

INFORMATION ON BROKER-DEALER COMPANY MOMENTUM SECURITIES

Momentum Securities ad Novi Sad (hereinafter referred to as: the Company) as an investment company authorized for the provision of investment and ancillary services and performance of investment activities shall – in accordance with the provisions of the Law on the capital market provide its clients and potential clients with all necessary information regarding investment services and activities in order that all Clients and potential Clients may, within reasonable frameworks, comprehend the nature and risks of such investment services, as well as specific types of financial instruments offered so that each of them should be enabled to make well-informed investment decisions.

Information on Investment Company and its services

BDC Momentum Securities ad Novi Sad is an Investment Company based in Novi Sad, 1A/104 Futoška St.

Securities Commission (Omladinskih brigada St. 1, Novi Beograd) adopted the Decision on granting license for the performance of activities of Broker-Dealer Company no. 5/0-03-2039/7-12 and thus granted license for the performance of the following investment activities:

1. Receipt and transfer of orders related to sale and purchase of financial instruments;
2. Execution of orders for account of the client;
3. Services in relation to the offer and sale of financial instruments without redemption obligation.

Additional services and activities which the Company is licensed to provide and perform are the following:

- storage and administering of financial instruments for client's account, including storage of instruments with respective services thereof, such as administering funds and collaterals
- approval of loans to investors enabling them to carry out transactions through one or more financial instruments, where the company-lender is included in the transaction;
- counselling to companies regarding the structure of the capital, business strategy, merging, purchase of companies and similar issues;
- foreign exchange services in relation to the provision of investment services;
- research and financial analysis in the field of investment or other forms of general recommendations related to financial instrument transactions;
- investment services and activities, as well as additional services related to the base of derived financial instruments pursuant to the Law, with regard to investment services and activities, as well as additional services.

BDC Momentum Securities is a member of the following institutions:

Belgrade Stock Exchange ad Belgrade

1 Omladinskih brigada st., 11070 Novi Beograd

Central Securities Depository and Clearing House

5 Nikole Pašića Square, 11000 Beograd

Also, the Company is a member of the Investor Protection Fund, organized by the Deposit Insurance Agency.

Communication with clients

Communication among the Client and the Company, as well as receipt of documents and other information by the Company shall be carried out in Serbian language, and upon special request by the Client shall be carried out in English language as well. Should the Client request communication with the Company in English language, the Contract on provision of services shall be concluded in 4 copies, 2 of which shall be in English language. In case of differences between two versions, the version in Serbian language shall be applicable.

The Company shall provide such client with the possibility of maintaining all business correspondence and all manners of communication in English language.

All business correspondence may be sent by the Client to the permanent address of the Company:

Momentum Securities ad Novi Sad

1a Futoška St, 21000 Novi Sad

Telephone no.: 021 67 28 700, 67 28 667, 67 28 707

Fax no.: 021 452 895

E-mail address: office@momentum.rs

Website: www.momentum.rs

The Company may, unless agreed otherwise, send and provide the Client with all certificates, notices, reports, calls and perform all other manners of communication in relation to investment activities and services conducted or ancillary services contracted between the Client and the Company to the address, or via contacts provided to the Company by the Client.

Communication between the Company and the Client shall be carried out in the most appropriate manner for the Client, stipulated by the contract. If the Client communicates with the Company via telephone, the conversation shall be recorded and the audio recording shall be stored permanently.

Manner of communication between the Client and the Company whilst issuing and receiving Orders, or instructions in relation to the orders is regulated by the Contract.

The Client shall immediately notify the Company of changes in addresses and other information relevant to notifying, as well as the performance of obligations of the Company in the provision of investment and ancillary services or performance of investment activities.

When an investment company provides information to clients electronically, it shall ensure that the following conditions are satisfied:

1. the client has submitted to the Company a valid e-mail address;
2. the client has opted for such a manner of communication;
3. the client has been informed electronically of the website address and the place on the website where the relevant information may be accessed;
4. the information is regularly updated;
5. the information is accessible continuously.

Scope, frequency and timing of reporting to the clients

The Company shall report to the Client on all services provided, including the expenditure related to the transactions and services undertaken for the account of the Client.

The Client shall be informed of any realized transaction in the most appropriate manner stipulated by the Contract and not later than the following working day, in accordance with Article 179 of the LCM.

The Client shall be informed of any realized transactions on foreign markets not later than the following working day after the Company receives confirmation of transaction from the foreign broker who represents the Company on foreign markets.

