

APPENDIX 2

**CONFLICT OF INTEREST
MANAGEMENT POLICY**

OF BROKER-DEALER COMPANY

MOMENTUM SECURITIES AD NOVI SAD

I GENERAL PROVISIONS

Article 1

This Conflict of Interest Management 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”**) for the prevention of conflict of interests of clients and interests of the Company and/or relevant persons or persons closely associated to the same, which may be harmful to the interests of the clients of the Company.

Relevant person in relation to the Company is:

1. person with ownership participation in the Company;
2. person in a managerial position in the Company;
3. employee of the Company and
4. any other individual engaged by the Company for the provision of services within its competence.

Person with whom the relevant person is in a close relationship is:

1. spouse or extramarital partner of the relevant person;
2. descendants and ancestors in a straight line indefinitely;
3. relative to the third level of kinship, lateral relative, including kinship by marriage;
4. adoptive parent and adoptive children and descendants of adoptive children;
5. guardian and protégés and descendants of the protégés and
6. any other person that has spent at least one year with the relevant person in common household, from the date of personal transaction in subject.

Article 2

This Policy shall hereby regulate:

1. Operating Rules of the Company;
2. Conflict of interests of the Company and/or relevant persons and interests of clients of the Company;
3. Conflict of interest among clients of the Company;
4. Procedures and measures for prevention of conflict of interests;
5. Insider information;
6. Professional secrecy and
7. Notifying clients about conflict of interests.

II BUSINESS POLICY OF THE COMPANY

Article 3

The Company, relevant persons and persons with whom the relevant person is in a close relationship referred to in Article 1 of this Policy shall perform their working tasks responsibly, fairly, diligently and

objectively, in representing the interests of the client and take into account not to harm the reputation and confidence given to the Company and clients of the Company.

Relevant persons shall not use activities of the Company for personal interests and may not be in any manner dependant on the persons that may affect their objectivity.

Relevant persons shall act in accordance with principles of accountability, honesty, transparency, and shall act in good faith towards business partners, clients of the Company and other relevant persons of the Company.

Relevant persons shall perform tasks to which they are deployed and defend business interests of the Company.

In order to prevent conflict of interests, relevant persons shall act in accordance with the following objectives and operating rules:

1. Expertise and diligence in the performance of activities with financial instruments;
2. Responsibility in communication with the clients;
3. Avoidance of conflict of interests and reporting any suspicion in the existence of conflict of interests;
4. Responsibility and transparency in personal transactions of financial instruments and
5. Cooperative relationship with relevant institutions.

Employees of the Company that directly perform activities with financial instruments shall protect clients in accordance with good business practice and must not abuse their incompetence and lack of business knowledge in order to obtain personal benefits, and also shall avoid provision of information and opinions that may be construed as making investment recommendations to the client.

Article 4

Situations or circumstances that constitute or may lead to conflict of interests, whether as a result of performance of tasks or other reasons are:

1. The Company and/or relevant persons may obtain financial gain or avoid financial loss to the detriment of the client;
2. The Company and/or relevant persons have an interest in on benefit from the results of service provided to the client or transaction made for the account of the client, that is different from interests of the client;
3. The Company and/or relevant persons have a financial or other motive that suits the interests of other client or group of clients to the detriment of the interests of the client and
4. The Company and/or relevant persons are engaged in the same business activities as the client.

Article 5

In order to prevent conflicts of interests, employees of the Company are strictly prohibited to:

1. Use and/or disclose confidential or insider information that may lead to unfair advantage of the one in possess of confidential or insider information when trading in financial instruments, regardless of whether confidential or insider information are being used by the employee of the Company or a third party pursuant to information obtained by employees of the Company. Confidential information include, but are not limited to: information on takeover, merger, reorganization, bankruptcy or first public offer of shares of the company or its competing companies, which have not yet been made public, information on order for purchase/sale of financial instruments of the company that shall likely affect the market price of the financial instrument of the said company and its competing companies, and the like, and
2. Abuse information in cases where the client specifies an order of more significant value for the purchase/sale of financial instrument with an intention of significant rise or fall of the price of financial instrument in the future. Abuse of information occurs in terms of usage of information for obtaining personal gain, as well as provision of information to a third party for the benefit of the said third party; exposure of orders of the Company's employees onto a regulated market prior to exposure of identical order by the client at a price and deliberate non-exposure of client's order.

