RULEBOOK ON INFORMATION FOR SMALL INVESTORS

April 2021.

Finveo
The Capital Plaza, Cetinjska 11
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Contents

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1. Information about the company and the services it provides

1.1. Contact information

Business name: Investment company Finveo JSC Podgorica
Abbreviated name: Finveo JSC Podgorica
Headquarters: Cetinjska 11, Capital Plaza, Podgorica
PIB: 03321169
Registration number: 40009763
Share capital: 730,000 Euros
Internet address: www.finveo.mn
Email: info@finveo.mn
Phone: +382 20 20 20 02, +382 20 43 66 98
Accounts:

Crnogorska komercijalna banka	
Client domestic account	510-000000013166-141
Corporate domestic account	510-000000013156-150
Client foreign account	ME25510000000013166141
Corporate foreign account	ME25510000000013156150

Ziraat banka	
Client domestic account	575-0000000000976-07
Corporate domestic account	575-0000000000975-10
Client foreign account	ME25575015010000832941
Corporate foreign account	ME25575015010000831098

1.2. Investment services and activities

The company performs the following financial services and activities:

1. execution of orders for the client's account,
2. trading for its own account,
3. portfolio managemen,
4. investment consulting,
5. services of conducting the offer, i.e. sale of financial instruments from the obligation to purchase,
6. services of conducting the offer, i.e. sale of financial instruments without the obligation of redemption.

1.3. Work permit

The regulatory body that has issued a license to the Company to provide investment services is the Capital Market Authority (hereinafter: the Authority), by Decision No. 03/2-2/11-20 from 31.07.2020. and 03/2-2/13-21 from 20.05.2021.

1.4. Communication with clients

1.4.1. The language of communication

The language of communication is Montenegrin and English. The Company may communicate with clients - foreign legal or natural persons in English or another foreign language provided by the contract.

1.4.2. Manner of giving and receiving orders

In accordance with Article 27 of the General Business Rules of the Investment Company, the Company receives client orders in the following ways:

- directly, in writing,
- by mail, telephone or electronically.

An order received in writing is valid if it is signed by the client or his authorized representative / proxy. Receipt of the order by phone is valid if the call was received from the phone number registered as a means of communication, which the client submits when opening the account. Every telephone conversation with clients is recorded in order to have an archive as evidence for receiving orders.

1.4.3. Place of placing an order

The Company may accept orders in:
- the registered office of the Company,
- business premises of an authorized investment company

1.4.4. Manner of submitting documentation and other information by the Company

The Company presents to its clients and potential clients general acts and other documents in the Montenegrin language.

For clients of foreign legal and natural persons, the Company will provide translation into English of general acts and other written and information.

1.5. Client reporting

The Company will provide the client with a notice on the following:

- time and place of receipt of the order, change and revocation of the order;

- acceptance or refusal to execute the order, stating the reasons for refusing the order, immediately upon receipt of the order, and no later than the next working day from the day of receipt / rejection of the order.

Immediately after the execution of the order, the Company will deliver to the client:

- submit important information on the execution of the order, i.e. to the small client the Certificate on the execution of the order, no later than the first working day after the execution of the order, in the manner defined by the contract,
- notification of the price of each individual tranche if the transactions are executed in tranches.

The Company will notify the client of any significant change in the information provided, through a durable medium or in a manner specified in the Agreement.

The Company shall, at least once a year, submit to each individual client a report on the Client's assets, ie financial instruments held for the Client in the manner specified in the Agreement, unless such report is submitted as part of another periodic report.

At the client's request, the Company will provide the client with proof that it has executed the order in accordance with the adopted policies and procedures on order execution.

The Client is obliged to immediately notify the Company in writing of the change of address and other data that are relevant for notification, as well as for the fulfillment of the Company's obligations in providing investment and additional services and activities.

1.6. Information regarding the protection of financial instruments

The Company may use financial instruments from the client's account only on the basis of the client's order.

The Company has established adequate systems for the protection of clients 'property rights which prevent the use of clients' financial instruments on behalf of the Company or on behalf of other clients, except with the express consent of the client.

The accounts of the Company's financial instruments are separated from the clients' accounts.

Clients' financial instruments are not owned and do not enter the Company's assets and cannot be used to pay the Company's liabilities to clients.

Clients' financial instruments may not be included in the liquidation or bankruptcy estate of the Company, nor used to pay its liabilities,

The Company may not pledge or dispose of financial instruments owned by a client without his prior written authorization.

