

Based on Article 33 paragraph 1 line 16) and line 18) of the Law on banks (Official gazette number 17/08 and 44/10), Article 9 and 13 of the Rules for conducting custody services (Official gazette number 57/07 and 42/13) and Article 25 paragraph 1 line 2 and 27 of the Statute of Erste Bank AD Podgorica (hereinafter the Bank), Board of directors of the Bank, at the proposal of the Executive Directors' Meeting dated 18th of September 2014, in accordance with Article 16 of the Rules of Procedure of the Board of Directors, on 18<sup>th</sup> of September 2014, through correspondence adopted the following

## **CUSTODY SERVICE GENERAL TERMS AND CONDITIONS – ERSTE BANK AD PODGORICA**

(the revised text includes basic text as of 25<sup>th</sup> of July 2014, the amendments 27<sup>th</sup> of August 2014 and the amendments as of 18<sup>th</sup> of September 2014)

### **I GENERAL PROVISIONS**

#### **Article 1**

The General Terms and Conditions of the Custody Service of Erste Bank AD Podgorica (hereinafter: the General Terms or the General Terms and Conditions) shall regulate the general operating terms and conditions with regard to the types of operations carried out by Erste Bank AD Podgorica (hereinafter: the Bank or the Custody Bank) within the organization unit dealing with custody operations and regulate the basic rights and obligations of the clients and the Bank.

### **II TYPES OF SECURITIES**

#### **Article 2**

The securities the Bank deals with, in accordance with these General Terms and Conditions, shall include the documents providing the owners with rights with regard to the issuers in line with the regulations and according to the terms and conditions of issue.

According to the rights they provide, the securities include no par value shares, units of collective investment schemes issued in accordance with a special law, equity options (derivatives, certificates), securities issued in series, conveying the right of the owner to sell them at their nominal value, with or without interest, derivative securities, debt securities, and other rights in accordance with the regulations and the decision on issue.

#### **Article 3**

The Bank shall deal with the following securities:

- (1) Shares and preferred shares,
- (2) Units of collective investment schemes,
- (3) Convertible bonds,
- (4) Derivative securities (options, futures, forwards, swaps)
- (5) Debt securities (short-term and long-term), in particular:
  - a. Bonds conveying the commitment of the issuer to pay to the bondholder, on its maturity date, the amount of its nominal value and the agreed interest;
  - b. Certificates of deposit conveying the commitment of the issuer to pay to the certificate holder the amount of the deposited assets with the corresponding interest within the determined deadline;
  - c. Treasury bills issued by the State of Montenegro;
  - d. Other financial instruments laid down under the Securities Commission regulations as securities, excluding:
    - i. Cheques and bills of exchange;
    - ii. Commercial securities (money orders, letters of credit, bills of lading, waybill, warehouse receipts);
    - iii. Other instrument the Commission specified as not being a security under the Securities Act.
- (6) Other securities.

### III TYPES OF CUSTODY SERVICES

#### Article 4

Pursuant to law, the Bank provides the following custody services:

- (1) Opening and maintaining securities accounts with the Central Depository Agency on behalf and for the account of legal holders – its clients (client's proprietary account);
- (2) Opening and maintaining securities accounts with the Central Depository Agency, on behalf of the custody bank, and for the account of legal holders – its clients, i.e. on behalf of its clients who are not legal holders of the securities, and for the account of the legal holders (collective custody account);
- (3) Execution of orders for transfer of the rights in respect of securities and orders for registration of third parties' rights in respect of securities and managing the transfer of rights in respect of such securities;
- (4) Collection of revenues from issuers generated from mature securities, interests and dividends for the account of the legal holders of those securities and managing the exercise of other rights conveyed to its clients who are the legal owners of securities;
- (5) Notification of shareholders of general meetings and representation at those meetings, upon authorisation;
- (6) Managing settlement of clients' tax obligations based on the securities whose legal holder is the client, upon the client's authorisation;
- (7) Execution of orders, control and other services relating to voluntary pension funds, pursuant to the Law on Voluntary Pension Funds.
- (8) And other services specified under the agreement between the client and the Bank, in accordance with law and the General Terms and Conditions.
- (9)

### IV CLIENTS

#### Article 5

The Bank's clients may be domestic and foreign legal and physical persons, meeting the requirements laid down and specified under law and the General Terms and Conditions, who enter into a custody agreement with the Bank. A person intending to enter into a custody agreement with the Bank, and to obtain a custody client status, shall file an application containing the following information:

- (1) Personal name, or the name and head office, of the applicant,
- (2) Citizens' Register number (hereinafter: JMBG or register number) or other personal identification number and the personal ID card number or passport number for a physical person, or register number, tax identification number (hereinafter: PIB or register number) and the name of the authorised representative for a legal person – applicant;
- (3) The type of agreement to be entered into,
- (4) Applicant's e-mail address, mail address, telephone number and fax (if the applicant intends to use it to communicate with the Bank),
- (5) Bank name and account number,
- (6) Application date,
- (7) Applicant's signature.

The application referred to in the previous paragraph shall be regarded as an offer for the conclusion of an agreement. The application may be provided in writing, directly or via mail, telefax or electronically. The Bank shall notify the applicant within 5 (five) business days after the receipt of the application whether it accepts or rejects the offer to enter into the agreement stated in the application and, if it accepts the offer, invite the applicant in order to enter into the agreement. The Bank may reject an offer to enter into an agreement with an applicant if such agreement would be in conflict with the Bank's business policy, regulations and business and general ethical principles.

#### Article 6

A physical person shall accompany the application to obtain the client status with the following documentation:

- (1) A copy of a valid identification document with a photograph,

- (2) A copy of the account card from the bank where the client holds an open account, if the client does not hold an account with the Bank,
- (3) Other documentation specified by the Bank.

Along with the application to obtain the client status, a domestic legal person shall submit the following documentation:

- (1) Certificate of registration with the Central Register of Commercial Entities of the Tax Authority (hereinafter: CRPS) issued not more than three months ago,
- (2) Excerpt from the tax records containing a PIB,
- (3) OP form, if the client has not already submitted such form to the Bank upon opening of the account;
- (4) Specimen signatures of the authorized persons to access the funds in the accounts listed for domestic payment operations, and/or specimen signatures of the authorized persons to access the funds in the accounts listed for foreign payment operations, if not already submitted to the Bank upon opening of the account;
- (5) Other documentation specified by the Bank.

Along with the application to obtain the client status, a foreign legal person shall submit the following documentation:

- (1) A copy of an excerpt from the home country register, certified pursuant to law, issued not more than three months ago,
- (2) The power of attorney, certified pursuant to law, if the account is opened by a person authorised by means of a power of attorney by the legal person's authorised representative,
- (3) Specimen signatures of the authorized persons to access the funds in the accounts listed for domestic payment operations, and/or specimen signatures of the authorized persons to access the funds in the accounts listed for foreign payment operations,
- (4) Certified copies of passports of the legal representatives and authorised persons,
- (5) Other documentation specified by the Bank.

## **V CONTRACT WITH CLIENT**

### **Article 7**

The Bank shall enter into custody agreements with clients prior to the receipt and execution of the client's first order. Along with the agreement, the Client shall also confirm the following by signing a specially prescribed form:

- (1) That the General Terms and Conditions were available to it prior to entering into the agreement, and that it was introduced to and agrees with their contents,
- (2) That it was introduced to and agrees with the Tariff Schedule for custody services (hereinafter: the Tariff Schedule),
- (3) That there are no other persons claiming any rights over the securities in the client's proprietary account, and that the client will notify the Bank immediately if any rights over the securities are acquired which would restrict the client's disposal of the securities in the proprietary account in any manner whatsoever.

Under the agreement, the Client authorises the Bank to hold and safeguard the securities on the Client's behalf and for the Client's account or on its own behalf and for the Client's account, and to carry out other tasks with regard to the securities upon the Client's orders, and the Client agrees to pay the specified fee and/or commission for the services provided.

Based on the custody agreement, the Client shall pay a fee and/or commission to the Bank in accordance with the Tariff Schedule, previously delivered to the Securities Commission.

The Tariff Schedule shall be displayed in the Bank's premises, where it operates with clients, and the Bank's website. The agreement with the Client and all corresponding documentation shall be done in the language in the official use in Montenegro, and if the client is a foreign person, the agreement and the documentation may also be done in the language of the client's country of origin, or another foreign language, comprehensive to the foreign person, in addition to the language in official use in Montenegro.

