warned each client whose order is to be aggregated that the aggregation of orders may work to the disadvantage of the client in relation to a particular order.

Where the Company aggregates an order with one or more other client orders, and the aggregated order is partially executed, it allocates the related trades in accordance with its order allocation policy.

Article 13

The Company shall in its Book of Orders record the execution of orders after they have been executed or after the receipt of a confirmation on conducted transaction, if the Company is transferring orders to another investment company for their execution.

The records referred to in the previous paragraph shall contain:

1. full name, i.e. company name or another label of the client;
2. date, time and place of trading;
3. identification label of the financial instrument;
4. quantity of the financial instrument;
5. individual and total price and indication of the currency of the price;
6. buy/sell indicator;
7. nature of the order if other than buy or sell;
8. authorized person who executed the transaction or who is responsible for its execution.

Article 14

Immediately after executing a client order, or, in the case if the Company transfers orders to another investment company for execution, immediately after receiving confirmation that an order has been executed, the Company shall record the following details:

1. label of the client;
2. trading date, trading time, buy/sell indicator, financial instrument identification label, unit price, price notation, quantity, quantity notation and venue identification;
3. total price, being the product of the unit price and the quantity;
4. nature of the transaction if other than buy or sell;
5. authorized person who executed the transaction or who is responsible for the execution.

Rejection of order execution

Article 15

The Company is obliged to reject a purchase or sale order and to inform without any delay the Securities Commission thereof if there are reasons for reasonable doubt those executions of such order:

1. would be infringing provisions of the Law or the law regulating prevention of money laundering and terrorism financing
2. would represent an act legally punishable as criminal act, economic offence or offence.

When determining the circumstances under item 1 of this Article, the Company may use its own information, i.e. information received from its clients, unless it has knowledge or should have knowledge that such information are obviously obsolete, incorrect, or incomplete.

The Company may reject execution:

1. of a purchase order where there are insufficient funds on client's cash account needed for the settlement of liabilities arising from execution of such order;
2. of a sale order where there are insufficient instruments needed for the settlement of liabilities arising from execution of orders on client's financial instrument account.

The Company shall not be obliged to reject order execution if client order can be executed:

1. from realized, but not balanced transactions;
2. through the Company's loan to the client, pursuant to valid regulations;
3. through lending of financial instruments, according to the rules which regulate lending of financial instruments.

VI BEST ORDER EXECUTION

Article 16

When executing client orders, the Company shall take all reasonable steps to obtain the best possible results for their clients, considering in particular:

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

When determining relevant considerations for the client order executions, the Company shall take into account the following criteria:

1. the characteristics of the client, including the categorization of the client as professional or retail;
2. the characteristics of the client order;
3. the characteristics of financial instruments that are the subject of the order;
4. the characteristics of the execution venues to which that order can be directed.

Article 17

Delivery of best execution of an order on behalf of a retail client shall be determined by the Company in terms of the total consideration comprising:

1. the price of the financial instrument;
2. costs related to the execution of the order born by the client, including commissions and fees of:
 - execution venue,
 - clearing and settlement,
 - the Company,
 - paid to third parties involved in the execution of the order.

The Company shall act in accordance with the best interests of its clients when placing orders with another investment company.

In order to comply with the previous paragraph of this Article, the Company shall take the following actions:

1. ensure obtaining the best possible result for its clients taking into account the factors relevant for the order executions and the criteria based on which the importance of these factors is determined;
2. ensure that the specific instructions from its client are followed with respect to the best execution policy of the Company.

VII ORDER EXECUTION VENUE

Article 18

In order to assess the trading venue to execute a client order, for the purposes of delivering best execution, the Company shall take into account its own commissions and costs for executing the order on each of the eligible execution venues.

The Company shall not structure or charge its commissions in such a way as to discriminate unfairly between execution venues.

The Company shall regularly, at least once per annum, appraise whether best possible results for clients are being achieved at order execution venues specified in the Policy, and whether it is necessary to alter current policies.

Article 19

The Company shall execute client's orders for purchase or sale of financial instruments traded on the domestic market on:

1. regulated market on the territory of the Republic of Serbia;
2. multilateral trading platform (MTP) if the financial instrument is not quoted on the regulated market or
3. OTC market, if the financial instrument is not listed on the regulated market or MTP, unless requested otherwise by the client.

Article 20

If the Company transfers an order to another investment company for execution, it shall immediately record the following details after making the transmission:

1. label of the client whose order has been transmitted;
2. name or other designation of the person to whom the order was transmitted;
3. terms of the order transmitted;
4. date and precise time of transmission.

Article 21

Orders of the Client for purchase or sale of financial instruments, which are traded on the domestic market, shall be received and transmitted by the Company to the investment company with which it has entered into a special contract, for execution on a regulated market, or the MTF, if the financial instrument is not quoted on the regulated market or OTC or MTF if there is prior consent of the client.

Orders of the Client for purchase or sale of financial instruments, which are traded on foreign markets, shall be received and transmitted by the Company to a company with which it has entered into a special contract, for execution on the following trade venues:

1. regulated market;
2. MTP;
3. other markets that are comparable to a regulated market or MTF or
4. outside organized markets (OTC markets and the like).

When receiving and transmitting orders, the Company shall act in the best interests of the clients, correctly and in accordance with rules of the profession, with due respect to the provisions of the Law and regulations adopted pursuant to the Law.

VIII ORDER WITH SPECIFIC INSTRUCTIONS

Article 22

When the Company receives a client order with specific instructions from the client, the Company shall execute the order following the specific instruction, and it shall warn a retail client that the order will be executed pursuant to the instructions of the client and not in compliance with the best execution policy of the Company.

Should the client issue specific instructions to the Company in relation to the above, it shall be deemed that the Company has fulfilled the obligation of achievement of best possible outcome for the client.

Should the client have particular requirements only in terms of certain elements for the assessment of best client order execution defined by this Policy, the Company shall act in accordance with such specific instructions of the client, if in accordance with applicable regulations, whereas in relation to other elements shall act in accordance with the provisions of this Policy.

IX FINAL PROVISIONS

Article 23

Shareholders' Meeting of the Company adopted this Policy in a manner and pursuant to procedure specified for such adoption, in accordance with provisions of general acts of the Company.

This Policy hereby represents an integral part of the Operating Rules and Procedures of the Company and shall be submitted to the Commission for approval.

Upon approval by the Commission under the previous paragraph, the Policy shall be published on the website of the Company.

Momentum Securities ad Novi Sad
Chairman of Shareholders' Meeting

Radoslav Pilja