

**CLIENT CLASSIFICATION POLICY  
OF INVESTMENT COMPANY FINVEO JSC PODGORICA**

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**Finveo**

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## INTRODUCTORY PROVISIONS

### Article 1.

Investment Company "FINVEO" JSC Podgorica with its registered office at Cetinjska 11, Capital Plaza, 81000 Podgorica, Montenegro (hereinafter: the Company), is an authorized investment company authorized by the Capital Market Authority (hereinafter: the CMA) to provide investment and ancillary services and to perform investment activities in accordance with the Law on Capital Market ("Official Gazette of Montenegro", No. 001/18) (hereinafter: the Law).

Information on the Company and the services provided by the Company can be found in the document General Business Rules of the Investment Company "FINVEO" JSC Podgorica, which is available to clients in the Company's business premises and/or on the Company's official website ([www.finveo.com](http://www.finveo.com)).

In accordance with the Law and Rules on Organizational Requirements and Rules of Business Conduct for Performing Investment Services and Activities ("Official Gazette of Montenegro", No. 083/18, 023/19, 076/21) (hereinafter: the Rules), the Company prescribes measures and procedures for classifying clients.

## CLASSIFICATION

### Article 2.

The Company classifies its clients based on their knowledge, experience, financial situation, and investment goals.

In accordance with the above, the Company classifies clients to small and professional investors and qualified investors.

The Company classifies clients based on data obtained from the clients, which are collected through the Questionnaire filled and signed by the Client (the Client signs one copy, which remains with the Company, and at the Client's request, the Company will provide the Client with a copy of the Questionnaire).

The Company may consider the information obtained from clients to be credible, except when it is aware or should be aware that the information is clearly outdated, inaccurate or incomplete. The Client is obliged to inform the Company about the change of the relevant data.

By signing the Questionnaire on classification into a small or professional investor, i.e., a qualified investor, the Client confirms that agrees with the classification, and the Client agrees that the Company has informed him of the Client Classification Policy of the Investment Company "FINVEO" JSC Podgorica (hereinafter: the Policy).

Within the organizational structure of the Company, the collection of data from clients and the classification of clients is performed by the AML Authorised Person.

In addition to the above, the collection of data and classification of clients may be performed by the Board of Directors of the Company or the Compliance Officer.

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## PROFESSIONAL INVESTORS

### Article 3

In accordance with the Law, the professional investor is considered to be the Client who has sufficient experience, knowledge and expertise to independently make investment decisions and properly assess the associated risks. Entities that are considered as professional investors in the provision of all investment services and all ancillary services in relation to all financial instruments are:

- entities that are subject to the obligation of approval and/or supervision of the competent regulatory authority to operate in the financial market:
  - a) credit institutions,
  - b) investment companies,
  - c) other financial institutions that are licensed or subject to supervision,
  - d) insurance companies,
  - e) collective investment undertaking and their management companies,
  - f) pension funds and their management companies,
  - g) traders in goods and commodity derivatives,
  - h) other institutional investors,
- a large company that meets two of the following conditions:
  - a) has an annual net income of at least EUR 20,000,000,
  - b) has an annual net income of at least EUR 40,000,000,
  - c) has a capital of at least EUR 2,000,000,
- government, central bank, international organizations such as World Bank, International Monetary Fund, European Central Bank, European Investment Bank, and other similar international organizations,
- other investors whose predominant activity is investing in financial instruments, including entities engaged in asset securitization or other financial transactions.

In addition to the clients defined in the previous paragraph, the Company may classify other clients as professional investors, if the criteria and procedures prescribed by this paragraph are met:

- the Company may treat clients as professional investors, solely on their request and if the Company assesses that the Client, depending on the type of transaction or service, has sufficient knowledge, experience and expertise to be able to make its own investment decisions and understand the risk involved, whereas for such a client the Company cannot assume that he possesses professional knowledge and experience, identical to the knowledge and experience of the Client from the previous paragraph of this Article,
- for the assessment from the previous item of this paragraph, it should be met at least two of the following criteria:
  - the Client has performed an average of 10 transactions of significant value on the relevant capital market, within each quarter individually, in the previous year (the relevant market is the market where financial instruments are traded for which the Client wants to obtain the status of a Professional investor),
  - the size of the Client's portfolio of financial instruments exceeds EUR 500,000 (the portfolio of financial instruments includes both cash and financial instruments),
  - the Client works or has worked in the financial sector for at least a year at jobs which require knowledge on planned transactions and services.

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Clients referred to in the previous paragraph of this Article may waive a higher degree of protection arising from the General Business Rules of the Investment Company only if they follow the following procedure:

- if they request in written form the treatment of professional investor, in general or in relation to a specific investment service, type of transaction or product,
- a written confirmation, in a separate document separated from the Client Agreement, that the Company has warned them in writing which level of protection and rights provided by the investor protection system may be lost and that they are aware of the consequences of losing that level of protection.

