



**EXECUTIVE BOARD**

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**RULEBOOK**

**Client Categorization of the Brokerage and Dealer Department of ALTA Bank  
A.D. Belgrade**

Belgrade, September 2024

Based on Article 191 of the Capital Market Law ("Official Gazette of the Republic of Serbia", No. 129/2021), Articles 7-11 of the Rules on the Procedures of an Investment Firm When Providing Services, and Article 33, Paragraph 3, Point 14 of the Statute of ALTA Bank A.D. Belgrade (consolidated text) from May 20, 2024, the Executive Board of ALTA Bank A.D. Belgrade, at its 112th session held on September 2, 2024, adopted the following:

## **RULEBOOK**

### **Client Categorization of the Brokerage and Dealer Department of ALTA Bank A.D. Belgrade**

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#### **Article 1**

This Rulebook on Client Categorization of the Brokerage and Dealer Department of ALTA Bank A.D. Belgrade (hereinafter: the Rulebook) establishes clear and precise guidelines and procedures applied by the Bank to properly classify its clients into appropriate categories. This Rulebook regulates the way clients are classified into specific categories, the manner of providing services to each client category, and the level of protection granted to each category of clients. The Rulebook also defines the Bank's obligations regarding client information, as well as procedures for changing client categories and other issues per relevant regulations and the Bank's internal rules.

#### **Article 2**

The Bank is obligated to inform each client of the category they have been classified into, the level of protection provided for their interests, as well as the possibility of requesting a change in their category. This notification obligation also includes all consequences that a change in category may have on the level of client protection. The notification must be made using a durable medium, such as written documents or electronic media, following applicable legal and internal regulations of the Bank.

### **Article 3**

If the Bank determines that a client no longer meets the criteria for the category to which they were previously assigned, it is required to take appropriate steps to reassign the client to the correct category. The change in client category must be carried out in a transparent manner and in accordance with the rules established by this Rulebook and relevant regulations.

## **TYPES OF CLIENTS**

### **Article 4**

Before the Bank begins providing any investment services, it is obliged to classify the client into one of the following two categories: professional investor or retail investor. The categorization of clients is carried out under the provisions of the Capital Market Law, based on a detailed analysis of the data available to the Bank, which relate to the client's investment objectives, their knowledge and experience in the field of investment, as well as their financial situation.

Categorization is an important process because it affects the level of protection provided to clients and the type of information the Bank must provide to clients before the service is rendered. In this regard, categorization is a key part of the Bank's responsible operations and ensures that each client receives an appropriate level of protection and information tailored to their needs and the risks they assume.

## **PROFESSIONAL INVESTOR**

### **Article 5**

A professional investor is considered to be a client who possesses the necessary knowledge, experience, and resources to make independent investment decisions and understand the risks associated with financial instruments and services they use. This category includes:

Individuals who are subject to the obligation of obtaining a license or supervision by regulatory bodies in order to operate in the financial market. These individuals include credit institutions, investment firms, other financial institutions subject to licensing or supervision, insurance companies, collective investment institutions and their management companies, voluntary pension funds and voluntary pension fund management companies, commodity dealers, commodity derivatives dealers, other institutional investors, and other investors considered professional according to European Union regulations.

Legal entities that meet at least two of the following criteria:

Total assets of at least EUR 20 million in dinar equivalent according to the official middle exchange rate of the National Bank of Serbia.

Annual business revenue of at least EUR 40 million in dinar equivalent according to the official middle exchange rate of the National Bank of Serbia.

Own capital of at least EUR 2 million in dinar equivalent according to the official middle exchange rate of the National Bank of Serbia.

State entities such as the Republic of Serbia, autonomous provinces, and local government units, as well as other states or national and regional bodies, the National Bank of Serbia, central banks of other countries, international and supranational institutions, such as the International Monetary Fund, the European Central Bank, the European Investment Bank, and similar international organizations.

Other institutional investors whose primary activity is investing in financial instruments, including those engaged in asset securitization or other financing transactions.

The Bank may, at the client's request, allow a professional investor to receive a higher level of protection, i.e., the treatment typically provided to retail investors. In this case, the professional investor must be aware of the consequences of this choice and assume responsibility for their decision.

