

Appendix 2 to the Operating rules for the provision of investment services, adopted at the session of the Board of Directors, held on 21<sup>st</sup> December 2022 (No. UO\_23\_22/2, 21<sup>st</sup> December 2022).

## **POLICY OF JOINING AND CLASSIFICATION OF ORDERS**

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**I INTRODUCTORY PROVISIONS AND THE MEANING OF CERTAIN TERMS****Article 1**

This Policy of joining and classification of orders (hereinafter: the Policy) represents a mechanism through which it is ensured that all reasonable steps are taken in order to achieve the best possible result when joining and classifying the Client's orders, taking into account the elements and criteria listed below.

This Policy shall be applied to the services of execution of orders, as well as the receipt and transfer of orders referring to one or several financial instruments, on behalf and for the account of the Client, in mediation in purchase and sale of financial instruments that the Bank provides to its clients, in accordance with the provisions of the positive regulations, Rules in Providing Investment Services of the Bank (hereinafter: Operating rules) and other internal documents of the Bank.

The provisions of this Policy apply to Small Investors, Professional Investors and Certain Professional Investors.

All terms used in this Policy shall have the meaning set forth in the Operating Rules.

**Article 2**

Joining and classification of orders implies that the Bank acts with due care of a good expert and in accordance with the provisions of this Policy, positive regulations, Operating rules and other internal documents of the Bank and efforts to protect client's interests in an adequate manner.

Should the Bank receive 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 enable the Clients that the Collective Order can potentially provide a greater benefit than the Individual Order, all bearing in mind that the Bank is always guided by achieving the most favorable outcome for the Clients, as is the case with the Individual Order.

Joining Individual Orders to the Collective 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.

The provisions of this Policy do not replace the provisions of contracts or regulations that regulate the subject area. The provisions of the Operating Rules and the Bank's general business conditions shall apply to everything that is not regulated by this Policy.

## **II JOINING AND CLASSIFICATION OF ORDERS**

### **Article 4**

Orders for the purchase and sale of securities of the same issuer with the same conditions (price, type of order), the Bank can jointly issue as one (Collective order), if such issuance in terms of quantity does not reduce the possibility of execution of the order with the prior consent of the Client. The Bank can execute an accepted Client's order or a dealer's order by joining another accepted order if:

- efficient classification of orders is thus achieved, which accurately predicts the correct allocation of associated orders and transactions, including the way in which the volume and price specified in the order determine the allocation and handling of partial executions,
- accurate and clear handling of partially realized orders is ensured,
- Informing the Client whose orders are joined, on the Permanent Data Carrier, about the more favorable conditions resulting from the joining of orders and obtaining his/her written consent,
- minimizing the possibility that by joining the order, the interests of any Client whose order is joined, are damaged,
- warning all Clients whose orders are being joined that the joining of orders may harm the Client's interests in relation to the Individual order.

Should the Bank join an order for its own account with one or more Client orders and such joined order is partially executed, the Bank shall classify the related transactions so that the Client has priority over the Bank.

If the Bank can reasonably prove that without combining, it would not be able to execute the order under such favorable conditions or would not be able to execute it at all, it can proportionately allocate the transaction for its own account.

If the client's accepted order is joined to the orders of other Clients, the distribution of the realized quantity will be realized in accordance with the percentage participation of the value of the Individual order in the value of the Collective order.

## **III JOINING AND CLASSIFICATION OF DEALER ORDERS**

### **Article 5**

The Bank may join a dealer order with one or more accepted Client orders, so that:

- the orders are classified in a way that would not harm the Client,
- in the case of a partially executed joined order, dealer orders will be classified in such a way that the Client's order has priority over the Bank's order.

Notwithstanding paragraph 1, item 2 of this article, the Bank may proportionally classify the dealer order, in accordance with this Policy, if it can prove that without the combination of the dealer order with the Client's accepted order:

- it would not be possible to execute the accepted order of the Client under such favorable conditions,

- it would not be possible to execute the Client's order at all.

#### **IV REVISION AND UPDATE POLICY, EFFECTIVE DATE**

##### **Article 6**

The Bank hereby undertakes:

- to continuously monitor the effectiveness of this Policy, especially in relation to the quality of order execution, and will assess at least once a year whether the planned measures ensure the achievement of the most favorable outcome for the Clients and, if necessary, revise this Policy;
- review this Policy every time there is a material change that affects the Bank's ability to continue to achieve the most favorable possible outcome for its Clients using the order execution venues listed in Annex 1 of the Order Execution and Order Execution Assignment Policy.

##### **Article 7**

This Policy shall be an integral part of the Operating Rules.

The Bank shall publish this Policy in the manner defined in Article 2 of the Operating Rules.

The Bank will notify clients of all material changes to this Policy and its entry into force in the manner defined in Articles 2 and 85 of the Operating rules.

**It shall be deemed that the Client has accepted the amendments of this Policy if, following their publication in the manner described in this Article, the client supplies the Bank with the order, unless the client has informed the bank of the contrary.**

PRESIDENT OF THE BOARD OF  
DIRECTORS

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Draginja Đurić