

**General information about
INTERCAPITAL securities Ltd. („Company“ or
„InterCapital“) (updated version as of March 2024)**

Company name	INTERCAPITAL securities limited liability company for dealing in securities
Short company name	InterCapital Securities Ltd.
Short company name in Croatian	INTERKAPITAL vrijednosni papiri d.o.o.
Commercial court registration number	080420080, registered with the Commercial Court in Zagreb
VAT	68481874507
Headquarters	Masarykova 1, 10 000 Zagreb, Hrvatska
Tel	+385 (0)1 4825 890
Fax	+385 (0)1 4825 899
E-mail	brokeri@intercapital.hr
Bloomberg	INKA
Web	inter.capital
Memberships	Company is the member of Zagreb Stock Exchange d.d. (ZSE), Ljubljana Stock Exchange d.d. (LJSE), Central depository and clearing company d.d. (SKDD) and Centralne Klirinško Depotna Družba d.d. (KDD)
Symbols:	
Zagreb Stock Exchange	INKA-B
Ljubljana Stock Exchange	ICSLJ
Certificated brokers	Delač Danijel Dražetić Ivan Majić Filip Rimac Josip Marko Švigelj Maravić Matko Jurišić Branka Platužić Viktorija Tomić Marko Jurinić Denis
Certificated investment advisors	Delač Danijel Jurinić Denis Maravić Matko Majić Filip Dražetić Ivan Pevc Tea

The Company shall, at request of any legal or natural person acting as a client, potential client or consumer in the context of financial products and services), issue a certificate, written on the Company's memorandum, certifying that the person performing the relevant function for which the Company is responsible and competent is an authorized person in relation to the relevant function that person performs.

Tied agents	<p>Fincon j.d.o.o., Kralja Tomislava 90, Podgorač commercial court register number: 030127237 contact for placing order for this tied agent: tel. +385 (31) 271-904 e-mail: tmastanj@gmail.com</p> <p>BPH, bolj prijazna hiša, d.o.o., Tivolska cesta 48, 1000 Ljubljana, Slovenija tel. +386 1 200 20 20 e-mail: info@bph.si</p>
Subsidiary	INTERKAPITAL vrijednosni papiri d.o.o. , Subsidiary Slovenija, Ukmarjeva ulica 4 1000 Ljubljana, Slovenija
Equity capital	1.100.000,00 EUR
Ownership	INTERCAPITAL Inc., only founder/member
Management Board	The President of the Management Board: Danijel Delač, mr. sc. oecc The Member of the Management Board: Denis Jurinić, dipl. oecc
Regulatory body	Croatian Financial Services Supervisory Agency (CFSSA) Franje Račkoga 6, Zagreb Tel.: 01 6173 200 Fax: 01 4811 507 e-mail: info@hanfa.hr , potrosaci@hanfa.hr
Founding act	the Company is founded by the Deed of Incorporation as of 28th January 2002.
Operating license	<p>License for operating with securities is in accordance with the Law on issuing and trading securities which was in force at the time. The license is granted by the Croatian committee for securities by a Decision as of January 31, 2002, CLASS: UP/I-450-08/02-02/16, FILE NO: 567-03/02-02.</p> <p>After the Capital Market Act came in force on the 1st January 2009 because the European law needed to be incorporated in Croatian law, the license is granted for provision of investment services and performance of investment activities and related joint services by the Croatian financial services supervisory agency of 9th July 2009, CLASS: UP/I-451-04/09-02/15, FILE NO: 326-111/09-4. The Company directly provides investment services and performs investment activities in the following Member States of the European Union and the signatories of the Treaty on the European Economic Area:</p> <ul style="list-style-type: none"> - Slovenia - Germany - Italy - Romania - Bulgaria - Hungary - Estonia - Czech Republic - Austria - Poland - Sweden - Denmark

In Slovenia the Company is authorized to provide investment and ancillary services directly as of May 12, 2014. and for the rest of the counties as of June 9, 2016.