The Company may not:

- executes client orders in a manner that is not in accordance with the Law on Capital Market ("Official Gazette of Montenegro", No. 001/18) and acts of the Authority, i.e. acts of a regulated market, or MTP,

- buys, sells or borrows for its own account the same financial instruments that are the subject of the client's order before acting on the client's order.

The Company may hold financial instruments of clients for the purpose of providing financial services to a third party on its own behalf (administration of financial instruments of clients).

The Company is liable to the client only for the actions or omissions of its employees and is not liable to the client for the actions or omissions of the competent authorities and institutions.

The Company is obliged to keep records, accounts and correspondence related to the client precisely and accurately, to regularly harmonize them with the records and accounts of third parties who hold the client's property, to keep them in such a way that at any time and immediately distinguish the client's property. assets of other clients and assets of the Company itself and when the client's assets are kept in a consolidated account.

The Company is obliged to take into account the expertise and market reputation of the depositary when selecting the foreign depositary on whose accounts it will hold financial instruments, to subject the depository to state regulations governing the safekeeping of financial instruments for another person, to periodically review the choice of depositary and agreed holding arrangements. safekeeping of the client's financial instruments. Exceptionally, the Company may deposit a client's financial instruments with a depository in a country where the holding and safekeeping of financial instruments on behalf of another person is not specifically regulated, only if the nature of the financial instrument or investment service associated with that instrument requires in writing the deposit of its financial instruments with a depositary in that State. The Company may not alienate or pledge financial instruments owned by a client without his prior written authorization, buy, sell or lend financial instruments solely for the purpose of charging a commission or other fee, use the client's financial instruments to pay its obligations and other clients' obligations. The client's financial instruments held by the Company may be used for the Company's account or for the account of other clients only with the express consent of the client.

1.7. Conflict of interest management policy

Conflict of interest in the provision of investment services is possible in the following cases:
1. When the interests of a client of the Company conflict with:
- the interests of another client of the Company,
- the interests of the Company, other relevant persons and all persons closely related to them;
2. When the Company has received confidential / insider information regarding a current or former client, which would be useful to another client;
3. When the interests of the relevant person are in conflict with the interests of the Company.

1.7.1. The method of determining the existence of a conflict of interest

In determining conflicts of interest that may harm the interests of clients, it will be considered whether the Company, relevant persons and persons closely related to them, by providing investment services:

1. They can make a financial profit or avoid a loss to the detriment of the client;

2. Have a financial or other interest or benefit from the results of a service provided to a client or a transaction performed on behalf of a client that differs from the client's interest;

3. Have a financial or other motive that corresponds to the interests of another client or group of clients to the detriment of the interests of the client to whom a particular service is provided;

4. Perform the same activity as the client;

5. Receive or will receive from a person who is not a client additional incentive due to work done for the client in the form of money, goods, services, etc., which is not the usual commission or fee for that work.

An incentive in the sense of this Ordinance is considered to be any gift in the form of money, valuables, rights and services given free of charge to the Company and / or relevant persons. Employees can receive a gift worth up to 50 Euros, and any gift received above that amount is required to report to the Management Board, and to return it to the giver if the Management Board makes such a decision. Employees are not allowed to receive money as an incentive regardless of the amount.

Relevant persons must not provide investment and additional services in a way that is in the interest of individual clients and to the detriment of other clients.

The relevant person is obliged to: when providing investment services:

1. Puts the interests of its clients before its own interests;

2. To operate fairly, honestly and professionally in accordance with the best interests of clients.

Methods of managing conflicts of interest and controlling access to confidential information include:

Control of information exchange between:

- relevant persons in the Company,

- various parts of the Company,

- obligation to report personal transactions,

- informing the client about possible conflicts of interest related to the investment service / transaction and obtaining written consent of the client not to oppose such a conflict of interest,

- non-acceptance of the provision of investment services.

The control, access and flow of confidential information is limited to persons who must know that information.

Relevant persons are prohibited from:

1. disclose confidential information regarding financial instruments traded on a regulated market, i.e. MTP, or OTC, to another relevant person employed by the Company,

2. participate, personally or through the Company, in any decision on the purchase or sale of financial instruments while in possession of confidential information directly related to the Company

3. receive or attempt to obtain confidential information regarding financial instruments from other employees or a client of the Company,

4. access files and databases containing confidential information, except in accordance with the Conflict of Interest Management Policy;

5. disclose information to third parties related to the purchase / sale of financial instruments purchased / sold by a client of the Company, as well as other insider information in order to obtain personal benefit for themselves or third parties.