III CONFLICT OF INTERESTS OF THE COMPANY AND/OR RELEVANT PERSONS AND INTERESTS OF THE COMPANY'S CLIENTS

Article 6

In the course of its business, the Company shall not take any action and activities that would achieve material or financial interest to the detriment of the assets of the Company's clients, nor any assets contained in the portfolios of clients that it manages, nor may in the course of its business put the interests of the Company before the interests of its clients, whether they be regular clients or clients whose assets are managed by the Company as part of providing services of portfolio management.

Any portfolios managed by the Company shall be managed by the same professionally and skillfully and shall not favor a particular client to the detriment of another client.

Article 7

Employees of the Company may not perform their duties and tasks in a manner conducive to personal interests, and to the detriment of the clients of the Company.

Should any employee of the Company learn about the fact that the Company's client intends to purchase or sell a certain financial instrument, employees of the Company shall not purchase or sell the same financial instrument, for as long as the client buys or sells the entire planned quantity.

Employees of the Company shall not disclose to third parties any information in relation to the purchase or sale of financial instruments bought or sold by a client of the Company, nor any other confidential information in order to obtain benefits for themselves or third parties.

Information learned by the employees of the Company in relation to the purchase or sale of financial instruments of the Company's clients shall be deemed confidential.

Article 8

In order to prevent conflicts of interests among the employees of the Company and clients of the Company, particular attention should be paid to the prevention of the following situations:

1. Unequal treatment of clients of the Company in executing orders for purchase/sale;
2. Exchange of confidential and insider information among the employees of the Company that are employed in different sectors, or unnecessary disclosure of confidential and insider information and data obtained by performance of working tasks;
3. Use of confidential and insider information for the purpose of exposure of orders prior to client orders (front running);
4. Purchase of financial instruments for own account, followed by raise in price by purchasing for the account of portfolio clients;
5. Unequal treatment of portfolio clients when choosing financial instruments and/or price;
6. Trading for portfolio clients that is motivated by commission.

IV CONFLICT OF INTERESTS AMONG CLIENTS OF THE COMPANY

Article 9

Employees of the Company shall not carry out their duties and tasks in such a manner that is conducive to certain clients, to the detriment of other clients of the Company.

Employees of the Company shall not disclose to clients information in relation to the purchase or sale of financial instruments bought or sold by another client of the Company, as well as other confidential information in order to obtain benefits to themselves or any third parties.

Information learned by the employees of the Company, in relation to the purchase or sale of financial instruments for the account of clients of the Company shall be deemed confidential.

Article 10

In order to prevent conflicts of interests among the employees of the Company and clients of the Company, particular attention should be paid to the prevention of the following situations:

1. Unequal treatment of clients of the Company in executing orders for purchase/sale;
2. Exchange of confidential and insider information among the employees of the Company that are employed in different sectors, or unnecessary disclosure of confidential and insider information and data obtained by performance of working tasks;
3. Use of confidential and insider information for the purpose of exposure of orders prior to client orders (front running).

V PROCEDURES AND MEASURES FOR PREVENTION OF CONFLICT OF INTERESTS

Article 11

In order to prevent conflict of interests, the Company shall be organized in such a manner to reduce simultaneous action of relevant persons engaged in several business activities related to the provision of investment services and activities and related additional services to the lowest possible level.

Internal control procedures in order to prevent conflict of interests shall be carried out in such a manner that the person designated for exercising control is not simultaneously a participant of business processes that are under surveillance in terms of existence of conflict of interests.

In the event of conflict of interest, the person that confirmed the occurrence of potential conflict of interest (client or employee of the Company) shall be obliged to immediately notify the person in charge of internal control in the Company.

Initiative with a rationale of the resulting state shall be submitted in writing by the person that confirmed the occurrence of conflict of interests.

Upon receipt of the initiative, an auditor of the Company shall promptly examine the initiative and make a record of the said initiative.

In the above record the auditor shall include statements of all parties that participated in the potential conflict of interests.

The auditor shall submit originals if applicable, or certified copies if otherwise, of any documentation that appears to be relevant in the present case.

Article 12

If the existence of any conflict of interest is to be determined, the Company shall pursuant to the auditor's record define the degree of liability of the Company's employee that was found in the conflict of interests in professional, financial (material) and organizational terms.

Upon establishment of facts, disciplinary action and removal from workplace on which the said employee had previously held positions shall be initiated against him, until the conclusion of supervision and internal control.

Article 13

The Company shall, upon completion of the procedure of internal control, reimburse the damage suffered to the client (or third party) that had been damaged by the occurrence of conflict of interests, if it is to be determined that the said damage exists, pursuant to all circumstances of the present case.