Investment services and activities	<ul style="list-style-type: none"> - reception and transmission of orders in relation to one or more financial instruments - execution of orders on behalf of clients - dealing on own account - portfolio management - investment advice - underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis - placing of financial instruments without a firm commitment basis - safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management
Publicly available information about the Company	<p>Information about the Company are available on the web site: inter.capital where you can find our general info and other documents,</p> <p>on the official web site of Court excerpt (Ministry of Justice of Republic Croatia): https://sudreg.pravosudje.hr/ and</p> <p>the Croatian financial services supervisory agency web site http://www.hanfa.hr</p>
Publication of general information	<p>Company is required to publish information and documents on its web site inter.capital. Information not contained in this general information can be found in the annual financial report and in the document "Annual Risk Report" for the appropriate fiscal year.</p>
Official languages	<p>Croatian and English</p>
Communication and placing orders	<p>Orally in the premises of the Company, via telephone, written via the recommended shipment, fax or electronic mail, Bloomberg Chat or via direct service for those who have access to it, and SEE Link IT platforms when applicable.</p>
Price list	<p>Information on the prices and costs of investment and ancillary services and, if applicable, costs, fees and associated expenses can be found in the Price List published on the Company's website. For example, the amount of the brokerage fee is calculated by deducting the amount of that fee from the proceeds of the sale or from the funds paid to buy the financial instruments. The custodian fee is charged on a monthly basis, in the manner indicated in the invoice delivered to each client.</p>
Client's complaints handling	<p>The process of submitting client's complaints, as well as the Company's procedure for complaint clients, is governed by the regulations of the company on complaint handling which is available in the company's premises and on the web site. If you have any complaint, please write to our headquarters by post or by e-mail: prituzebe@intercapital.hr.</p>
Client's asset protection	<p>The client may be entitled to compensation if the Company cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Generally, a professional client will not be eligible for compensation (i.e. investment companies, credit institutions, UCITS management companies).</p> <p>Cash and financial instruments of the client are not owned by the Company, do nor form a part of its property, liquidation or bankruptcy estate and may not be subject to enforcement in relation to any claims towards the Company.</p> <p>The Company is a member of the Investor Compensation Fund operated by the Central Clearing Depository Clearing Company Inc. ("Fund Operator" or "Investor Compensation Fund"). In case the Company cannot meet its obligations (opening of the insolvency proceedings or if Croatian Financial Services Supervisory Agency determines that we cannot meet our monetary obligation towards you or return your Financial instruments under our portfolio management).</p>

The following client's claim are secured: funds owed by the Client or belonging to the client received or held by Intercapital for the client in relation the investment services provided by Intercapital, Financial instruments belonging to the client, held, administered or managed by Intercapital in relation the investment services provided by InterCapital.

The Company's clients' claims are protected up to a maximum of 20.000,00 EUR and shall be calculated as the total amount of client's claims, regardless of whether we hold them on one or more accounts, on one or more contractual basis or in connection with one or more investment services.

Actions of the Fund Operator In case of an insured event the Fund Operator will after the Croatian Financial Services Supervisory Authority has issued a decision on the occurrence of the insured event, the Investor Compensation Fund starts the procedure of indemnification of the Company's clients and informs the public by posting a notice in one daily newspaper distributed in Croatia. The Investor Compensation Fund will notice the defaulted Company's clients' known to the fund about the occurrence of the insured event and invite them to file a claim for compensation along with a prescribed form for that claim. Deadline for submission of the Client's claims is five (5) months from the date of publication of the Croatian Financial Services Supervisory Authority decision on the occurrence of the insured event in the Croatian "Official Gazette" ("Narodne Novine"). Within ninety (90) days from the date of determining the protected claim payment right or the date of determining the payment amount, or, exceptionally, within a further period of 90 days based on a special decision of Croatian Financial Services Supervisory Authority the Investor Compensation Fund will pay the protected amount to the Comapany's client.

Client's cash deposited by Intercapital in a credit institution in Croatia and Slovenia are not owned by the credit institution in which it is deposited, nor does it form a part of the credit institution property, liquidation or bankruptcy estate.