The Client may not waive the right to obtain information on order execution, however it may direct that such information shall be sent to another person authorized by the Client.

The Company shall send at least once per annum, to each client for whom it holds financial instruments or funds, a report of such financial instruments or funds via a permanent medium.

Documentation necessary for the establishment of relationship with the client

BDC shall, prior to the commencement of relationship with the client, obtain the following documentation:

- Resident individuals:
 - a. Copy of identity card or passport;
 - b. Evidence of opened monetary account for trading with securities.
- Non-resident individuals:
 - a. Copy of passport
 - b. Decision on Tax Identification Number (TIN);
 - c. Evidence of opened monetary account for trading with securities.
- Resident legal entities:
 - a. Copy of excerpt from registration into the Registrar of Companies (not older than three months) – for the client and for legal entities owners of 25% or more stock or shares in the capital of the client (to the ultimate owner);
 - b. Copy of suitable evidence of persons authorized for representation (if not visible in the excerpt from registration);
 - c. Copies of identity card/passport of persons authorized for representation;

- d. Copy of identity card/passport of individuals owners of 25% or more stock or shares in the capital of the client and in the capital of legal entities owners of 25% or more stock or shares in the capital of the client (to the ultimate owner);
- e. Copy of the Decision on TIN;
- f. Evidence of opened monetary account in a commercial bank.
- Non-resident legal entities:
 - a. Copy of Decision on/Excerpt from registration into the Registrar of Companies in the domicile country or other suitable registrar that illustrates the legal form of organization, head office location, address, list of persons authorized for representation and ownership structure (not older than three months) – for the client and for legal entities owners of 25% or more stock or shares in the capital of the client (to the ultimate owner);
 - b. Copy of suitable evidence of persons authorized for representation (if not visible in the excerpt from registration);
 - c. Copies of passport of persons authorized for representation;
 - d. Copy of suitable evidence of ownership structure (if not visible in the excerpt from registration) - for the client and for legal entities owners of 25% or more stock or shares in the capital of the client (to the ultimate owner);
 - e. Copy of passport of individuals owners of 25% or more stock or shares in the capital of the client and in the capital of legal entities owners of 25% or more stock or shares in the capital of the client (to the ultimate owner);
 - f. Decision on TIN;
 - g. Copy of identity card of tax representative;
 - h. Evidence of opened monetary account in a commercial bank.

Places of order reception

The Company may receive client orders in the premises of an authorized investment company.

Client order is considered received when received at the head office of the investment company or its subsidiary, or organizational unit that is licensed for order execution.

Description of protection of financial instruments and/or funds of the Client

Funds of the Client

Should the Client opt for keeping any of its funds intended for trading with the Company pursuant to provisions of Article 180 of the Law, said funds of the Client shall be kept within a special client account at a credit institution separately from the money account of the Company.

An investment firm may use funds from its clients' money accounts only to pay for client obligations in connection with the investment services and activities as well as ancillary services performed for the client and shall not be used for payment of obligations of other clients.

Funds in clients' money accounts, shall not be the assets of the Company, or used for payment of liabilities of the Company or subject to debt enforcement.

The Company shall keep records of client funds in such a manner that allows it to at any time and without delay separate funds of one from funds of another client or funds of the Company. Also, the Company shall strive to hold onto the principle of long-term safety of funds in the selection of credit institution with which the client's funds shall be held.

Financial instruments of the Client

All securities owned by the Client shall be kept in a financial instruments account held with the Central Securities Depository. Account number shall be defined by the Contract on opening financial instruments account.

The Company may, pursuant to the Contract with the client, open a joint financial instruments account. In such account may be found financial instruments of one or several clients of the Company.

The Company shall be responsible for the compliance of the balance of financial instruments in the joint account held with the Central Securities Depository and its analytical records, and shall keep appropriate documentation of changes in the joint account.

The Company shall keep its own financial instruments account with the Central Securities Depository, separated from clients' financial instruments accounts.

Financial instruments of the Company's clients shall not be assets or property of the Company and shall not be used for settlement of liabilities of the investment company.

The Company may use financial instruments from client's account only based on orders by the Client.

The Company shall not:

- Pawn or dispose of financial instruments owned by the client without prior written authorization;
- Use financial instruments of the client for payment of liabilities of the Company or liabilities of other clients.

Depositing financial instruments of the clients abroad

The Company offers service of trade of financial instruments abroad via third party, foreign broker authorized to perform trade of financial instruments, depending on the market where the trading order is to be executed.