Information obtained by relevant persons in connection with issued orders and transactions of clients' financial instruments, as well as their portfolios, is considered a business secret.

1.8. Client complaints

The company is obliged to adopt procedures for dealing with client complaints. The complaint may be filed by the Company's clients, ie the Company's potential clients, in one of the following ways:

1. by direct submission of a written complaint at the Company's registered office,
2. by sending by mail,
3. by sending a scanned complaint by e-mail to: complaints@finveo.mn

Complaints shall be submitted in writing, on the Form which is an integral part of this Ordinance and must contain at least the following information:

1. personal data of the person submitting the complaint, namely: name and surname, i.e. name of the legal entity, JMBG (MB), address, contact e-mail and contact telephone,
2. the date of filing the complaint,
3. description of the subject of the complaint and evidence,
4. signature of the complainant.

The client can also make a proposal for resolving the situation that is the subject of the complaint, if he wishes.
The person authorized to act on client complaints (hereinafter: the authorized person) shall, within five working days from the date of receipt of complaints, determine any disputed facts, compile a report on complaints and submit it to the Executive Director of the Company.
The Executive Director to whom the complaint with the report of the authorized person has been submitted, is obliged to immediately, and no later than within 3 working days from the day of receipt, make a decision on the complaint and submit it to the authorized person for further action.

No later than the next working day from the day of receipt of the decision of the Executive Director, the authorized person shall forward the response to the complaint to the client in writing.

The Company will send a response to the complaint in the manner specified by the complainant in the complaint form. If the complainant has not specified the manner of receiving the response to the complaint, the Company will send the response to the specified e-mail address or by mail to the address specified in the complaint form.

2. Information regarding financial instruments

2.1. Financial instruments and related risks

The Company's activities include all financial instruments defined by the Capital Market Act.
In accordance with the Law on Capital Market, financial instruments are:
1. transferable securities
2. money market instruments
3. investment units
4. derivatives, i.e. derivative financial instruments

2.1.1. Basic characteristics of individual financial instruments

Transferable securities are types of securities that are transferable on the capital market, except for payment instruments, such as:

1. shares of a joint stock company and other securities representing a share in the capital or membership rights in companies or other entities and certificates of deposited shares;

2. bonds and other forms of securitized debt, including certificates of such deposited securities; i

3. other securities that give the right to acquire or sell transferable securities that enable the purchase or sale or payment in cash, the amount of which is determined by reference to transferable securities, currency, interest rates, yields, goods, or other indices or units.

Equity securities are shares and other transferable securities, equivalent to shares of the company that represent a share in the capital, as well as other types of transferable securities that give the right to acquire them on the basis of conversion or enjoyment of rights arising from them.

Debt securities are bonds and other forms of transferable securitized debts, except for securities that are equivalent to shares and securities which, if converted or exercise the voting rights arising therefrom, give the right to acquire shares or securities of equivalent shares.

Shares

Shares are dematerialized equity securities issued by a joint stock company. A joint stock company is a company whose share capital is divided into shares that have one or more shareholders and have no maturity.

Actions can be:
- ordinary and
- privilege.

Shares are securities that represent participation in the capital or voting rights of a legal entity. Shares of the same class always give the same rights. Ordinary actions always make up one class of actions. Shares can be issued with or without par value. If the company issues shares with a nominal value, all shares of the same class must have the same nominal value. Ordinary shares give the rightful owner the following rights:

- the right to participate and the right to vote at the general meeting of shareholders,

- the right to dividend payment,

- the right to participate in the distribution of the liquidation balance or the bankruptcy estate in accordance with the law governing bankruptcy,

- the right of pre-emptive acquisition of ordinary shares and other financial instruments exchangeable for ordinary shares, from new issues,

- other rights in accordance with the Law on Capital Market and the Articles of Association of the joint stock company.

Ordinary shares cannot be converted into preferred shares or other financial instruments. Preference shares give the legal holder one or more privileged rights determined by the statute and the decision to issue shares:

- the right to a dividend in a pre-determined monetary amount or a percentage of its nominal value, which is paid as a priority in relation to the holders of ordinary shares,
- the right to have the unpaid dividend accumulated and paid before the payment of dividends to holders of ordinary shares,
- the right to participate in the dividend belonging to the holders of ordinary shares, in all cases of payment of dividends to the holders of ordinary shares, or
    - upon fulfilment of certain conditions (participatory preferential action),
    - the right of priority of collection from the liquidation balance or bankruptcy estate in relation to the holders of ordinary shares,
    - the right to convert these shares into ordinary or another class of preferred shares (convertible preference shares),
    - the right to sell these shares to a joint stock company at a pre-determined price.

