



**EXECUTIVE BOARD**

Number: 21851/2024

Code: PRA - 050

Version: 1

Date: 02.09.2024

Status: Adopted

**RULEBOOK  
OF THE BROKERAGE AND DEALER OPERATIONS DEPARTMENT OF ALTA BANK  
A.D. BELGRADE  
ON THE MANAGEMENT OF CONFLICTS OF INTEREST AND THE CONDUCT OF  
PERSONAL TRANSACTIONS BY RELEVANT PERSONS**

Belgrade, September 2024



*Rulebook of the Brokerage and Dealer Operations Department of Alta Bank A.D. Belgrade  
on the Management of Conflicts of Interest and the Conduct of Personal Transactions by Relevant  
Persons*

Based on Article 11 and Article 25 of the Rulebook on Organizational Conditions for Providing Investment Services, Performing Investment Activities, and Additional Services, and Risk Management ("Official Gazette of the Republic of Serbia," No. 77/2022) and Article 33, paragraph 3, item 14) of the Statute of ALTA Bank A.D. Belgrade (consolidated text) as of 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  
Of the Brokerage and Dealer Operations Department of ALTA Bank A.D. Belgrade  
On the Management of Conflicts of Interest and the Conduct of Personal Transactions by Relevant  
Persons

### **Introductory Provisions**

#### **Article 1**

Following the Capital Market Law, the Bank is required to take all necessary measures in its operations to identify and prevent or manage conflicts of interest arising from the provision of investment and additional services or their combination, including those resulting from the receipt of inducements from third parties or compensation structures and other incentives within the Bank itself:

1. between the Bank – the organizational entity of the Bank providing investment and additional services, including its management, employees, tied agents, and any person directly or indirectly connected with them through control, and their clients; or,
2. between clients.

The Bank is obligated to establish and implement effective organizational and administrative procedures to take all reasonable measures to prevent conflicts of interest from adversely affecting clients' interests.

Suppose the organizational or administrative measures taken by the Bank to prevent conflicts of interest and harm to the interests of clients are insufficient to reasonably mitigate the risk of harm to clients' interests. In that case, the Bank must disclose to the client the general nature and/or sources of the conflict of interest and the steps taken to mitigate these risks before acting on their behalf. Based on the information about the potential conflict of interest, the client assesses whether or not to establish/continue the business relationship with the Bank.



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## **Basic Terms**

### Article 2

**Bank** – the organizational form of ALTA Banka A.D. Belgrade (hereinafter referred to as the Bank), a member of the CRHOV, whose regular activities or business include the provision of one or more investment and additional services, or the professional performance of one or more investment activities in connection with one or more financial instruments.

**Authorized Branches** – Branches of the Bank authorized to perform activities within the Bank's jurisdiction.

**Client** – A legal or natural person (domestic or foreign) to whom the Bank provides investment or additional services.

**ZTK** – The Capital Market Law.

**Securities Commission – KHOV** – An independent and autonomous organization of the Republic of Serbia, established as a legal entity, with the authority to, among other things, adopt bylaws and other acts for the implementation of the law, issue licenses for the operation of investment companies, supervise and monitor their business operations, secondary trading, approve the publication of prospectuses for public offerings, and more.

**Central Register, Deposit, and Clearing of Securities – CRHOV** – A legal entity, authorized by the KHOV, that carries out the registration of financial instruments, clearing and settlement of transactions involving financial instruments, and other activities prescribed by law.

**Regulation** – The Regulation of the Brokerage and Dealer Services Department of ALTA Banka A.D. Belgrade on Managing Conflicts of Interest and Conducting Personal Transactions of Relevant Persons.

## **Managing Conflicts of Interest**

### **Definition, Measures, and Actions for Managing Conflicts of Interest**

#### Article 3

A conflict of interest is any situation in which the Bank or relevant persons of the Bank are not neutral and objective regarding the subject of the transaction, or have professional and/or personal interests that conflict with the interests of the clients, which may affect the impartiality in providing and performing investment services and activities to the detriment of the client.

The Bank, about managing conflicts of interest, specifically defines in this Regulation:



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- Circumstances that represent or may lead to a conflict of interest, including circumstances arising from the business activities of the members of the banking group and manifestations of conflicts of interest;
- Basic principles of operation in performing investment activities;
- Procedures and measures that apply for managing conflicts of interest that may harm one or more clients;
- Measures for informing relevant persons about the mandatory procedures for managing conflicts of interest and the execution and prohibition of personal transactions;
- The procedure for establishing internal controls within the Bank.

### **Manifestations of Conflicts of Interest**

#### Article 4

The Bank takes all appropriate measures to identify and prevent or manage conflicts of interest arising from the provision of investment and additional services or their combination, including those resulting from receiving incentives from third parties or compensation structures and other incentives.