When selecting a depository in which accounts client financial instruments will be held, the Company shall exercise all due care about:

- The expertise and market reputation of the depository;
- That the depository is subject to specific regulation in its country, governing safekeeping of financial instruments for the account of another person;

- Periodic review of the depositary and of the arrangements for the holding and safekeeping of financial instruments of the Client.

By exception to the above, the Company shall be allowed to deposit financial instruments of its client into an account opened with a depositary in a country where the holding and safekeeping of financial instrument for the account of another person are not regulated, only if one of the following conditions is met:

- The nature of the financial instrument or of the investment services connected with those instruments requires them to be deposited with the depositary in that country;
- Where the professional client requests the investment company in writing to deposit his instruments with the depositary in that country.

Funds and foreign financial instruments of the clients shall be kept by the Company in joint accounts at selected commercial banks, separately from the accounts and assets of the Company itself, whereas the assets of each individual client is kept in an internal application, i.e. records of the Company, which the Company shall keep accurately and timely for each client.

In case of trading abroad the Company has contractual partners for performance of brokerage services in certain markets. In relation to the Client, the Company shall accept no liability for the misconduct of contractual partners, but shall in the event of established misconduct represent the interests of the Client until the removal of irregularities.

Investor Protection Fund

The Company is a member of the Investor Protection Fund which performs activities of protection of investors whose assets or financial instruments are exposed to risk in the event of bankruptcy of the Company.

Investor Protection fund secures monetary claims of clients and client claims for reimbursement of financial instruments owed to the client by the Company, generated from provision of services of storage and administering of financial instruments for client's account, including storage of instruments with respective services thereof, such as administering funds and collaterals.

The secured amount of 20,000 Euros in dinar equivalent is related to total claims of the Client to the Company in respect of the abovementioned services.

Investor Protection Fund shall not secure assets of the following persons, regardless of the country of seat (pursuant to Article 140 of the Law on capital market):

- 1) an investment firm;
- 2) a credit institution;
- 3) a financial institution and other persons referred to in provisions of Article 172, paragraph. 1, points 1) and 3) of the Law on capital market
- 4) insurance company;
- 5) collective investment undertaking;
- 6) a management company, investment fund, a company managing the pension fund and the pension fund;

- 7) supranational institutions, the government and autonomous province, regional and local bodies;
- 8) natural or legal entities owing over 5 % of shares with voting right or of capital of the Company, i.e. 5% or more shares with voting right or capital of the company closely related to the Company;
- 9) a member of the Management or Supervisory Board of the Company, if that person was occupying the aforesaid position or employed in the Company on the day of initiation of the bankruptcy proceedings of the Company or on the day of the issuing of the decision of the Commission on determining the claims or a person employed on that positions during the current or previous financial year;
- 10) family members and third parties acting on behalf of the person referred to in points 8) and 9) of this Article;
- 11) clients, auditors and employees of the Company responsible for generation of the claim or who used certain facts related to the Company causing financial difficulties to the Company or worsening its financial situation.

FINANCIAL INSTRUMENTS

Financial instruments, pursuant to the LCM, are:

- Transferable securities,
- Money market instruments,
- Units in collective investment institutions (units in open investment funds) and
- Financial derivatives.

Transferable securities are:

- Shares in companies or other securities equivalent to shares in companies, which represent a holding in capital or voting rights of the company, and depositary receipts in respect of shares;
- Bonds or other forms of securitized debt, including depositary receipts in respect of such securities;
- Any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures

Money market instruments are financial instruments normally traded on money market, such as:

- treasury bills,
- bank treasury bills,
- commercial papers and
- certificates of deposit, excluding instruments of payment.

Units in collective investment undertakings

Investment funds are collective investment undertakings in which funds are collected. Collected cash funds are invested in various sorts of assets, in accordance with investment objectives stated in the prospectus, for the purpose of gaining profit and reducing investment risk.

Investment funds can be open, closed and private.

Open investment fund operates on the principle of collecting funds through the issue of investment units and purchase of investment units upon request of member of the fund. Open funds invest in liquid securities whose market value may be determined daily, and investors may invest their assets every day, or withdraw them from the fund.

Closed fund collects funds by selling shares through a public offer. In addition to the securities in which open funds invest, closed funds may invest in real estate as well as companies that are not traded in an organized market, thus being at higher risk than open funds.

Private fund is organized as a limited liability company and such funds have no restrictions while investing. They are intended for experienced investors and the minimum deposit is 50,000 EUR.