Bonds

Bonds are long-term transferable and dematerialized financial instruments issued by states, local governments, banks and companies to finance long-term investments. By issuing the bonds, the issuer undertakes to pay the legal bondholder a certain amount of money (interest and principal) in the manner and in accordance with the conditions under which the bond was issued.

Bonds can be divided according to their many characteristics, and are most often divided:

- according to the issuer:
  - state - the issuer is the state, ie the Ministry of Finance or the Treasury,
  - municipal - the issuer is a unit of local self-government, corporate - the issuer is a company,
- according to the interest rate:
  - bonds without interest (coupon), bonds with a fixed interest rate (coupon),
  - bonds with variable (coupon) interest rate,
- according to the repayment of the principal:
  - bonds with one-time maturity of principal - the issuer pays the principal on maturity,
  - bonds with amortized principal repayment.

Money market instruments

Money market instruments are financial instruments that are commonly traded in the money market, such as treasury, treasury and commercial papers and certificates of deposit, with the exception of payment instruments.

- **Treasury bills** - Financial instruments issued by the Ministry of Finance in order to finance the state budget. They are bought at auctions published by the Ministry of Finance.

- **Treasury bills** - Transferable financial instruments with a maturity of up to one year. They are considered a risk-free instrument, and their main characteristics are safety and lower yield.

- Commercial papers - Transferable financial instruments issued by companies (issuer), in dematerialized form and registered. They enable the short-term needs of the company to be met so that the issuer, depending on the market situation, issues tranches of bills that are within the limits of the established program. A commercial paper is usually an unsecured (unsecured) financial instrument.

- **Certificates of deposit** - Transferable financial instruments by which banks obtain short-term funds.

Units of collective investment institutions

Units of collective investment institutions are units in collective investment entities that have received the approval of the Capital Market Authority, in accordance with the laws governing the operations of investment and pension funds.

Derivatives

Derivative financial instruments include:

1. options, futures, swaps, interest rate forwards and other derivative financial instruments related to securities, currencies, interest rates or interest yields, greenhouse gas emission units, as well as other derivative financial instruments, financial indices or financial units that can be settled in cash or in exchange,

2. options, futures, swaps, interest rate forwards and other derivative financial instruments related to commodities that are obligatorily settled in cash or may be settled in cash at the request of one of the counterparties, for reasons not related to default or contract termination,

3. options, futures, swaps and other derivative financial contracts related to commodities that can be physically settled, provided that those commodities are traded on a regulated market and / or MTP and / or OTP, except for wholesale energy products traded on OTP which must be settled by exchange,

4. options, futures, swaps, forwards and other derivative financial instruments related to commodities that can be physically settled, in a manner not provided for in sub-item of this item, which are not intended for trading and have the characteristics of derivative financial instruments,

5. Derivative financial instruments for credit risk transfer;

6. financial agreements on differences;

7. options, futures, swaps, interest rate forwards and other derivative financial instruments related to climate change, transportation costs, greenhouse gas emission units or inflation rates or other official economic statistics that must be settled in cash at the request of one from counterparties for reasons not related to default or termination of the contract, as well as other derivative financial contracts related to assets, rights, liabilities, indices and other units of measure that have the characteristics of other derivative financial instruments traded on a regulated market , MTP or OTP;

8. greenhouse gas emission units.

2.2. Risks of investing in financial instruments

2.2.1. General risks in dealing with financial instruments

- currency risk, i.e. exchange rate risk;

- interest rate risk, i.e. the risk of loss due to changes in interest rates;

- the risk of a change in a country's credit rating, such as: the risk of inability to pay a country's debt, political risk, including the risk of unexpected regulatory changes affecting the capital market and the position of investors;

- inflation risk, i.e. the risk of impairment of financial instruments due to general price increases

- liquidity risk, i.e. the risk of inability to sell financial instruments on the secondary capital market due to reduced demand or market inefficiency;

- issuer risk, i.e. the risk of impairment of financial instruments due to the fall in the issuer's credit rating;

- bankruptcy risk, i.e. the risk of reduction or complete loss of value of financial instruments due to the opening of bankruptcy proceedings against the issuer of financial instruments;

- market psychology risk, i.e. the risk of changes in the value of financial instruments due to speculative activities of investors;

- risk of failure of information systems and / or risk of interruption of communication links between authorized banks, registers, depots and clearing of securities, market organizers and / or regulated public markets of financial instruments;

- risk of financial leverage, purchase of financial instruments by borrowing significantly increases the risk of loss;

- day trading risk, i.e. the risk of the possibility of daily or immediate loss due to the execution of transactions on the same day;

- market segment risk (risk of individual market segments in the country or abroad).