Regular business accounts

Erste & Steiermärkische bank d.d.	HR8124020061100074697
Zagrebačka banka d.d.	HR8023600001101482818
Privredna banka Zagreb d.d.	HR7623400091110072681
OTP banka d.d.	HR1324070001100340465
Raiffeisenbank Austria d.d.	HR9524840081101402696
Hrvatska poštanska banka d.d.	HR6823900011100352194

Payments, client's assets safe-keeping, interests, responsibilities for the third party

Please make any payment following the instructions below:

for brokerage:

Account No. HR5824020061300000162 opened at Erste & Steiermärkische bank d.d. (upon payment, as "Payment model" enter the number 00, and as "Reference number" specify the TIN of the client)

for custody:

Account No. HR2424020061300002035 opened at Erste & Steiermärkische bank d.d. (upon payment, as "Payment model" enter the number 00, and as "Reference number" specify the TIN of the client)

note: if client makes a payment to a Company's account by accident (i.e. makes a payment to the brokerage account instead of custody account) the Company will transfer that assets on the adequate account

- HR5824020061300000162	Erste & Steiermärkische bank d.d.
- HR7424840081300100784	Raiffeisenbank Austria d.d.
- HR0823600001300057276	Zagrebačka banke d.d.
- HR9223400091310173402	Privredna banka d.d. Zagreb

**Safekeeping of client's assets:
financial instruments**

for brokerage

- Croatian financial instruments held by Central Depository & Clearing Company d.d. and registered with the Company.
- Slovenian financial instrument are held by Centralna Klirinško Depotna Družba d.d. (KDD) and registered with the Company.

client's cash funds

- | | | |
|---|-----------------------|-----------------------------------|
| - | HR5824020061300000162 | Erste & Steiermärkische bank d.d. |
| - | HR7424840081300100784 | Raiffeisenbank Austria d.d. |
| - | HR0823600001300057276 | Zagrebačka banke d.d. |
| - | HR9223400091310173402 | Privredna banka d.d. Zagreb |
| - | HR8323900011300153688 | Hrvatska poštanska banka d.d. |

for custody

- Central Depository & Clearing Company SKDD (Croatian financial instruments are held on SKDD custody account, there is a possibility of safekeeping on omnibus account)
- Centralna Klirinško Depotna Družba d.d. (KDD) (Slovenian financial instruments are held on KDD custody account, there is a possibility of safekeeping on omnibus account)
- KBC Bank NV, Belgium acc.no. BE77409654740142 (foreign financial instruments and cash funds; Company's assets are held on the separate account than client's assets)
- OTP banka d.d. Split, account number HR7924070001300322237 (foreign financial instruments and cash funds; Company's assets are held on the separate account than client's assets)
- UniCredit Bank AG (foreign financial instruments and cash funds; Company's assets are held on the separate account than client's assets) DE15700202700015243906, DE90700202700015243914, DE47700202700015243912
- Erste & Steiermärkische bank d.d., account number HR2424020061300002035 (cash funds)
- Raiffeisenbank Austria d.d. HR5024840081300148455 (cash funds)
- INTERACTIVE BROKERS account no.
INTERACTIVE_U10283982
INTERACTIVE_U1378207
INTERACTIVE_U2000580
INTERACTIVE_U2159546

(foreign complex financial instruments and cash funds; Company's assets are held on the separate account than client's. The clients assets is subject to laws of a country other than a member country and client's rights may differ accordingly)

- Nova KBM d.d. (foreign financial instruments and cash funds; Company's assets are held don the separate account than client's) acc.no: SI56040000266092184, SI56040000266097519, SI56040000266097810
- Zagrebačka banka d.d. HR 0923600001300166674 (cash funds: Company's assets are held on the separate account than client's)

The Company does not pay interest on client funds held by credit institutions. The Company is not liable for actions or omissions of any third parties, including credit institutions, custody service providers, depositories and clearing institutions, the issuer of the financial instruments bought for the client's account and other persons who are involved in concluding and/or executing transactions.

Clients trading on regulated market EUREX

The Company is obligated to provide its clients information about technical standards of indirect clearing of trades which are conducted by central counter party, as well as risks related to holding the assets and positions of clients at clearing member and central counter party. Company is direct member of EUREX exchange and trades on EUREX exchange are settled and cleared at EUREX's clearing member – UniCredit Bank AG. Under provisions of Commission delegated Regulation (EU) Nr. 149/2013 of 19th December 2012 supplementing Regulation (EU) Nr. 648/2012 of the European Parliament and of the Council

on regulatory technical standards on agreements of indirect clearing, obligation of clearing, public registry, access to a trading venue, other nonfinancial contracting parties and risk reducing techniques for OTC derivatives contracts whose clearing is not being cleared by central counter party (further: “EMIR”), central counter party and members of the clearing system shall offer its clients at least the choice between omnibus client’s account and individual client’s account. Under Regulation 149/2013, as the Company offers indirect clearing it offer the same choice to its clients.