Pursuant to the selected investment objective, the funds may be:

1. equity growth fund;
2. revenue fund;
3. balanced fund;
4. fund for preservation of asset value.

Proportional accounting unit in total net assets of the investment fund is an investment unit.

When an investor places money in a fund, the investor buys investment units. The number of investment units is obtained by dividing the investment (less the fee for purchase of investment unit) by the value of the investment unit on the day of payment.

Based on the number of investment units, any investor can calculate the value of investment in the fund as a product of the daily value of investment units and the number of units the investor holds.

When investors wish to withdraw their investments from a fund, they can do so by selling their investment units to the fund. The money paid equals the product of the number of investment units and their value on that day, less the redemption fee.

Financial derivatives

Financial derivatives are derived financial instruments that include:

- options
- futures
- swaps
- forward rate agreements and

- any other derived financial instruments related to securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash.

Risks of investing in financial instruments

Transactions with financial instruments (including purchase and sale of financial instruments) carry certain risks. Risks consist primarily of unexpected changes in prices of financial instruments, inability of the issuer of financial instruments to perform liabilities assumed, imposition of additional liabilities and restrictions to holders of financial instruments by the state, such as tax duties, changes in market liquidity of certain financial instruments and so on.

Prices of financial instruments shall be changed in accordance with market conditions which may be affected by a number of factors, some of which being entirely unpredictable. Also, the performance of liabilities of issuers that emerge from financial instruments may be brought into question or fail in its entirety.

States may amend their tax policies, introduce restrictions to the use of financial instruments, or use other measures that may affect the quality and value of certain financial instruments. Investors are recommended to, in the selection of financial instruments in which they shall invest, adjust the size, structure, maturity and all other elements of liquidity and riskiness of investments in financial instruments in accordance with their current and assumed future financial status, taking into account their own investment experiences. Also, there are certain risks related to telecommunications and other means of connection, availability of certain stock exchanges, inability to perform settlement via the system of Central Securities Depository, other depository institutions and others.

By signing the Contract on performance of brokerage activities and delivery of trading orders, the Client shall confirm that he is aware of risks related to capital market and that the Company has provided him with data and information requested, and that any questions asked in regard to market conditions and financial instruments referred to in the Order have been answered in a satisfactory manner.

Risks of investing in financial instruments may be categorized into general and particular risks that are related to a certain financial instrument. Due to the said categorization, in making decisions to purchase or sell financial instruments the Clients should always take into account the following risks:

1. General risks in dealing with financial instruments (FI):
 - risk of reduction of value of FI due to global and/or regional recession;
 - currency risk, or the risk of exchange rate fluctuations;
 - interest rate risk, or the risk of the loss due to changes in interest rates;
 - risk associated with changes in the credit rating of a country, include: the risk that a particular country will not be able to pay its debt, political risk, risk of unexpected regulatory changes affecting capital markets and investor position;

- risk of inflation (risk of a drop in the value of financial instruments due to the general increase in prices);
- risk that a financial instrument will not be able to be sold on the secondary capital market due to a decrease in demand or because that the market is inefficient (liquidity risk);
- risk of reduction in the value of a financial instruments due to a falling in the credit rating of an issuer (issuer risk);
- risk of reduction or complete loss of the value of financial instruments due to the bankruptcy proceedings against the issuer of financial instruments (bankruptcy risk);
- risk of changes in value of financial instruments resulting from speculative activities of investors (market psychology risk);
- risk of transfer and convertibility, or risk of inability to transfer and/or convert certain currencies;
- risk of a failure in IT systems and/or the risk of breakdown of communication links between banks, the Central Securities Depository, stock exchange and/or other regulated markets of financial instruments;
- risk of potential loss because of unfamiliarity with or lack of knowledge of the market or trading techniques due to daily trading;
- risk of trading instruments traded on the MTF due to lower requirements related to the level of publicly available information that enable trading under equal conditions for all investors due to the facts that instruments do not have to conform to the requirements prescribed for regulated markets and consequently to lower requirements applicable to issuers of instruments traded on the MTF;
- risk of trading instruments traded on the MTF is greater than the risk of trading instruments traded on other regulated markets.