2.2.2. Special risks in dealing with financial instruments

Special risks in dealing with financial instruments are:

in stock business:

- market risk, volatility risk, i.e. the risk of a fall in the value of a share due to normal periodic movements in market prices;

- yield risk, i.e. the risk of the relationship between the market price and dividend payment, or the risk of non-payment of dividends;

- the risk of bankruptcy or liquidation of a joint stock company may lead to a complete loss for the client;

in bond business:

- market risk, volatility risk, i.e. the risk of a fall in the value of the bond due to the usual periodic movements of market prices,
- reinvestment risk,
- the risk of a change in the credit rating of the issuer, i.e. the risk that the issuer will not be able to settle its due obligations on the basis of issued bonds,
- yield risk, i.e. the risk of change in yield due to the sale of the bond before maturity,
- interest rate risk, i.e. the risk of changes in the interest rate on the market in relation to the interest rate on the bond, e.g. If the market interest rate rises more than the interest rate on the bond,
- liquidity risk, i.e. the risk that supply and / or demand for an individual bond will decrease

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or disappear completely,
- currency risk, i.e. the risk that the value of bonds denominated in one currency or with a currency clause, and denominated in another currency due to changes in the exchange rate of those currencies, will decrease.

in business with collective investment units:

- currency risk is the risk that is possible if the fund's assets consist of financial instruments denominated in different currencies. Changes in the interrelation of these currencies may affect the increase or decrease of the fund's assets, and thus the value of investors' roles in the fund;

- market risk, i.e. the risk of a decline in the value of the fund's assets due to a fall in the value of the prices of financial instruments in which the fund's assets are invested;

- credit risk is the risk that the issuers of financial instruments in which the fund's assets are invested are unable to perform their financial obligations, which causes a decline in the value of the fund's assets;

- liquidity risk is the risk that the market of financial instruments in which the fund's assets are invested is illiquid, that the fund cannot sell financial instruments quickly and at a fair price in order to meet the requirements for redemption of deposits.

in dealing with derivative financial instruments:

- position risk is the risk of loss due to a change in the price (increase or decrease) of a financial instrument or in the case of a financial instrument derived from a change in the price of the relevant variable;

- general position risk as a risk of loss based on a change in the price of a financial instrument due to changes in interest rates or major changes in the capital market, regardless of any specific characteristics of that financial instrument;

- specific position risk as a risk of loss based on a change in the price of a financial instrument due to facts relating to the issuer of the instrument, or in the case of a derivative financial instrument, due to facts relating to the issuer of the underlying financial instrument;

- exchange rate risk is the risk of losses arising from changes in exchange rates;

- commodity risk is the risk of loss arising from changes in commodity prices;

- liquidity risk is the risk of loss arising from the existing or expected inability of an investment firm to settle its financial obligations within maturity.

Information on costs and related expenses

The company is obliged to provide existing and potential small investors with information on costs, in particular:

1. the total price paid by the client in connection with a financial instrument or investment

or ancillary service, including fees, commissions, expenses and other expenses, as well as taxes paid through the investment firm, i.e. the basis for calculating the total price, in which the client can check if it is not possible to specify the exact price,

2. an indication of the currency and the applicable conversion rate and costs, if the amount of the price is to be paid in a foreign currency,
3. the possibility of incurring other costs or tax liabilities related to transactions related to a financial instrument or investment service, which are not determined and which are not paid through the investment company,
4. method of payment or other method of fulfilment of obligations to pay costs from item. 1 and 3 of this paragraph.

The company is obliged to make a specification of commissions, which is calculated by items separately in each case.

All data on costs and fees are listed in the Price List of the investment company.

3.Final regulations

This Rulebook, as well as its amendments, shall enter into force on the day of issuance of the license for the provision of investment services to the Company by the Capital Market Authority and shall apply from the first following day.