A conflict of interest may arise between:

- The interests of the Bank and/or relevant persons of the Bank, or persons directly or indirectly connected to them, on one side, and the interests of the client on the other side;
- The conflicting interests of the Bank's clients.

When identifying conflicts of interest, the relevant circumstances include situations where the Bank and/or relevant persons of the Bank, or persons connected to them:

- Can gain a financial benefit or avoid a loss to the detriment of the client by using or disclosing insider information to third parties;
- Trade on their behalf and for their account using insider information;
- Have an interest in the outcome of a transaction performed for a client or a transaction executed on behalf of a client that differs from the client's interests;
- Have a financial or other motivation to favor the interests of another client or group of clients to the detriment of the interests of other clients;

As well as situations where:

- a) The subject matter of the client and the subject matter of the Bank's business and/or relevant person of the Bank, or persons connected to them, is the same subject;
- b) There is an ownership connection between the Bank or relevant persons of the Bank and persons connected to them, and persons in market competition with the client;



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- c) The Bank and/or relevant persons of the Bank receive or will receive an additional fee or incentive in the form of money, goods, or services, concerning the transaction performed for the client, which is not the usual commission or fee for such transaction;
- d) The Bank provides investment advisory and/or portfolio management services and simultaneously recommends or invests in financial instruments issued by the Bank.

The conclusion of personal transactions must be under the provisions of the Bank's internal acts and this Regulation, and personal transactions must not be conducted contrary to the legal prohibitions and limitations established for performing personal transactions.

### **Procedures and Measures for Preventing Conflicts of Interest**

#### **Article 5**

The procedures and measures for preventing and managing conflicts of interest include:

Effective procedures for preventing or controlling the exchange of information between relevant persons of the Bank involved in activities that carry a risk of conflict of interest, where such information exchange could harm the interests of one or more clients;

Separate oversight of relevant persons of the Bank whose main functions involve performing activities on behalf of clients or providing services to clients whose interests may conflict, or who otherwise represent different interests that may conflict, including the interests of the Bank;

Removing any direct connection between the reward policy for relevant persons of the Bank primarily engaged in one activity and the reward policy or income generated by other relevant persons of the Bank primarily engaged in a different activity, in cases where such activities may give rise to a conflict of interest;

Measures to prevent or limit relevant persons of the Bank from exerting inappropriate influence on any person regarding the provision of investment or additional services or concerning performing such activities;

Measures to prevent or control the simultaneous or consecutive involvement of relevant persons of the Bank in specific investments or additional services or activities if such involvement could harm the proper management of conflicts of interest.

### **Client Notification Regarding Conflicts of Interest**

#### **Article 6**

In cases where the provisions of this Regulation are not sufficient to reasonably ensure the prevention of conflicts of interest that pose a risk to the client, the Bank is required to notify the client of the nature and source of the conflict of interest before carrying out the transaction or executing the order on behalf of the client.



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The notification must provide sufficient information based on which the client can make an informed decision regarding the service where the conflict of interest arises.

If the client assesses that the likelihood of a conflict of interest arising is high and could harm their financial interests, they may terminate the business relationship at any time, per the contract.

## **Organizational Structure for Conducting Bank Operations**

### **Article 7**

The internal organizational structure of the Bank ensures:

Proper execution and separation of activities involving financial instruments;

Definition of work processes, separation of duties, and delineation of responsibilities of employees executing orders on behalf of clients;

Allocation of duties, authorities, and responsibilities of employees in a manner that prevents conflicts of interest;

Adequate information about all procedures being applied;

Implementation of internal control;

Proper storage and archiving of business documentation and data.

Investment services and activities are carried out within a separate organizational unit of the Bank - the Brokerage and Dealer Services Department and in the authorized branches of the Bank.

Exceptionally, within the same organizational unit, activities related to the offering and sale of financial instruments with or without the obligation of repurchase (agent and sponsor of the issue) are permitted.

The execution of dealer orders is carried out within the organizational unit of the Bank - the Brokerage and Dealer Services Department, subject to the legal conditions that:

Decisions regarding dealer trading are not made within that organizational unit;

Dealer trading is not the dominant investment service of the Bank, and the revenue from this service constitutes less than 20% of the Bank's total revenue.

## **DATA RETENTION POLICY**

### **Business Secrets**

#### **Article 8**

In providing and performing investment services and activities, due care is taken, and the confidentiality of collected client data is respected.



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By the regulations and acts of the Bank, all employees are required to treat the following as business secrets:

- Client data, account balances, and transactions;
- Data on investment services and activities performed for the client;
- Other data and facts learned while providing services.