Custody agreement between the Bank and the client will contain the following parts:

- (1) Parties to the agreement and authorized persons,
- (2) Definitions of important terms,
- (3) Definition of risks,
- (4) Subject of the Agreement,
- (5) Rights and obligations of the Bank,
- (6) Rights and obligations of the client,
- (7) Procedures for sending and receiving orders,
- (8) Procedures and deadlines for reporting back to client,
- (9) Warranties made by the Bank,
- (10) Warranties made by the client,
- (11) Application of the pricelist and/or other tariffs,
- (12) Application of other documents,
- (13) Confidentiality clause,
- (14) Term for which the contract is valid,
- (15) Procedures for conflict resolution and court jurisdiction.

#### **Article 8**

The Bank shall keep a Custody Book of Orders in electronic form, containing the following data on each order:

- (1) Order number,
- (2) Date, time, mean of communication and place where order was issued,
- (3) Date of the confirmation that the order is received,
- (4) Name of the person that received the order in the Bank's name,
- (5) Name of the client issuing order,
- (6) Personal/company identification number of the client,
- (7) Address of the client,
- (8) If client is legal entity, data on authorized person that issued order,
- (9) Custody account of the client,
- (10) Data on client's bank account,
- (11) Order type (BUY or SELL),
- (12) Order validity period,
- (13) Name of the issuer,
- (14) Security ticker,
- (15) Security ISIN,
- (16) Stock exchange at which security is traded,
- (17) Price limit,
- (18) Volume,
- (19) Broker to which the order was forwarded,
- (20) Mean of communicating order to the broker,
- (21) Data on execution:
  - a. Date(s) of order execution,
  - b. Date(s) of sending trade confirm(s),
  - c. Volumes and prices at which order was executed,
  - d. Total value of the transaction(s),
  - e. Settlement date(s).
- (22) Number of order which amended the order (if applicable),
- (23) Number of order which cancelled the order (if applicable),
- (24) Type of order: market, limit order, without limit, with or without special conditions, special showing and/or execution restrictions,
- (25) Other remarks made by client.

The Bank shall issue an excerpt from the book of orders upon the client's request for all or individual transactions relating to the Client's orders. The Bank shall allow the Securities Commission to have insight into the book of orders and insight into other documentation on custody operations.

The Bank shall sign the following types of orders with the Client:

- (1) receipt free of payment,
- (2) receipt versus payment,
- (3) delivery free of payment,
- (4) delivery versus payment,
- (5) money transfer order.

A Custody order shall contain the following necessary elements:

- (1) order number,
- (2) time, method and place of receipt of the order,
- (3) name and surname of the person who received the order on behalf of the Bank,
- (4) order validity period,
- (5) Client's name and surname/company name, JMBG/register number,
- (6) Client's custody account,
- (7) Client's address, telephone, fax and e-mail,
- (8) Client's bank account information,
- (9) order type,
- (10) full name of the issuer of the security instrument,
- (11) security instrument code,
- (12) security instrument ISIN number,
- (13) minimum/maximum price,
- (14) quantity, and
- (15) date of receipt/delivery.

The Bank may accept a request for revoking or amendment to the Client's order until the moment of order realization in the stock exchange by the authorised participants. The Bank may receive orders from clients:

- Directly: in its premises.
- Indirectly: via mail, telefax or electronically (via secured internet service prohibiting alteration of the content of a received document), from the e-mail address stated by the Client in the agreement with the Bank, registered in special records.

The client may also make orders to the Bank via telephone, upon special request from the client. In case of requests for telephone orders, the Client shall also leave an e-mail address to be used by the Bank to send confirmations of receipt of orders. In case of telephone orders, the Client shall accept the identity verification and voice recording procedures, which include:

- (1) Audio recording,
- (2) Verification of the client's selected telephone number and
- (3) Secret code selected by the Client as the relevant documentation in the event of dispute and any other control by the relevant institutions. The Bank shall deliver a confirmation of the receipt of the order, or confirmation of receipt of the amendment or revoking of the order, to the Client on the following day after the receipt of the order the latest, in the manner prescribed under the Agreement. The confirmation of receipt shall include:
  - a. Order number,
  - b. Name and surname, or the name of the company and the head office of the client,
  - c. Type and content of the order,
  - d. Place, date and time (hour and minute) when the order was received,
  - e. Confirmation stating that the client is aware of the method of calculation of fees and/or commissions to be paid for the execution of the order,
  - f. Signature of the Bank's authorised person.