Unless the client explicitly asks to open an individual account, the Company will assume that client opted for omnibus account. If the client opts for individual account, he will notify Company in order to start a process of opening such account.

- a) Omnibus account- These are accounts where assets of multiple clients are recorded in a single omnibus account.
- b) Individual account- keeping separate records and accounts enables clients to accounts with the clearing member the assets and positions held for the account of one clearing member from the assets and positions held for the account of any other clearing member and from its own assets

Separating assets means that assets and positions are being kept on segregate accounts, it prevents the netting of positions kept on segregate accounts and asset which includes positions kept on account not exposed to losses related with positions kept on the other account.

Account characteristics and related risks

Pursuant with the provision of Article 39 (2) of EMIR, separating omnibus account means that central counter party (CCP) keeps separate records and accounts which enables every clearing member to distinguish in accounts with the CCP the assets and positions held for the account of one clearing member from the assets and positions held for the account of any other clearing member. In accordance with that, Company’s asset and client’s asset is segregated at central counter party from asset of clearing member under omnibus separation accounts mechanism. Furthermore, as part of provision of indirect clearing services, the Company offers clients choice between opening omnibus or individual account.

For Company’s clients, choosing omnibus account means segregation of accounts by applying analogue methodology: a clearing member keeps separate record and accounts which provides Company to distinguish in accounts with the CCP the assets and positions held for the account of one clearing member from the assets and positions held for the account of any other clearing member. In that case, client’s asset is completely divided than Company’s asset, but their positions are not divided.

Omnibus account segregation means legal and operational risk, but also a risk of other clients whose positions are being held under same omnibus account. Positions of every client are being recorded separately. However, omnibus accounts will typically have some degree of cross- netting or other mutualization risk between the clients, whose positions and collateral are recorded in the same account, meaning that if the central counterparty or clearing member defaults there is a risk that losses associated with one client’s positions and/or collateral may impact other clients in the omnibus account in case of realization of operational risk or meaningful loss of the client who is in default, and which could not be covered by collateral delivered by that client or by the Company’s assets, the loss can be covered by other clients’ assets. Opening individual account means separating accounts so the clearing member makes separate records and accounts which provides Company to distinguish client’s assets and positions with individual account than assets and positions of all other clients.

Operational and legal risk still exists for client in the way of proper functioning of organization, process itself and members who participate in the clearing process but in this

account segregation client does not share risk of other clients. Collateral calculated for individual account is also charged and taken individually, minimizing the client's risk. However, having in mind impossibility of netting of positions, this approach can imply bigger cost of collateral.

Clients are hedged Company's or clearing member's default by segregation and portability of account mechanism. Clearing member segregates client's accounts from Company's account and CCP segregates Company's and clearing member's account. In case of Company's default that segregation provides client's account transfer (omnibus and individual) to other clearing member. In case of clearing member's default, that segregation provides transfer of Company's and client's account to other clearing member.

Authorization for use of internal model

Company publishes License for intern model for option evaluation implementation (HANFA Decision from 15th March 2013, CLASS: UP/I-451-04/12-44/1, URBROJ: 326-331-13-9)

SKDD CCP clearing

By the end of 2021, the migration of clearing activities from the SKDD to the SKDD CCP Smart Clear d.d. will be carried out. (hereinafter: "SKDD- CCP").

SKDD-CCP Smart Clear d.d. was established with the intention that the SKDD d.d. transfers to it the clearing of transactions of financial instruments, in the capacity of the Central Clearing Party.

"Clearing" within the meaning of Regulation (EU) no. Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, CCPs and the trade repository ("EMIR") means the process of establishing positions, including the calculation of net obligations, and ensuring that financial instruments, cash, or both, are available to secure the exposures arising from those positions.

"Central counterparty" means a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

"Novation" is a special novation procedure as defined in Article 535, paragraph 3 of the Capital Markets Act (OG 65/18, 17/20, 83/21) in which the obligatory relationship between the buyer and the seller in the transaction being cleared is replaced with two newly formed obligatory relations in which the SKDD-CCP becomes the buyer to the original seller and the seller to the original buyer, whereby the previous obligatory relationship between the original buyer and the seller ceases to exist.

