

**CONFLICT OF INTEREST MANAGEMENT POLICY**  
**FINVEO JSC PODGORICA**

Ver 5, 2023

September 2023

**Finveo**

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## INTRODUCTORY PROVISIONS

### Article 1

This Policy regulates measures and procedures for identifying, monitoring, and preventing the negative impact of conflicts of interest in Investment company "FINVEO" JSC Podgorica (hereinafter: the Company) that may occur when providing investment and ancillary services and performing investment activities between

- the interests of the Company, persons running the Company, employees, related agents, related agents, persons through control on the one hand and the interests of the Company's Clients on the other hand or
- the interests of the Company's Clients to each other.

If the measures and procedures provided by this Policy will not be sufficient to reasonably prevent the previously described negative conflict of interest, the Company will apply additional measures and procedures in such an individual situation, and if that is not enough, the Company will unambiguously inform the Client about the type and/or source of the conflict of interest, stating sufficient information on the basis of which the Client will be able to make decisions related to the investment and/or ancillary services in which the conflict of interest arises. All Relevant Persons in relation to the Company are obliged to act in accordance with the provisions of this Policy. Failure to comply with the provisions of this Policy by the Relevant Persons employed in the Company or third parties to whom certain business processes have been assigned (delegated) within the group constitutes a serious breach of employment obligations.

## TYPES OF INVESTMENT AND ANCILLARY SERVICES

### Article 2

Pursuant to Article 206, paragraph 1, items 1, 2, 3, 4, 5, 6 and 7 of the Law on Capital Market (Official Gazette of Montenegro, No. 001/2018) (hereinafter: the Law), the Company provides the following investment services:

- 1) receipt and transfer of orders related to one or more financial instruments,
- 2) execution of orders for the client's account,
- 3) trading for own account,
- 4) portfolio management,
- 5) investment consulting,
- 6) services of conducting the offer, i.e. sale of financial instruments with the obligation of redemption,
- 7) services of conducting the offer, i.e. sale of financial instruments without the obligation of redemption.

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In accordance with Article 206 paragraph 2 items 1, 2, 3, 4, 5, 6 and 7 of the Law, the Company provides the following ancillary services:

- 1) safekeeping and administration of financial instruments on behalf of clients, including custody services and related services, such as cash and collateral management,
- 2) granting loans and credits to the investor in order to enable the conclusion of a transaction with one or more financial instruments, if the company that provides the loan or credit is involved in the transaction,
- 3) making general recommendations regarding the capital structure, business strategy and related issues and services related to the merger and acquisition of shares in companies,
- 4) foreign currency business services related to the provision of investment services,
- 5) research and financial analysis or general recommendations regarding transactions in financial instruments,
- 6) services related to the implementation of the offer or sale of financial instruments with the obligation to purchase,
- 7) investment services and activities, as well as ancillary services related to the basic property contained in the derivative referred to in Article 3, paragraph 1, item 4, sub-items b, c, d and g of Law, if related to investment and ancillary services.

## CIRCUMSTANCES OF CONFLICT OF INTEREST

### Article 3

The Company, relevant persons and persons directly or indirectly related to the Company are obliged to act responsibly, conscientiously, honestly, and impartially in the performance of their tasks, without harming the reputation of the Company and the reputation of the Client.

When determining the types of conflicts of interest, it is assumed that the following situations always lead to conflicts of interest:

- the Company and/or the Relevant Person could make a financial gain or avoid a financial loss to the detriment of the Client,
- the Company and/or the Relevant Person has an interest or benefit in the outcome of the service provided to the Client or a transaction performed on behalf of the Client that differs from the Client's interest,
- the Company and/or the Relevant Person have a financial or other motive to put the interest of another client or group of clients before the interest of the client,
- the Company or the Relevant Person performs the same activity The Company and/or the Relevant Person receives or will receive from a person other than the Client an additional incentive in connection with the service provided to the Client, in the form of monetary or non-monetary benefits or services, which is not the usual commission or fee for that service.

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#### Article 4

The Company has identified the following activities that may give rise to a conflict of interest to the detriment of one or more clients:

- the Company trades for its own account,
- the Company or the Relevant Person may have inside information, especially obtained through the provision of consulting on capital structure, business strategies and related issues, as well as consulting and services related to mergers and acquisitions in companies or obtained upon receipt of orders,
- the Company is authorized to provide portfolio management and investment advisory services, and prepares investment research and financial analysis, as well as recommendations related to transactions with financial instruments,
- the Company is a member of a group within which certain tasks are delegated to the Company's parent company (thus providing access to confidential information).

### PROCEDURES AND MEASURES FOR MANAGEMENT OF CONFLICT OF INTEREST

#### Article 5

In order to prevent conflicts of interest, should be taken to prevent the following situations:

- 1) exchange of confidential information between employees from different departments, i.e., disclosure of confidential insider information related to the performance of business tasks,
- 2) use of insider information by which the employee order is entered before the Client's order,
- 3) purchase of a financial instrument for its own name, and then raising the price by purchasing for the account of the Client's portfolio, after which the employee sells that instrument for his own account,
- 4) unequal treatment of Clients' portfolios when trading financial instruments,
- 5) closing transactions within the Company between the Client and the employee who manages his portfolio,
- 6) giving investment advice on the purchase of a certain financial instrument, which the employee owns in his own name and in his own account, with the aim of raising the price of that financial instrument so that the employee who owns it would sell it at a higher price,
- 7) inadequate influence of any person from the group to which the Company belongs, which refers to the way in which the employee provides investment services.