The Bank shall leave a period of 24 hours for the Client to dispute the order, in which case it is necessary to verify the order validity. If the client fails to dispute an order within the given period, it shall be deemed to agree with the order. Exceptionally, the Client may dispute an order even after expiry of that period, solely if it proves that it was not possible to do so within the given period due to force majeure.

**Article 9**

The Bank may receive and execute clients' orders solely in accordance with a concluded agreement on provision of custody services. Prior to making an order, the Client shall:

- (1) Enter into an agreement on provision of custody services;
- (2) Hold an open proprietary or collective securities account from and to which the Bank will be authorised to perform transfer of rights from securities based on purchase and sale of the securities and registering of third persons' rights over the securities;
- (3) Hold an open cash account with the Bank, from which the Bank will be authorised to make or receive payments based on purchase and sale of securities.

The authorisation referred to under paragraph 1 subparagraphs 2 and 3 of this Article may be contained in the text of the Custody Agreement defined under Article 7 of these General Terms, or provided based on another legal matter.

The Bank shall issue a written confirmation of receipt of an order to the Client, which shall include the elements specified under these General Terms. The Bank shall deliver the confirmation to the Client directly, or via e-mail or telefax, in accordance with the Agreement.

The Bank shall deliver a written confirmation of execution of the order to the Client upon its realization, on the following day after the order execution the latest. The confirmation of execution of the order shall include:

- a. Order receipt date and number,
- b. Place, date and time (hour and minute) when the order was executed,
- c. Name and surname, or the name of the company and the head office of the client,
- d. Type and content of the order,
- e. Method of order execution (with a note that the order was executed by the Bank or another authorised entity, stating the name and head office of the other entity and the responsibilities of the custody Bank for the execution of the order of the other entity),
- f. calculation and amount of the Bank's fees and/or commissions and other fees and/or commissions to be paid by the client,
- g. Signature of the Bank's authorised person, or a note that the calculation was provided as an electronic document and that it is valid without signature and seal.

The method of delivery of notifications of order execution shall be regulated under the agreement.

**Article 10**

The Bank may refuse to receive an order:

- (1) if the execution of the order would constitute an act punishable under law as a criminal offence, a commercial offence or misdemeanour;
- (2) if it is not specialized or does not have technical possibilities to execute a particular order;
- (3) if the order is incomplete, inaccurate, untimely delivered or unclear.

When the Bank refuses to receive the Client's order, it shall notify the Client immediately upon receipt of the order and state the reason for refusal.

The Bank may delegate execution of an order to another person authorised to carry out transactions stated in the client's order, if authorised to do so under the agreement on provision of custody services.

In the event referred to in paragraph 3 of this Article, the Bank shall still be responsible for the execution of the order.

**Article 11**

The Bank undertakes to execute, on the day of settlement of obligations, all the necessary settlements arising from the Client's orders, based on the transfer of rights from securities. Pursuant to Article 8 of the General Terms, the Bank shall ensure, on the day of settlement of obligations from securities purchased for the account of the client, to transfer those securities to the proprietary securities account of the Client, or the collective account of the Bank.

The Bank shall perform transfer of rights from securities between accounts of the same holder and transfer to the account of a new holder, as well as registering and deleting of rights of third parties over securities, on behalf of and for the account of its clients, or on its own behalf and for the account of its clients, by entering orders for the transfer of securities or orders for registration of rights of third parties with the Central Depository Agency or other authorized entity where the clients' securities accounts are held. The Bank shall also perform, on behalf of and for the account of the Client, or on its own behalf and for the account of the Client, transfer of funds from the dedicated customer accounts intended for trading with securities, ensuring timely payment and collection of the client's debts and receivables, as well as transfer of funds upon the Client's order.

## **VI RIGHTS AND OBLIGATIONS OF THE BANK AND THE CLIENTS**

### **Article 12**

These General Terms and Conditions and the Bank's Tariff Schedule applicable in its operations with Clients shall be published on the Bank's website, and in a visible and accessible place in the Bank's premises where it operates with clients.

The Bank shall deliver, prior to entering into a custody agreement and receipt of the Client's first order, a copy of these General Terms and Conditions to the Client or inform the Client of the website address where the General Terms and Conditions are published.

