

Enclosure 2 of the Rules in Providing Investment Services, adopted at the meeting of the Executive Board held on 22 January 2019 (No. EB_2_19/5, 22 January 2019).

THE POLICY OF JOINING AND CLASSIFICATION OF ORDERS

Banca Intesa ad Beograd

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I INTRODUCTORY PROVISIONS AND THE MEANING OF SPECIFIC TERMS

Article 1

This Policy represents a mechanism which ensures undertaking of all reasonable steps with the aim to achieve the best possible results in the process of joining and classification of the clients' orders, taking into account the elements and criteria stated further in the text.

This Policy shall be applied to the services of execution of orders, as well as the receipt and transfer of orders on behalf and for the account of the client, in mediation in purchase and sale of financial instruments that the Authorized bank provides to their clients, in accordance with the provisions of the positive regulations, Rules in Providing Investment Services of the Authorized bank (hereinafter: Operating rules) and other internal documents of Banca Intesa ad Beograd.

The provisions of this Policy refer to small and professional clients.

In the process of joining and classification of clients' orders, the Authorized bank shall act with the care of a good expert and strive to protect clients' interests in an adequate manner.

Article 2

Joining and classification of orders implies that the Authorized bank act with the care of a good expert and in accordance with the provisions of this Policy, positive regulations, Operating rules and other internal documents of Banca Intesa ad Beograd.

If the Authorized bank receives an explicit and clear instruction (which represents the integral part of the order) such order will be executed in accordance with this instruction.

Article 3

The aim of this Policy is to determine the efficient mechanisms for joining and classification of clients' orders. Order joining mechanisms should provide potentially greater benefit of cumulative orders over the individual order for the client, bearing in mind that the Authorized bank is always governed by the intention to achieve the most favourable outcome for their clients, as well as for the individual orders.

Joining individual orders to the cumulative one can result in more favourable price for the clients, more time efficient realization and potentially lower transaction costs, all depending on the financial instrument being the subject of the specific transaction.

Provisions of this Policy do not replace provisions of the Contract or Regulations defining the referred area. Any issue not regulated by this Policy shall be resolved by implementation of the provisions from the Operating rules and the General Terms and Conditions of Banca Intesa ad Beograd.

Article 4

Certain terms stated in this Policy have the following meaning:

Bank – Banca Intesa ad Beograd;

Authorized bank - in terms of the Law on the Capital Market (hereinafter referred to as: the Law) – represents organizational unit of the Bank authorized for providing investment services and activities defined by the authorization of the Committee for Securities (hereinafter referred to as: the Committee). The Authorized bank shall execute investment services independently or by using other systems of Banca Intesa ad Beograd, that is, using the combination of these systems.

Client – individual or legal entity to whom the Bank provides investment and/or ancillary services, classified as a small client or a professional client.

Order – expression of will of the client communicated to the Authorized bank, ordering that the bank (on their behalf and for the account of the client – hereinafter referred to as: the brokerage service) buy or sell financial instruments.

Collective order – joint delivery of several orders as a single one, if such exposure, in terms of volumes, does not reduce the possibility of execution of orders with previous consent of the client;

Dealer order – order delivered on behalf and for the account of the Bank;

Individual order – individual order;

Execution of orders on behalf of the client – implies activities related to conclusion of the agreements for purchase or sale of one or more financial instruments for the account of the client.

Durable medium – paper or any other means enabling keeping of the data in digital format in such a way to insure access, processing and comprehensiveness of the data at least until the term stipulated by the regulations.

Market regulator – is an entity managing, that is, executing activities related to functioning of the regulated market; market regulator can also be the regulated market itself.

II JOINING AND CLASSIFICATION OF ORDERS

Article 5

The Authorized bank can jointly display orders for purchase and sale of securities issued by the same issuer, and under the same conditions (price, type of the order) as one order (cumulative order), if such display, in terms of volumes, does not reduce the possibility of order execution with previously obtained consent of the client. The Authorized bank may execute the accepted client's order or the dealer's order by joining them to another accepted order in accordance with the following conditions:

1. in such a manner that the volume and price from the order do not influence classification,
2. precise and clear processing of partially executed orders,
3. that the client whose orders are joined has been notified by the Bank on a durable medium.

Concerning the client's individual order, the Authorized bank will be governed by the principle of achieving the most favourable outcome for the client. In case of joining individual orders of the client to the cumulative order, the Bank shall be governed by the principle of the most favourable outcome for the client, as the main goal of joining.

If the cumulative order enables better conditions than individual orders, more favourable conditions that follow as a result of the cumulative order will be explained to the client and the Authorized bank will join the client's individual order to the cumulative order on the basis of the client's written consent.

As in the case of individual orders, the Authorized bank, on occasion of execution of cumulative orders, will take all necessary activities required for achieving of the best possible outcome for the client, taking into account the following elements:

- price of the financial instrument;
- costs, speed and possibility of execution;
- costs, speed and probability of settlement;
- size, type and nature of the order;
- other circumstances relevant for the execution of the order.

The Authorized bank shall determine the relative importance of the aforementioned elements taking into account the following criteria:

- characteristics of the client, including classification as professional and small clients;
- characteristics of the client's order;
- characteristics of the financial instrument that the order refers to;
- characteristics of the place of trading in which the order can be executed.

If the accepted order of the client is joined to the order or orders of other clients, distribution of the executed volumes will be realized in accordance with the proportional share of the value of the individual order in the value of the cumulative order.

III JOINING AND CLASSIFICATION OF DEALER ORDERS

Article 6

The Authorized bank may join the dealer order to one or more accepted clients' orders, so that:

1. orders are classified in the manner that would not damage the client,
2. in partially executed joined orders, the Authorized bank will classify dealer orders in the manner as to give preference to the client's order over the Bank,
3. additional classification of dealer orders executed in combination with accepted clients' orders in the manner damaging for the client are disabled.

Apart from Paragraph 1, Item 2 of this Article, the Authorized bank can proportionally classify dealer order, in accordance with this Policy, if it can be proved that without the combination of the dealer order with the accepted client's order:

1. it would not have been possible to execute the accepted client's order at such favourable conditions,
2. it would not have been possible to execute the client's order at all.

IV REVISION AND UPDATE OF POLICY, COMING INTO EFFECT

Article 7

The Authorized bank shall continuously monitor the efficiency of this Policy, especially in relation to the quality of order execution, it will estimate, at least once a year, if the envisaged measures ensure the achievement of the most favourable outcome for clients and revise this Policy if necessary.

Article 8

The Authorized bank shall notify the clients of all material changes of this Policy, in the manner defined by Article 2 of the Service providing Operating rules.

It will be considered that the client has accepted the amendments of this Policy if, after their publication in the manner described in Paragraph 1 of this Article, the client delivers the order to the Bank, unless the client has informed the bank of the contrary.

Article 9

This Policy is the integral part of the Operating Rules. This Policy shall come into effect and be implemented from 01 April 2019.