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In order to prevent situations that may lead to conflicts of interest, the following procedures and measures are applied:

- **Avoiding conflicts of interest and complying with this Policy.** The Company and Relevant Persons are obliged to avoid situations that may lead to a conflict of interest, and if it already exists or cannot be avoided, they are obliged to adhere to all measures and procedures provided for in this Policy.
- **Obligation to report conflicts of interest.** Each Relevant Person is obliged, for the purpose of recording and determining further measures and procedures, to report any circumstance that could lead to a conflict of interest of either the Relevant Person or the Company. The mentioned circumstances are reported to the Compliance Manager.
- **Special rules related to the Organizational structure of the Company.** The Company's management will take all reasonable measures to prevent or control conflicts of interest. In situations where the Relevant Person would be involved in various business activities, which involve a potential conflict of interest, the Company will take all reasonable steps to establish an adequate system of control of conflicts of interest between employees and management.

## TRADING FOR OWN ACCOUNT OF THE COMPANY

### Article 6

The Company is allowed to acquire and dispose of financial instruments for its own account, in accordance with the provisions of the Law and other regulations and in compliance with the provisions of this Policy. When trading for its own account, the Company may be a participant in the so-called *cross transactions*, i.e., such transactions in which, directly or indirectly through third parties, certain organizational units of the Company act as buyers and sellers of the same financial instruments.

The Company will endeavor to avoid such transactions if it is aware that the Client would be harmed, i.e., if the following conditions are met, and especially if the price of the financial instrument in question is below the last market price with that financial instrument. Otherwise, the Company is obliged to inform the Client about the conflict of interest and obtain written Consent for the transaction in case of a transaction below the last market price in the event of a conflict of interest between the Company and/or the Relevant Person on the one hand and the Client on the other.

Exceptions to trading restrictions based on the application of cross-transaction avoidance rules for the Company are circumstances of extraordinary and/or unplanned need for greater financial resources of the Client or the Company or other justified cases, with the exception that Client and the Compliance Manager must be informed about them.

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## TRADING OF RELEVANT PERSONS, PERMISSIBILITY, FREQUENCY

### Article 7

Relevant persons are allowed to buy and sell financial instruments for their own account, but in accordance with all applicable laws and regulations and this Policy and other applicable internal acts of the Company.

Relevant persons are prohibited from performing the following activities:

- 1) to conclude their own transactions that involve the misuse or disclosure of insider information or if by concluding their own transaction they would come into conflict of interest with the obligations of the Company,
- 2) to advise, encourage any other person to conclude a transaction with financial instruments in a way that goes beyond the scope of regular business or service contracts,
- 3) to disclose information outside the scope of its regular business or service contract to another person if the relevant person knows that or should know that such conduct will affect the other person to:
  - a) conclude a transaction in financial instruments or
  - b) to advise someone to conclude their own transaction.

Relevant persons are obliged to work in accordance with the principles of responsibility, truthfulness, transparency, efficiency and to act accordingly to business partners, clients, and other employees of the Company.

## DISCLOSURE TO CLIENT

### Article 8

If the measures and procedures provided for in this Policy will not be sufficient to prevent the previously described negative conflict of interest, the Company will apply additional measures and procedures in such a particular situation.

Additional measures and procedures are determined by the Compliance Manager in agreement with the Chief Executive Officer.

If the additional measures and procedures from the previous Article would not be sufficient, the Company will unambiguously inform the Client of the type and/or source of conflict of interest before providing the service on the Permanent Media, stating sufficient information on the basis of which the Client will be able to make decisions related to investment or ancillary services, within which a conflict of interest arises.

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Disclosure to clients is an ultimate measure that is used only if effective organizational and administrative measures established by the Company to prevent and/or manage its conflicts of interest are not sufficient to reasonably prevent the risk of harm to clients' interests.

Disclosure clearly states that the organizational and administrative measures established by the Company to prevent or manage this conflict of interest are not sufficient to reasonably ensure that the risk of harm to the interests of clients is prevented. The disclosure shall include a precise description of the conflicts of interest that arise in the provision of investment and/or ancillary services, considering the nature of the client to whom the disclosure is addressed.

In the description of Disclosure, it shall be explained the nature and sources of the conflict of interest and the risks arising from the conflict of interest, and the measures taken to mitigate those risks in sufficient detail to enable the client to decide on the investment or ancillary service. Disclosure to the Client in cooperation with the Compliance Manager should be created by the Relevant Person, in whose scope the service is provided to the Client, and then with a signed acknowledgment of receipt by the Client, given to the Compliance Manager for registration.

## FINAL PROVISIONS

### Article 9

This Policy applies from the day of issuing the operating license to the Investment Services Company.

The Policy is constantly reviewed, and measures are taken at least once a year to eliminate possible shortcomings. The Company has ensured that all Relevant Persons are aware of the restrictions related to personal transactions and the Company's measures relating to personal transactions, in addition to the usual method of disclosure. Relevant people will be notified of changes to these Policies by e-mail before they enter into force.

For everything not mentioned in this Policy, The Law, the Rules on Organizational Requirements and Rules of Business Conduct for the Performance of Investment Services and Activities ("Official Gazette of Montenegro", No. 083/18,023/19, 076/21), the General Business Rules of the Investment Company, and other internal acts of the Company shall be applied.

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