As an ultimate measure against the person with whom there is a conflict of interest, termination of employment with the Company is also possible.

Article 14

Measures aimed at prevention of conflict of interests are as following:

1. Potential conflict of interest is prevented in such a manner that in the performance of subject work the provisions of the Law and subordinate legislation adopted pursuant to the Law, and internal documents of the Company shall be obeyed;
2. Employees of the Company are prohibited to exchange information with other employees of the Company and disclose information from their sector in any situation not directly related to and necessary for the regular performance of transactions with financial instruments;
3. Unnecessary disclosure of confidential and insider information outside the trade sector, to other employees of the Company is prohibited, with the aim of separation of employees of the trade sector that receive and execute client orders from other employees of the Company that may use such information in other transactions with financial instruments performed for the same or other clients of the Company;
4. Authorized brokers of the Company are prohibited to use insider and confidential information (front running) in such a manner should the authorized broker receive from the client an order for purchase and/or sale of certain financial instrument, where the quantity and/or price stated in the said order may affect the movement of price of the said financial instrument on a regulated market, expose his own order on the regulated market, prior to the client's order. The authorized broker may expose his own order for the said financial instrument only upon full execution of the client's order or in case the client had canceled the issued order;
5. Should an employee in trade sector be in dilemma whether issuing own order for trade of financial instrument, regardless of that the same would not represent a violation of the provisions of this Policy or any other internal document of the Company, may be a conflict of interest, he shall for each such trade request prior approval in writing from the management of the Company;
6. Investment advisor is prohibited to disclose confidential information to other employees of the Company;
7. Should any third person improperly influence relevant persons that perform and provide investment services or activities and related additional services, the relevant person shall immediately notify the management of the Company of such action;
8. Management of the Company shall pay particular attention to cases in which relevant persons simultaneously participate in a variety of investment or additional services and activities, in such a manner that supervision over the said business processes shall be performed on a monthly basis, in order to determine whether conflict of interests has occurred;
9. Income of relevant persons shall not be related to income of other relevant persons that perform other business activity, that may lead to conflict of interests;
10. Any documents obtained in dealing with clients of the Company shall be kept in electronic form, and shall be accessible only by certain employees of the Company, depending on the nature of work they perform within the Company;
11. In a situation where the client by his action (issuing orders for purchase and/or sale of financial instrument and the like) wishes to influence the price of financial instruments on the market and thus accidentally or deliberately manipulate the market, employee of the Company shall act in compliance with the provisions of the Law and relevant subordinate legislation and

12. In order to prevent conflict of interests among parties with which the Company collaborates, that provide services to the Company and may thereby reach confidential data and information, any contract between the Company and the said persons shall include a provision on the obligation of professional secrecy.

VI INSIDER INFORMATION

Article 15

Insider information is any information on precisely specified facts not made public, relating directly or indirectly to one or more issuers of financial instruments or to one or more financial instruments, which would, if made public, likely have a significant impact on the price of said financial instruments or on the price of derivative financial instruments (materially relevant/significant information) (hereinafter referred to as: “**insider information**”).

Information of significant impact (materially relevant information) is any information for which there is a likelihood that a reasonable investor would take into account as part of the basis for making an investment decision in respect of financial instruments or derivative financial instruments.

For employees of the Company responsible for the execution of orders in relation to financial instruments, insider information is also information conveyed from the client and which is related to the orders of client in execution, that is precisely specified, that is directly or indirectly related to one or more issuers of financial instruments or to one or more financial instruments, which would, if made public, likely have a significant impact on the price of said financial instruments or on the price of derivative financial instruments.

Article 16

Persons that possess insider information may reach the same by virtue of:

1. Membership of the management or supervisory bodies of the Company;
2. Holding in the capital of the Company;
3. Having access to the information through the exercise of his employment, profession or other duties;
4. Committed criminal offence.

Person that possesses insider information shall be prohibited from:

1. using insider information directly or indirectly in the acquisition, alienation and attempt of acquisition or alienation of financial instruments to which the said information is related, for own account or for the account of a third party;
2. disclosing or making accessible inside information to any other person unless such disclosure or accessibility is made in the normal course of the exercise of his employment, profession or duties;

3. recommending or inducing another person, on the basis of inside information, to acquire or dispose of financial instruments to which that information is related, irrespective of the fact whether those persons have been introduced to the said insider information.

Members of the management and employees of the Company, as well as shareholders of the Company shall not disclose insider information regarding financial instruments or issuers of financial instruments that they learn in the performance of their duties.