### **Article 13**

Securities held in clients' proprietary or collective custody account shall not be the property of the Bank and shall not be a part of its property and cannot be included in the liquidation or bankruptcy estate, nor can they be used to settle the Bank's obligations towards third parties.

### **Article 14**

The Bank undertakes to pay, on the day of settlement of obligations from securities purchased for the account of the Client, for those securities and transfer them to the Client's proprietary securities account, or the collective custody account. The Bank undertakes to record regularly and promptly all changes related to the Client's account and to deliver, upon the Client's request, to the Client's e-mail address or the address of its head office or domicile, information concerning the Client's securities account, as well as the excerpt of the changes on the Client's dedicated cash account with the Bank according to the applicable Tariff Schedule.

The excerpts referred to in the previous paragraph shall serve as evidence in the case of a complaint by the Client. An excerpt shall be deemed approved if it is not disputed by the client within 15 days.

In the case of non-compliance with the Client's obligations with regard to settlement of securities and based on an order given to the Bank, the Bank shall be authorised to settle the client's obligations without any restrictions by selling the client's securities or debiting the client's accounts with the Bank until final settlement. The Bank shall notify the Client of such actions. The Bank may leave an additional period for the Client to settle the obligations, which in any case may not be longer than 24 hours.

In the case of non-compliance with the Client's obligations referred to in paragraph 3 of this Article, the Bank shall calculate default interest to the Client on its due obligations in accordance with the applicable Tariff Schedule, unless otherwise defined.

### **Article 15**

The Bank shall keep information on the identity, balance and turnover on the clients' securities accounts, cash accounts intended for operations with securities, as well as other information about the Client obtained while performing operations, as a trade secret, and shall not disclose them to third parties, or use or allow third parties to use them.

Notwithstanding paragraph 1 of this Article, the information referred to in paragraph may be disclosed and made available to third parties:

- (1) Based on the Client's written consent,
- (2) During the control of the Bank's operations carried out by authorized persons from the Securities Commission,
- (3) Based on a request from the Anti-Money Laundering and Anti-Terrorism Financing Authority,
- (4) Based on a court order.

**Article 16**

The client shall provide a statement to the Bank on its unrestricted right to dispose of securities. If any other persons have any rights over the specified securities which would restrict the Client's disposal of those in any way whatsoever, the Client shall inform the Bank immediately.

**Article 17**

The client agrees to notify the Bank in due time of all data necessary for the Bank to act in accordance with the agreement, as well as to inform the Bank of any changes that may arise in connection with the given data. The client notify the Bank immediately in writing, or via allowed communication channels, the same ones as allowed for making orders by the referred to under Article 11 of the General Terms, upon occurrence of any change of the following:

- (1) any changes or amendments to the memorandum of incorporation and articles of association,
- (2) any change of managers and other persons authorized to do business with the Bank,
- (3) any status changes,
- (4) any increase or reduction in capital,
- (5) any change in the majority shareholders,
- (6) the Client's insolvency,
- (7) initiation of forced collection, bankruptcy or liquidation proceedings,
- (8) other information relevant for the operations performed by the Bank for the Client.

**VII LIABILITY OF THE BANK AND THE CLIENT FOR DAMAGES****Article 18**

The Bank shall be liable for any damage it causes to its clients, pursuant to the Law on Obligations, and in particular for any damage caused by:

- (1) Non-compliance with the custody agreement
- (2) Violation of confidentiality of data obtained during operations with the Client,
- (3) Failure to execute, or incorrect or untimely execution of, orders.

The Bank shall not be liable for damages in the following cases:

- (1) Damage caused by force majeure (war, warfare, mobilization, epidemic, strikes, fires, explosions, natural disasters),
- (2) Any damage or delay caused by the actions of third parties, i.e. prohibition or acts of government authorities affecting the execution of the order,
- (3) Any damage caused by illiquidity and/or insolvency of the issuer of securities or other commercial banks,
- (4) Any damage caused by failure in the information system of the Central Depository Agency, stock exchange, authorized participants and other relevant institutions, used in the process of communication, trading, clearing and settlement,
- (5) Errors and data loss in the procedures of immobilization and registration of securities in the securities register with the Central Depository Agency, as well as careless, unprofessional work and misuse and unauthorized provision of account information or other essential elements relating to the client's identity or balance and turnover on the securities accounts by the Central Depository Agency, stock exchange or other relevant institutions,
- (6) If the client fails to make or revoke an order in a timely manner,
- (7) If the cause of the error originated in the Central Depository Agency, in stock exchanges, with the authorized participants or in any other relevant institution outside the Bank, and the Bank has acted correctly and timely,
- (8) Due to extraordinary circumstances.