The Bank's employees must not use, disclose to third parties, or allow third parties to use this information.

This information may be disclosed to third parties only in the following cases:

- With the written consent of the client;
- During supervision, or upon the request of KHOV, CRHOV, or the market organizer;
- By court order;
- By order of the authority responsible for preventing money laundering and financing terrorism;
- By order of another competent state authority.

The obligation to keep business secrets remains in effect even after the termination of duties or employment with the Bank.

## **Insider Information**

### **Article 9**

Insider information includes the following types of information:

- Information about specific facts that have not been disclosed, relating directly or indirectly to one or more issuers of financial instruments or one or more financial instruments, and which, if disclosed, would likely have a significant impact on the price of those financial instruments or the price of related derivative financial instruments;
- In the case of commodity derivatives, information about specific facts that have not been disclosed, relating directly or indirectly to one or more such derivative financial instruments or contracts for commodities on the spot market, and which, if disclosed, would likely have a significant impact on the price of those derivative financial instruments or related commodity contracts on the spot market, if such information is reasonably expected to be disclosed or is required to be disclosed following the provisions of law, regulations, market rules, contracts, practices, or customs of relevant commodity derivative markets or spot commodity markets;
- For persons responsible for executing orders related to financial instruments, insider information also includes information about specific facts received from a client regarding future client orders, which relate directly or indirectly to one or more issuers of financial instruments or one or more financial instruments, and which, if disclosed, would likely have a significant impact on the prices of those financial instruments, the price of related commodity contracts on the spot market, or the price of related derivative financial instruments.



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Insider information within the meaning of paragraph 1 of this article refers to information about specific facts that point to a series of circumstances that exist or can reasonably be expected to exist, or to an event that has occurred or can reasonably be expected to occur, and are sufficiently specific to allow conclusions about the impact of that series of circumstances or event on the prices of financial instruments, related derivative financial instruments, or related commodity contracts on the spot market.

It is prohibited for any person possessing insider information to use this information, either directly or indirectly, when acquiring, disposing of, or attempting to acquire or dispose of, for their account or on behalf of a third party, financial instruments to which that information pertains.

## **PERSONAL TRANSACTIONS OF RELEVANT PERSONS OF THE BANK AND PERSONS CLOSELY RELATED TO THEM**

### **Relevant Persons of the Bank and Persons Closely Related to Them**

#### **Article 10**

Based on the Capital Market Law ("Official Gazette of the Republic of Serbia", No. 129/21 from December 28, 2021) and the Securities Commission's Rulebook on Organizational Conditions for Providing Investment Services, Performing Investment Activities and Additional Services, and Managing Risks ("Official Gazette of the Republic of Serbia", No. 77 from July 8, 2022), the following persons are considered relevant persons of the Bank:

Persons with ownership interests in the capital of the Bank or its related agent;

Persons holding managerial positions in the Bank's Brokerage and Dealer Services Department or in a related agent (executive directors who, according to the Bank's internal organization, have or could have access to data in the domain of the Brokerage and Dealer Services Department, and employees holding managerial positions in the Brokerage and Dealer Services Department who have the approval of KHOV for appointment or in a related agent of the Bank);

Persons employed in:

- Brokerage and dealer services department;
- Authorized branches of the Bank (employees authorized to provide investment services);
- Organizational parts of the Bank where information on the provision of investment services and additional activities is accessible;
- Related agent of the Bank;
- Persons who are not employees of the Bank but are engaged by the Bank or its related agent to provide services within their jurisdiction;
- A natural person who is directly involved in providing services to the Bank or a related agent based on a business process outsourcing agreement, to provide investment activities or activities of the company.





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Under the Capital Market Law (ZTK), persons closely related to relevant persons of the Bank are considered to be:

- The spouse or common-law partner of the relevant person;
- Descendants and ancestors in a direct line without limitation;
- Relatives up to the third degree of kinship, in a collateral line, including in-laws;
- Adoptive parents adopted children, and the descendants of adopted children;
- Guardians, wards, and descendants of wards;
- Any other person who has lived with the relevant person in a shared household for at least one year from the date of the personal transaction in question.

A close relationship exists between two or more physical or legal persons and a relevant person if:

- A legal entity, trust, or partnership is managed by a relevant person who performs the duties of a manager in the Brokerage and Dealer Services Department, or is directly or indirectly controlled by the relevant person, established for their benefit, as well as a person whose economic interest is significantly similar to the interest of the relevant person who performs the duties of a manager in the Brokerage and Dealer Services Department of Alta Bank AD Belgrade;
- The relevant person holds at least 20% of the voting rights or capital in a company, either directly or through control;
- Control exists in the relationship between a parent and subsidiary company in all cases regulated by the law on accounting or a similar relationship between the relevant person and any company, such that each subsidiary of a subsidiary company is also considered a subsidiary of the parent company at the head of these companies;

Control is maintained continuously through a controlling relationship.