Employees of the Company shall take into account that the persons with whom they are in close relationship should not be found in conflict of interests or that the said persons should not lead them to conflict of interests.

VII PROFESSIONAL SECRECY

Article 17

Members of the management and employees of the Company are bound by the obligation of professional secrecy concerning:

1. information about clients;
2. information about client accounts and transactions and amounts in such accounts;
3. information about services provided to clients;
4. other information and facts obtained while providing investment services.

The Company shall not use or disclose to third persons nor enable third parties to use the information referred to in previous paragraph of this Article.

The information from paragraph 1 of this Article may be disclosed and presented to third persons only:

1. with the written consent of the client;
2. in the course of supervisory functions of the Commission, CSD or market organizer;
3. based on the court order;
4. based on an order issued by the authority in charge of prevention of money laundering or terrorism financing;
5. based on an order of another competent government authority.

VIII NOTIFYING CLIENTS REGARDING CONFLICT OF INTERESTS

Article 18

Prior to execution of transaction on behalf of a client, the Company shall be obliged to notify the client of a possible conflict of the client's interests with the interests of the Company, and/or interests of other clients of the Company, including the general nature of and/or sources of such conflicts.

Notice under the previous paragraph of this Article shall contain, taking into account the categorization of clients, sufficient information pursuant to which the client shall be able to make decisions with respect to services in which the conflict of interest has occurred.

The Company shall keep and regularly update information on services provided on behalf of or for the account of the Company, in which has occurred a conflict of interest that may have adverse consequences for the interests of one or more clients or, in the case of work that is in progress, may occur.

Article 19

Should an employee of the Company violate any provision defined by Article 5 of this Policy, the Company may undertake the following measures in regard to the said employee:

1. in case of use and/or disclosure of insider information – if an employee of the Company has been caught in a conflict of interest by using or disclosing insider information, the employee shall be put under internal control procedures. The employee must provide a written statement. The employee shall be removed from the workplace until the completion of internal control procedure. Possible material gain obtained at the expense of the client shall be used for reimbursement of damages to the client that has been damaged by the occurrence of conflict of interests. As an ultimate measure against the person with whom there is a conflict of interest, termination of employment with the Company is also possible.
2. in case of abuse of information – if an employee of the Company uses the information in a manner defined by Article 5 of this Policy, the employee shall be put under internal control procedures. The employee must provide a written statement. The employee shall be removed from the workplace until the completion of internal control procedure. Possible material gain obtained at the expense of the client shall be used for reimbursement of damages to the client that has been damaged by the occurrence of conflict of interests. As an ultimate measure against the person with whom there is a conflict of interest, termination of employment with the Company is also possible.
3. exposure of orders of the Company's employees onto a regulated market prior to exposure of identical order by the client at a price and deliberate non-exposure of client's order – if an employee of the Company exposes own orders in a manner defined by Article 5 of this Policy, the Company shall act as follows:
 - if the employee's order had been exposed prior to the order of the client by the same parameters of the order (and subsequently entered into the Book of Orders) but has not been realized, the employee who had issued such an order shall be required to revoke the same immediately. At the same time, an authorized broker who had exposed such an order shall be required to withdraw it from the organized market immediately. The Company shall carry out internal control, and the employee may be subject to disciplinary proceedings. The employee must provide a written statement. As an ultimate measure against the person with whom there is a conflict of interest, termination of employment with the Company is also possible;
 - if the employee's order had been exposed prior to the order of the client by the same parameters of the order (and subsequently entered into the Book of Orders) and has been realized, the employee who had gained material benefit to the expense of the client shall be deprived of the same. The Company shall carry out internal control, and the employee may be subject to disciplinary proceedings. The employee must

provide a written statement. As an ultimate measure against the person with whom there is a conflict of interest, termination of employment with the Company is also possible and

- if the employee does not expose the client's order on the organized market, the client of the Company shall be notified immediately of the said omission. The present order shall be exposed without delay. Should regular exposure have realized the said order, the employee who committed the act of omission shall compensate the missed material benefit to the client, if the client requests such action. Should regular exposure have not realized the order, the employee shall be warned of the omission, and if such situation persists, shall be removed from workplace until the completion of internal control procedure. As an ultimate measure against the person with whom there is a conflict of interest, termination of employment with the Company is also possible.

IX FINAL PROVISIONS

Article 20

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

This Policy shall come into force and be applicable within 8 (eight) days as of the date of publication on the website of the Company.

Momentum Securities ad Novi Sad
Chairman of Shareholders' Meeting

Radoslav Pilja