Prior to the decision to accept the request for waiver of a higher level of protection arising from the General Business Rules of the Investment Company, the Company shall take all reasonable steps to determine whether the Client meets the requirements of the previous two paragraphs.

Professional investor is obliged to inform the Company about any changes that could affect its status. The Company is obliged to take appropriate measures regarding the change of the Client's status if it learns that the Client no longer meets the requirements prescribed for Professional investors.

## SMALL INVESTORS

### Article 4.

All clients who do not meet the requirements set out in Article 3, paragraph 1 of this Policy, are considered as small investors.

Small investors are also clients classified by the Company as small investors in accordance with the provision of this Policy on a higher degree of protection (former professional investors and qualified investors).

Small investors especially enjoy a higher level of client protection in accordance with the relevant legal regulations (e.g., conclusion of Client Agreement in written form, standardized submission of complaints, creation of advertising and other documentation that is designated to be available to a small investor in accordance with the provisions of the General Business Rules of the Investment Company).

Before providing investment services for the first time, the Company is obliged to enter a written Client Agreement with a small investor on a permanent medium, which regulates their mutual rights and obligations. The rights and obligations from the mentioned Client Agreement may be a part of other legal acts of the investment company. The provisions of this paragraph do not apply to the provision of investment advisory services.

When concluding the Client Agreement, the Company will acquaint small investors with the terms of the agreement, General Business Rules of the Investment Company and services provided by the Company, risks related to financial instruments, reporting obligations by the Company, rules of the Company regarding conflict of interest management.

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## ASSESSMENT OF ADEQUACY

### Article 5.

When providing investment advisory or portfolio management services, the Company is obliged, considering the nature and scope of the service, to collect data on the Client's investment objectives, its financial situation and knowledge and experience in the field of investment.

Data on Clients' investment goals include data on the time horizon of the investment duration, willingness to take risks, the client's risk profile and the purpose of the investment.

Information on the Client's financial situation, where appropriate, includes information on the source and amount of regular income, and its assets, including information on liquid assets, investments, real estate, and regular financial liabilities.

Information about the Client's knowledge and experience for understanding the risks associated with the service provided to him includes the following:

- the type of services, transactions, and financial instruments with which the Client is familiar,
- the nature, volume, and frequency of the Client's transactions with financial instruments and the period in which they were executed,
- profession and employment status of the Client.

Using the data collected pursuant to paragraphs 1 to 4 of this Article, the Company shall ensure that the transaction recommended as part of the provision of investment advisory services or transactions to be performed as part of a portfolio management service is appropriate for the Client.

The assessment referred to in paragraph 5 of this Article must include the following criteria:

- the compliance of the transaction with the Client's investment objectives,
- the Client's ability to bear the investment risks arising from the transactions,
- sufficient knowledge and experience of the Client to understand the risks associated with the service provided to him.

When the investment advisory service is provided to a professional investor, it can be assumed that in terms of paragraph 6, item 2 of this Article, the Client may, in accordance with the investment objectives, financially bear all associated investment risks.

When the services referred to in paragraph 1 of this Article are provided to a professional investor, it can be assumed that in terms of paragraph 6, item 3 of this Article, the Client has the necessary knowledge and experience to understand the risks associated with the service provided.

**Warning:** If the Company does not collect the data referred to in paragraphs 1 to 4 of this Article, necessary for the assessment of suitability referred to in paragraph 5 of this Article or based on the assessment of suitability concludes that a particular service and/or transaction isn't suitable for the Client, the Company is not allowed to provide a service to the Client.

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## ASSESSMENT OF SUITABILITY

### Article 6

When providing investment services other than investment advisory or portfolio management services, the Investment Company is obliged to assess the suitability of the investment service for the client.

The assessment referred to in paragraph 1 of this Article is performed by the Company based on collected data on the client's knowledge and experience necessary for understanding the risks associated with the service provided to him.

For the purpose of the assessment referred to in paragraph 1 of this Article, the Company is obliged to collect data on the Client's knowledge and experience in the field of investment, by collecting the following data on the client's knowledge and experience to understand the risks associated with the service provided:

- the type of services, transactions, and financial instruments with which the Client is familiar,
- the nature, volume, and frequency of the Client's transactions with financial instruments and the period in which they were executed,
- profession and employment status of the Client.

**Warning:** If the Company, based on the data referred to in paragraph 3 of this Article, assesses that the product or service is not suitable for a client or potential client, the Company may, at the explicit request of the client or potential client, provide that investment service to a client or potential Client, but the Company is also obliged to inform client or potential client that the product or service is not suitable for him.