2. Particular risks in dealing with certain FI:

- In operations with shares:
 - market risk, volatility risk, or the risk of a decline in the value of shares due to periodic price movements in the market;
 - yield risk, the risk of the ratio of the market price and dividend payments, or the risk of dividend payments will not be made;
 - bankruptcy or liquidation risk of joint-stock company, can lead to total losses for the Client;
- In operations with bonds:
 - market risk, volatility risk, or the risk of the drop in value due to the usual periodic price movements in the market;
 - risk of changes in the credit rating of the issuer, or the risk that the issuer will not be able to meet its payment obligations under the bond issue;
 - yield risk, the risk of changes in yields due to the selling of bonds before maturity;
 - interest rate risk, the risk of changes in market interest rates relative to interest rates on bonds, for example, if market interest rates rise more than the interest rate on the bonds;

- liquidity risk, the risk that the supply and/or demand for a particular bond is reduced or completely disappears, which may result in the lack of usability of the bond;
 - currency risk, the risk that the value of bonds that are denominated in one currency or indexed in a particular currency, but which are expressed in another currency, will drop due to changes in the exchange rate of those currencies;
- In operations with money market instruments:
- risk of changes in the credit rating of the issuer, or the risk that the issuer will not be able to meet its payment obligations on the basis of issued financial instruments;
 - liquidity risk, money market instruments generally not quoted in the secondary markets, so there is a chance that an investor will not be able to sell the instrument, but will keep them until maturity;
 - currency risk, the risk that the value of bonds that are denominated in one currency or indexed in a particular currency, but which are expressed in another currency, will drop due to changes in the exchange rate of those currencies;
- In trading with open investment fund units:
- currency risk, the risk that may emerge from the fact that the assets of the fund may consist of funds in different currencies, so that depreciation (exchange rate growth) or appreciation (exchange rate drop) may occur, which could result in an increase or decrease in the value of shares in the fund;
 - market risk, the risk that the fund's assets invested in financial instruments traded on the markets shall drop in value due to the drop of prices on the markets;
 - credit risk, the risk that the issuer in whose assets the assets of the fund were invested cannot fulfill its financial liabilities, leading to a decline in the value of the fund's assets;
 - liquidity risk, the risk that the fund will be unable in case of need of quick sale of financial instruments, to sell financial instruments at a price approximate to fair price, or will be unable to sell the desired quantity of financial instruments;
- In trading with financial derivatives:
- risk of position arising due to changes in value of derivatives in relation to the change in specified interest rate, financial instrument price, commodity price, exchange rate, indices or similar variables;
 - risk of failure to perform settlement and risk of untimely settlement due to which the financial derivative may become worthless;
 - risk of maintaining open positions, or the risk of need of additional charges for the maintenance of coverage due to price changes;
 - risk of premature closure of positions;

- credit risk and settlement risk for instruments that are not traded on the stock exchange.

The Company shall limit its liability only to actual monetary damages emerging as a result of intent and/or gross negligence of the Company or its employees.

The Company shall in no case be liable for losses of the Client caused in respect of occurrence of any of the listed or unlisted risks, as well as indirectly from any declared or undeclared war, political unrest, natural disasters, restrictions or prohibitions pursuant to decisions of the Governments, market rules, rules of regulatory agencies, cessation of trade, strikes, problems and delays in communication and/or information systems, electricity outages, failures of information systems, failures of telecommunication systems, telephone lines, internet connections, overload of telephone lines of the Company, overload of communication lines, which is particularly related to systems of Stock Exchange, CSD and the Company, and settlement and clearing systems (force majeure), losses incurred due to actions and/or omissions of third parties or actions of the Client, tax liabilities and without influence of the Company on the emergence of such loss.

The Company shall not be liable for damages or losses of the Client if the same has not timely notified the Company of the amendment of his contact information, as well as the change of authorized persons or revocation and/or change of representative.

The Company shall not be liable for actions of the Client's representative nor his decisions to purchase and/or sell financial instruments in the name and for the account of the Client.

Summary description of the Conflict of Interest Management Policy

Conflict of interest is any situation in which the Company and/or relevant person are not neutral and objective in relation to the subject of business activity, or when they use their specific position in the provision and performance of investment services and activities, and ancillary services, having professional and/or personal interests that are contrary to the interests of clients.

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.

Conflict of interest management is governed by the internal document, Conflict of Interest Management Policy that regulates:

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 regarding conflict of interests.

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.

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

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.

The Company in the course of its business may not take any actions and activities to achieve material or financial interests to the detriment of the assets of the Company's clients, nor may in the course of its business put the interests of the Company before the interests of its clients.

Employees of the Company may not carry out their duties and tasks in a manner conducive to personal interests to the detriment of the Company's clients.

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.

Expenses and fees

All information on expenses and fees for each of the abovementioned services and activities are specified in the Tariff Rate Rules of the Company that are available to the client or potential client when contracting the abovementioned services and activities.