#### **Article 6**

In a situation where a client is categorized as a professional investor, the Bank is obliged to inform the client of this before it begins providing services. The Bank must inform the client that they will be treated as a professional investor, unless otherwise agreed. The Bank is also obligated to inform the professional investor about the possibility to request a higher level of protection of their interests at any time, especially if the client believes that they are unable to adequately assess or manage the risks associated with certain investments.

A higher level of protection of interests must be provided when the Bank and the professional investor enter into a written agreement specifying that the professional investor does not wish to be treated as a professional investor, and such an agreement must clearly specify whether it applies to one or more services or transactions or to one or more types of products or transactions.

#### **Article 7**

The Bank may, based on a careful assessment, treat clients not explicitly listed in Article 5 of this Regulation as professional investors if it is assessed that they possess sufficient knowledge and experience to make independent investment decisions. This assessment includes verifying whether the client meets at least two of the following three criteria:

The investor has conducted a significant number of transactions on relevant markets, with an average frequency of ten transactions per quarter over the last four quarters.

The size of the client's financial portfolio exceeds EUR 500,000 in dinar equivalent according to the official middle exchange rate of the National Bank of Serbia, including cash deposits and financial instruments.

The investor has worked or is working for at least one year in the financial sector in roles that require knowledge of financial transactions and services.

When it comes to legal entities, the assessment of knowledge and capability is carried out for the person authorized to perform financial transactions on behalf of the legal entity.

Clients who are treated as professional investors at their own request can waive the higher level of protection implied by their status in accordance with the following procedure:

The client must notify the Bank in writing that they wish to be treated as a professional investor, either for all or for a specific investment service, transaction, or type of transaction or product.

The Bank must unequivocally and in writing warn the professional investor about the protection of interests and the right to compensation that they may lose by choosing this route.

The professional investor must declare in a separate document, distinct from the agreement, that they are aware of the consequences of losing this protection.

Before accepting the client's request to waive a higher level of protection, the Bank takes all reasonable measures to ensure that the client requesting to be treated as a professional investor meets the prescribed conditions.

## **SMALL INVESTOR**

### **Article 8**

A small investor is any client who is not categorized as a professional investor. This category includes the majority of the Bank's clients, and they are provided with the highest level of protection, which entails more extensive information about risks, a detailed explanation of services and products, as well as the Bank's actions in the best interest of the client.

Small investors are clients who may lack sufficient knowledge or experience in the area of investment, requiring more attention and additional information to make informed decisions. The Bank is obliged to provide these clients with all necessary information clearly and understandably, tailored to their level of knowledge and experience.

### **Article 9**

If a small investor wishes to be treated as a professional investor, they may submit a written request to the Bank to reduce the level of protection. The Bank then evaluates whether the client has sufficient knowledge and experience to make independent investment decisions and properly manage risks. If the Bank determines that the conditions are met, the client will be moved to the category of professional investors, with the signing of an appropriate agreement or an annex to the existing agreement. In any case, the client must sign a statement acknowledging the consequences of losing the level of protection.

This assessment includes verifying whether the client meets the following conditions:

The client has conducted transactions on financial markets with an average frequency of at least ten transactions per quarter over the past year, with a total value of at least EUR 50,000 per quarter.

The size of the client's portfolio exceeds EUR 500,000, including financial instruments and cash deposits.

The client has worked or is working for at least one year in the financial sector in roles that require knowledge of investing in securities and other financial instruments.

The Bank reserves the right to refuse the client's request to change their status if it determines that the client does not meet the necessary criteria or if it believes that changing the status could negatively affect the client's interests.

## **QUALIFIED INVESTORS**

### **Article 10**

Qualified investors are individuals or entities that meet the conditions prescribed by the Capital Market Law and are classified as professional investors under this law. This category includes legal entities or other entities that are actively involved in investing in capital markets and are classified as qualified investors due to their size, expertise, or the nature of their business.