The Company may give the described warning in a standardized form, e.g., on a completed Questionnaire.

**Warning:** If the client does not want to provide the Company with the information referred to in paragraph 3 of this Article or if it has not provided sufficient information about its knowledge and experience, the Company may provide an investment service at the client's or potential client's explicit request, but the Company is also obliged to inform client or potential client that the product or service is not suitable for him.

The Company may provide its clients with investment services, consisting exclusively of receiving and forwarding and/or executing orders on behalf of the client, with or without ancillary services, and without collecting data or making an assessment as described in this Article, if all the above conditions are met:

- services relate to:
  - shares listed for trading on a regulated market or on an equivalent market of a third country, or
  - money market instruments, or
  - bonds or other forms of securitized debt, other than those bonds or other forms of securitized debt in which derivatives are embedded, or
  - units in open investment funds with a public offering, or

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- other simple financial instruments.
- the service is provided at the initiative of the Client or potential Client,
- the Client or potential Client is clearly warned that when providing the above services, the Company is not obliged to assess whether the instruments or services are appropriate for the Client and that the Client therefore does not enjoy protection under the relevant General Business Rules of the Investment Company, the Company fulfils the obligations from Article 301 of the Law and the following Rules adopted on the basis thereof, which regulate conflicts of interest.

In addition to the financial instruments referred to in items 1 of the previous paragraph, the following shall also be considered simple financial instruments:

- which are not covered by Article 3, paragraph 1, item 4 and Article 3, paragraph 1, item 2 of the Law,
- for which there is a frequent possibility of selling, repurchasing, or realizing a financial instrument in another way, at prices that are publicly available to market participants, and which are either market prices, or prices that are publicly available or confirmed by an issuer-independent valuation system,
- which do not involve actual or potential liability for the Client that exceeds the cost of acquiring the financial instrument,
- for which complete data on their operations are publicly available and as such is likely to enable the average small investor to make an informed decision to enter a transaction with the said financial instrument.

A third country market is considered identical to a regulated market if it meets the same conditions on regulated market prescribed by the Law.

It is considered that the service is not provided at the initiative of the Client in the case when the Client's request for service arises from individual communication made by or on behalf of the Company to the Client, which contains a call or is intended to influence the Client regarding a particular financial instrument or transaction.

Also, the service is considered to be provided at the initiative of the Client regardless of the fact that the Client requires the provision of the service on the basis of all forms of communication containing advertising or offer of financial instruments, performed in any way that is general and addressed to the public, clients or potential clients.

## QUALIFIED INVESTORS

### Article 7

In terms of the Law, qualified investors are:

- investment companies,
- credit institutions,
- insurance companies,
- management companies for management of open-end investment funds with a public offering and open-end investment funds with a public offering,

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- pension fund management companies and pension funds,
- other financial institutions that are subject to the obligation to apply for a work permit or whose operations are regulated by the regulations of the state of Montenegro,
- other financial institutions that are subject to the obligation to apply for a work permit or whose operations are regulated by EU or Member State regulations,
- entities referred to in Article 282 of the Law (i.e., persons whose core business consists of trading for own account with commodities and/or derivatives on commodities, unless they are included in a group whose core business is the provision of other investment services in accordance with the Law or banking services in accordance with the Law),
- national government and state institutions for management of public debt and central banks,
- supranational organizations.

Entities from third countries, identical to those from paragraph 1 of this article, may also have the status of a qualified investors.

Entities classified as qualified investors in the sense of the Law (see paragraph 1 of this article) may request a higher level of client protection either as the whole services, or for each transaction separately.

## HIGHER LEVEL OF CLIENT PROTECTION

### Article 8

The Client has the right to be classified in another client category in accordance with the provisions of this Policy. At the client's request, the Company will:

- classify a qualified client as a professional or small investor, or
- classify a client who is considered a professional investor in accordance with the provisions of the Law, as a small investor, which provides such a client with a higher degree of protection, as described in Article 4 of this Policy.

It is the obligation of the Client who is considered a professional investor to request a higher level of protection if he considers that he cannot properly assess or manage the risks involved.

In cases when the Client who is considered as the professional investor in accordance with this Policy, enters into an Agreement with the Company under which he will not be treated as a professional investor, the Company is obliged to provide a higher level of protection, and such an Agreement should also be in writing (like in Article 4, paragraph 4 of this Policy), and it is necessary to indicate in such an Agreement whether this higher level of protection refers to one or more services or transactions, or to one or more types of products or transactions.

## FINAL REGULATIONS

### Article 9

Law, Rules, General Business Rules of Investment Company, and other internal acts of the Company apply to everything that is not prescribed by this Policy.

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