**Article 19**

Clients of the Bank shall be liable for their commitments and the damage done to the Bank in the following cases:

- (1) If they damaged the Bank by failing to comply with laws and bylaws,
- (2) If they damaged the Bank by failing to comply with the Bank's acts and rules,
- (3) If they damaged the Bank by wilful or gross negligence,
- (4) If they misused the Bank to achieve the goal which is prohibited to them as individuals or in order to damage their creditors,
- (5) If they took illegal activities and damaged the Bank regardless of whether it is in their favour or in favour of another person,
- (6) If it is established that the information and documentation submitted with the Client's order are not accurate and valid.

**Article 20**

In order to protect its clients, the Bank shall establish internal acts and procedures which clearly show its obligation to place funds with due care of a prudent businessman, timely and effectively, in accordance with the clients' requests, and protect the documents and information relating to its clients.

**VIII BANK'S OPERATIONS WITH VOLUNTARY PENSION FUNDS****Article 21**

The Bank shall sign a contract with a voluntary pension fund management company and undertakes to open and maintain a voluntary pension fund account and carry out all tasks in accordance with the Law on Voluntary Pension Funds, and the management company undertakes to pay compensation to the Bank.

The Bank may do business for several voluntary pension funds, with the obligation to sign an agreement with a voluntary pension fund management company on custody services for each voluntary pension fund separately. When the Bank conducts business with a number of voluntary pension funds, it shall keep all information on the portfolio, as well as any other information pertaining to each individual voluntary pension fund, separately.

**Article 22**

In accordance with law and the General Terms and Conditions regulating these matters, the Bank shall perform the following operations with regard to the assets of the voluntary pension fund:

- (1) Opening and maintaining accounts of securities comprising the assets of the voluntary pension fund with the Central Depository Agency on its own behalf, and for the account of the voluntary pension fund (collective custody account);
- (2) Opening of an account for the assets of the voluntary pension fund, collecting contributions from the members of the fund, transfer of the cash comprising the fund's assets into cash deposits and disbursement of the accumulated funds for each member of the voluntary pension fund;
- (3) Control and execution of the management company's orders for the purchase and sale of assets in order to determine whether the orders were made in accordance with law and the fund's prospectus;
- (4) Control and execution of the management company's orders for the transfer of the securities and orders for registration of third parties rights over the securities with regard to whether the orders were made in accordance with law and the fund's prospectus;
- (5) Determining the accuracy of the calculation and approval of the daily net asset value of the voluntary pension fund and the accounting unit value, calculated by the management company and daily reporting to the Commission;
- (6) Control of the voluntary pension fund's yields calculated by the management company;
- (7) Informing of the Commission of any noted irregularities in the operations of the management company immediately after such irregularities are noted;
- (8) Notification of the management company of the executed orders and other activities undertaken with regard to the fund's assets;
- (9) Submitting, on behalf of the Fund, to the Commission and other competent authorities, petitions against the management company for any damage done to the fund;

- (10) Public disclosure of the accounting unit on daily basis, if so agreed under the agreement with the management company;
- (11) Informing the voluntary pension fund management company of any necessary corporate activities regarding the fund's assets, if so agreed under the agreement with the management company;
- (12) Reporting to the management company on the payment of dividends or other instruments becoming due for collection, if so agreed under the agreement with the management company;
- (13) Notification of the annual general meetings and the rights related to assets of the pension fund, as well as the execution of the management company's orders relating to the exercise of these rights, if so agreed under the agreement with the management company;
- (14) Provision of voting services at annual general meetings, if so agreed under the agreement with the management company;
- (15) Performing of other tasks for which it is authorized under the agreement with the management company in line with the regulations.

**Article 23**

Every business day, the Bank shall control and confirm net asset value, investment unit value and the fund's yield, calculated by the voluntary pension fund management company, separately for each fund for which the Bank performs these tasks.

The data referred to in paragraph 1 of this Article shall be calculated by the Bank in accordance with the Law on Voluntary Pension Funds and bylaws adopted based on this Law. In order to harmonize their data on the net asset value, the net calculation unit value and the fund's yield with the data on these values of the voluntary pension fund management company, the Bank shall obtain the data on the market value of the securities comprising the fund's assets through market information services where these securities are traded (stock exchange, Central Depository Agency, Bloomberg and others).