## **Personal Transactions**

### **Article 11**

Personal transactions are transactions in financial instruments executed by or on behalf of a relevant person acting outside the scope of activities performed as a relevant person, or executed for the account of a relevant person, a person related to the relevant person by kinship, or a person closely related to the relevant person within the meaning of the Capital Market Law (ZTK), or a person whose relationship with the relevant person is of such a nature that the relevant person has a direct or indirect material interest in the results of the transaction, which is not a commission or fee for executing the transaction.

## **Prohibitions for Relevant Persons**



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**Article 12**

The Bank is obligated to implement a process of adequately familiarizing relevant persons of the Bank with activities that could lead to conflicts of interest and the prohibitions and restrictions related to conducting personal transactions. The Bank shall adequately inform relevant persons about activities that could lead to conflicts of interest when providing one or more investment and additional services, or performing one or more investment activities related to one or more financial instruments, and the prohibitions related to conducting personal transactions through the Bank.

The Bank establishes, implements, and maintains appropriate arrangements to prevent activities by all relevant persons of the Bank involved in activities that could lead to conflicts of interest, or those who, based on activities performed on behalf of and for the Bank, have access to privileged information as defined by the Capital Market Law (ZTK) or have access to confidential information relating to clients or client transactions or transactions for clients.

The Bank ensures that relevant persons do not engage in personal transactions that meet at least one of the following criteria:

- The person is prohibited from concluding such transactions under the provisions of the ZTK related to market abuse;
- The transaction involves the abuse or improper disclosure of confidential information;
- The transaction is in conflict with or is likely to conflict with the obligations of Alta Bank under the provisions of the ZTK.

An employee performing managerial duties in the Bank is prohibited from executing transactions for their account or the account of a third party, directly or indirectly, concerning financial instruments of the Bank and financial instruments related to the Bank's shares, 30 days before the publication of the annual, semi-annual, or quarterly financial report, which the Bank publishes following the provisions of the Law.

Exceptionally, an employee performing managerial duties in the Bank may trade Alta Bank's financial instruments and financial instruments related to the Bank's shares during the prohibition period, with the written consent of the Bank.

A person performing managerial duties in the Bank and persons connected with them according to the ZTK is obligated to report to KHOV all acquisitions or disposals of shares of the Bank for their account, as well as the acquisition and disposal of financial instruments related to the Bank's shares, within 5 days from the date of the relevant acquisition or disposal.

The Bank ensures that relevant persons, outside the scope of their employment or service agreements, do not advise or recommend other persons to conclude transactions in financial instruments that could lead to a conflict of interest.



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The Bank ensures that relevant persons, outside the scope of their employment or service agreements, do not disclose information or opinions to other persons if the relevant person knows or reasonably should know that by disclosing such information, the other person will act or is likely to enter into a transaction in financial instruments that, in the case of a personal transaction by the relevant person, would advise or induce the other person to conclude such a transaction.

The mechanisms applied by the Bank to ensure that relevant persons and those closely associated with them are informed about the prohibitions and restrictions related to personal transactions, and to manage potential conflicts of interest, are as follows:

- All relevant persons of the Bank are familiar with the prohibitions and restrictions regarding personal transactions and the measures the Bank applies when facilitating personal transactions.
- The Bank will promptly notify the relevant organizational unit of the Bank about the personal transactions of the relevant persons or any other actions that represent a conflict of interest.
- The Bank maintains a record of personal transactions conducted through the Bank. The record includes approvals or prohibitions related to personal transactions.
- The Bank keeps a record of transactions in the securities accounts of relevant persons.

#### Provisions Regarding Personal Transactions

The provisions regarding personal transactions do not apply to the following personal transactions:

Personal transactions executed based on a discretionary portfolio management service, where there is no prior communication regarding the transaction between the person authorized to manage the portfolio and the relevant person of the Bank or another person on whose behalf the transaction was executed;

Personal transactions with publicly offered investment funds or alternative investment funds, which are subject to supervision per the regulations of the Republic of Serbia requiring an equally valued equivalent level of risk diversification for their assets, provided that the relevant person and any other person on whose behalf the transaction is executed is not involved in the management of such entity.

#### FINAL PROVISIONS

##### Article 13



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The Rulebook will be published on the Bank's website on the next business day following the receipt of the Securities Commission's decision approving the document.

The Rulebook enters into force 7 days after its 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