The Bank is obliged to disclose the categorization of its clients upon the request of the issuer of securities or another relevant entity, but with strict compliance with data protection laws. This disclosure is carried out by rules governing confidentiality and the protection of client data.

Qualified investors, as entities with significant experience and knowledge, may be treated with a lower level of protection according to their request or the Bank's decision, but they must be clearly warned of the consequences of such treatment.

## **PROVISION OF SERVICES TO CERTAIN PROFESSIONAL INVESTORS**

### **Article 11**

Certain professional investors, for this Regulation, include investment firms, credit institutions, insurance companies, UCITS funds, and their management companies, as well as other financial institutions that are subject to the obligation of obtaining authorization or supervision by relevant regulatory bodies. These investors are specific due to their expertise and experience, and they are treated about their professional nature.

The Bank may enter into transactions with certain professional investors without being required to apply certain provisions of the Capital Markets Law, such as Articles 177, 179, 180, 181, 186, and 187 of the Law, provided that an appropriate agreement has been reached with these investors.

In dealings with professional clients, the Bank is obliged to act fairly, equitably, and professionally, ensuring clear and non-misleading communication. This manner of business ensures that professional investors are adequately informed about the nature and risks of the transactions they enter into, as well as all relevant aspects of doing business with the Bank.

If certain professional investors are located in jurisdictions other than the Republic of Serbia, the Bank recognizes their status under the regulations of the member state in which the entity is incorporated and treats them under applicable legislation.

## **INFORMATION DISCLOSURE**

### **Article 12**

All information, including marketing materials, provided by the Bank to small or professional investors must be accurate, clear, and not misleading. Marketing materials must be marked as such and must not contain information that could mislead clients.

The information referred to in paragraph 1 of this article:

must include the business name and registered office of the Bank;

the font size when mentioning relevant risks in the information must be at least equal to the font size predominantly used for the provided information, and the layout of the page must ensure that such references are emphasized;

must be sufficient and presented in a way that is likely to be understood by the average client or potential client to whom it is addressed or who is likely to receive it;

must not hide, diminish, or obscure important details, statements, or warnings;

must be consistently presented in the same language across all forms of information and marketing materials provided to each client, unless the client agrees to receive information in more than one language;

must be updated and relevant to the means of communication used;

must not contain the name of any relevant authority in a way that suggests or implies the endorsement of the company's instrument or service by that authority.

The Bank is obliged to ensure that all information provided to clients, including information relating to financial instruments and services, is formulated and understandable to the average client. Special attention is paid to how the information is presented to ensure that clients fully understand the risks and benefits associated with the products or services offered by the Bank.

The Bank publishes information on its website, and upon the client's request, may provide it in other forms, such as printed materials or electronic documents. Clients have the right to request information in the form that best suits them, and the Bank is obliged to comply with these requests per its client protection policy.

### **Article 13**

The Bank is obliged to inform all new and existing clients about their categorization, as well as their right to request a change in categorization. This notification is provided via a durable medium, and clients are informed of the level of protection available to them depending on the category in which they are placed.

The Bank may, at its initiative or the client's request, treat that client in one of the following ways:

As a professional or small investor, if the client would otherwise be classified as a certain professional investor.

As a small investor, if the client is considered a professional investor but requests a higher level of protection.

#### **Article 14**

The Bank should provide the small investor with the form "Basic Information about the Small Investor Protection System," which is Annex 4 of the Regulation on the Protection of Small Investors by the Deposit Insurance Agency, as follows:

To existing clients within 30 days from the date of the entry into force of this regulation,

To new clients when concluding the contract;

The small investor signs a statement which is an integral part of the form referred to in paragraph 1 of this article. The form mentioned in paragraph 1 of this article is signed in two copies, one of which is handed over to the small investor, and the other is retained by the Bank.

#### **FINAL PROVISIONS**

##### **Article 15**

The Regulation is published on the Bank's website on the next business day following the receipt of the decision from the Securities Commission granting approval for these Rules.

The Business Rules enter into force 7 days after the publication on the Bank's website.

EXECUTIVE BOARD MEMBER

EXECUTIVE BOARD CHAIRMAN

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Tatjana Kuljak

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Dr Una Sikimić