"ZKN" is the Law on finality of settlement in payment systems and systems for settlement of financial instruments.

Terms written in capital letters, which are not defined in this letter, will have the meaning as assigned to them in the SKDD-CCP Rules available at www.skdd-ccp.hr (hereinafter: the "Rules"). All prescribed announcements and information of the SKDD-CCP will be published on the mentioned website, and this letter briefly describes clearing, different account risks, account choice and other important information.

InterCapital will become a member of the SKDD-CCP, and will assume the obligations arising from the transactions of its clients who trade on the regulated market of the Zagreb Stock Exchange d.d. in financial instruments (shares / bonds) that meet the conditions for clearing by the SKDD-CCP. Instruments / transactions that are not eligible for clearing under the new model, will be cleared according to the existing model.

Before SKDD d.d. transferred the clearing activities to SKDD-CCP, it guaranteed clearing exclusively with the funds of the members participants in the guarantee fund, while SKDD- CCP, among other things, guarantees with its own assets. After licensing,

SKDD- CCP will become a special member of the SKDD d.d. SKDD-CCP receives real-time transactions from the Zagreb Stock Exchange. The SKDD-CCP and the Member conduct clearing in the CDCC system in such a way that the Member is obliged to provide financial instruments, and SKDD-CCP to pay funds to SKDD d.d. account or vice versa. A Member is a legal entity admitted to membership in the Clearing System by SKDD- CCP and with which SKDD- CCP has concluded a Membership Agreement.

Clearing procedure (brief description)

The Market submits to the SKDD-CCP Data on Market Transactions in real-time. Upon acceptance of transactions in the SKDD-CCP clearing system, the amount for settlement of each transaction will be calculated using data on ISIN, quantity of Financial Instruments, price, accrued interest and share of outstanding principal. At the same time, after calculating the settlement amount, SKDD-CCP will carry out the Novation procedure. The new transaction is considered accepted in terms of ZKN by the Clearing system, and is considered a transfer order accepted in terms of the ZKN. By novation, one Novated Transaction is created in which the Member must deliver Financial Instruments or money to the SKDD-CCP and one New Transaction in which the SKDD-CCP must deliver Financial Instruments or money to the Member. In the Novation procedure, the Member assumes all obligations from the Transactions concluded by his clients on the Market.

Account types

The SKDD-CCP system distinguishes three types of accounts: House account (for Member's own assets), Joint client (for Member's clients), Separate client (for Member's client).

Upon admission to membership, InterCapital will be required to open a Position Account and Collateral Account for the Member's house account and a Position Account and Collateral Account for the Member's Joint client.

The Position account is a record account opened in the SKDD-CCP, and is used to calculate Accrued liabilities and liabilities based on the payment of the required collateral.

Collateral account is a record account opened in the SKDD-CCP, on behalf of the Member for the purpose of keeping collateral on it, in accordance with the Rules on Collateral.

Each opened Position Account has a corresponding Collateral Account.

InterCapital must open a Position Account / Collateral Account for the Member's clients (Joint client, also called **omnibus account or OSA account**). Members may open multiple Position and Collateral Accounts for individual clients (**so-called Individual account or ISA account**.)

The identity of the individual client to whom an individual account has been opened for is known to the SKDD-CCP at all times. The assets and positions held for his account are different from the assets and positions held for other InterCapital clients. Every client with an opened Individual account is unambiguously identified (for example by TIN or by other data). The Collateral account of the InterCapital's individual client is a record account in the SKDD-CCP defined by the Rules available on the website www.skdd-ccp.hr.

Liquidation, bankruptcy and enforcement

The SKDD-CCP maintains the accounts described in the Rules according to the following principles: a) the funds of the Member and the clients of the Member are kept on separate Collateral Accounts; b) the clearing is performed separately for each Position Account; c) the funds of the Member's clients recorded on the Collateral Account may only be used to cover the risks associated with the corresponding Position Account.

Cash and Financial instruments recorded on the Collateral Accounts for InterCapital's clients, Collateral Accounts for individual InterCapital's clients do not form a part of the bankruptcy estate of the Member, SKDD-CCP or CDCC, nor may they be subject to enforcement in connection with claims against InterCapital, whether the collateral holder is InterCapital or a client.