The Bank may also request from the voluntary pension fund management company to furnish the information it cannot obtain in the manner referred to in paragraph 2 of this Article, as well as evidence to confirm this information. If the Bank determines that there are differences in the calculation, it shall notify the voluntary pension fund management company, in order to determine the reasons that have led to that, or the reasons of inconsistencies, after which they shall both check whether the errors were also made in any of the previous calculations and rectify the errors identified on the same day when the differences in calculation or causes of inconsistencies are determined.

If the errors cannot be rectified on that day, the Bank shall notify the Commission for Securities of that as well as of the reasons for the inconsistencies.

**Article 24**

The Bank undertakes to assume all liability arising from the Law on Voluntary Pension Funds and the bylaws adopted based on this Law, concerning the assets of the voluntary pension fund in the event of loss of license to operate by the voluntary pension fund management company or termination of the agreement between the Bank and the voluntary pension fund management company.

**Article 25**

The provisions of these General Terms relating to the receipt of orders and the method of their execution, the method of dealing with the clients' securities and assets, rights and obligations of the Bank and its clients, liability for damages, shall also apply to the transactions done by the Bank with voluntary pension funds.

**IX THE METHOD OF KEEPING UNIFORM RECORDS ON SECURITIES AND THEIR CASH ACCOUNTS****Article 26**

The Bank shall keep separate records on securities and the persons on whose behalf it performs operations, and keep the data from these records as trade secret and protect them from unauthorized use, alteration or loss.

**Article 27**

Through the Bank's computer system, the Bank shall keep uniform records of all clients' securities and their dedicated cash accounts, collectively and individually.

**Article 28**

The business books, records and documentation laid down under these General Terms and Conditions, shall be kept by the Bank in accordance with the List of Categories of Filing Materials and the Bank's specified document safeguarding periods and for minimum 5 years after the expiry of the business year to which the documents relate.

**X CODE OF ETHICS AND CLIENT PROTECTION IN BANK'S OPERATIONS****Article 29**

Persons performing custody operations in the Bank shall perform their duties in accordance with good business practices and business ethics and behave in a manner that will not compromise the reputation of the Bank.

**Article 30**

Persons performing custody operations in the Bank shall obtain approval from the Bank for any additional work with other entities. Additional work with other entities cannot be within the scope of custody operations and other activities related to trade in securities.

**Article 31**

Communications related to the performance of the Bank's custody operations intended for the public and the clients may be given by the Head of Custody Service, in cooperation with the Bank's Communications Division.

**Article 32**

Persons performing custody operations in the Bank shall keep information which may, if disclosed, have a significant effect on the price of securities (privileged information) as trade secret.

**Article 33**

Privileged information is any information that relates to one or more issuers of securities or a buyer or seller of securities, which, if available to the public, would have a significant effect on the price of securities.

**Article 34**

A person who comes into possession of privileged information shall not pursue material gain in the sale of securities on the basis of such information, nor shall it disclose such information to a third person or recommend to a third person to purchase or sell securities.

**Article 35**

The Bank and the persons employed by the Bank shall not trade in certain securities on their own behalf and for their own account if they are in possession of information which has not been made available to other buyers.

**Article 36**

Persons performing custody operations in the Bank may not have a share in the profits from the transactions they performed for their clients nor can they promise or give any guarantees for such transactions.

**XI TRANSITIONAL AND FINAL PROVISIONS****Article 37**

The Bank shall define in more detail the rules and procedures related to anti-money laundering and anti-terrorist financing in a special act.

**Article 38**

The decision on the amendments to these General Terms and Conditions is passed by the Board of Directors of the Bank. In the event of any changes to the General Terms and Conditions and the Tariff Schedule, the Bank shall notify its clients prior to their application by publishing the changes on its website, as well as in the premises where the Bank operates with Clients.

**Article 39**

These General Terms and Conditions and their amendments shall enter into force upon obtaining the consent from the Securities Commission and shall be published on the Bank's website and the Bank's premises where it operates with Clients.

In Podgorica, on September 18<sup>th</sup> 2014.

Erste Bank AD Podgorica  
For Board of Directors  
Chief Executive Officer  
Aleksa Lukić