Insolvency of SKDD-CCP or Member

If the Data on Market Transactions contains Transactions concluded by the Member after the opening of insolvency proceedings, the SKDD-CCP will not accept such Transactions in the Clearing System and will cancel already accepted and Novated Transactions of the Member after opening insolvency proceedings. The SKDD-CCP notifies HANFA and the Members who are contracting parties in the cancelled Novated Transactions on the non-acceptance of Transactions, i.e. cancellation of Novated Transactions.

If the SKDD-CCP intends to cease performing the clearing activities or loses the approval for the provision of central counterparty services or the Non-fulfilment of obligations of the SKDD-CDCC occurs a insolvency proceeding of SKDD-CCP is initiated, SKDD-CCP will conduct a final settlement of liabilities between SKDD-CCP and all its Members. SKDD-CCP will fully respect the principles of segregation of assets of SKDD-CCP and Members or clients, as defined in Chapter V. of the Rules, in such a way that, regardless of the type of procedure (insolvency, compulsory management procedure), SKDD-CCP respects and preserves the structure of the accounts at all times, as well as the records of the beneficiary of assets recorded on the Collateral Accounts. The same rule on the obligation to preserve the structure of accounts and records of beneficiary of assets recorded on these accounts applies to the Account for other purposes for settlement, opened in the SKDD system as well as to the Cash Account for settlement, opened in the HSVP.

Risks arising from omnibus and individual account

Omnibus account (positions and collateral for clients)

It is opened on behalf of InterCapital, and for the account of its clients. Collateral and netting positions are linked to multiple clients. If a client fails to meet its obligations, other clients whose positions are held in an omnibus account may be used to cover the positions of other clients in the same omnibus account. In case of business transfer, the Member to whom the business is transferred to must accept, before the start of business transfer, all positions and assets on the omnibus account. The transfer of an omnibus account to a new Member requires the consent of all clients, which in practice may be complex.

Individual account (positions and collateral of an individual client)

It is opened on behalf of InterCapital, and for the account of a specific client. Collateral and netting positions are linked to only one client. The account is not exposed to the risks of other clients. The client is not exposed to the risk of other clients, i.e. the client's collateral may in no case be used to cover the positions of other clients. The client is protected from InterCapital's risk. Prior to the start of the business transfer, the Member to whom the business transfer is performed must accept all positions and assets in the individual account, but the client autonomously decides to whom to transfer the account and is not tied to other InterCapital's clients.

In case of settlement of liabilities, the SKDD-CCP will simply identify the client for whom InterCapital maintains the ISA account and pay the client directly in case the amount of the settled liability is positive after the necessary actions have been taken.

Impact of measures from the SKDD-CCP recovery plan

The impact of measures from the CDCC-CCP recovery plan is regulated by Articles 17, 18 and 19 of the Rules. The SKDD-CCP will not be liable for damages resulting from non-fulfilment of its obligation to deliver Financial Instruments or payment of funds under Accrued Liabilities, in accordance with the Rules, if this non-fulfilment is due to Force

Majeure. In case of Force Majeure or danger of force majeure, the SKDD-CCP or Members shall take measures prescribed by the Business Continuity Plan and the Crisis Recovery Plan and which are considered reasonably necessary to limit the third party damages as much as possible. SKDD-CCP shall not be liable in any case for any damages caused to the Member as a result of non-fulfilment of obligations by the SKDD-CCP, unless such damage occurred as a direct result of gross negligence or intent of SKDD-CCP or if the Clearing Rules in particular cases expressly prescribe otherwise.

TARGET2-Securities (T2S)

As a part of the process of integrating the financial system of the Republic of Croatia into the financial markets of the Eurozone, CSDCC is connected to the European payment system TARGET and the securities settlement system TARGET2-Securities (T2S).

TARGET2-Securities (T2S) is a platform for harmonized and centralized settlement of securities established by the Eurosystem, i.e. a set of hardware, software and other components of the technical infrastructure through which the Eurosystem provides services to central depositories and central banks that enables fundamental, neutral and borderless settlement of securities transactions under the DvP principle with central bank money. CDDD migrated to T2S on September 11, 2023. For every transaction, either domestic or cross-border, money and securities change ownership at the same time. The development of the platform was entrusted to the central banks of France, Germany, Italy and Spain (4CB).

"Participant" within the meaning of the Rules and other acts of the CDCC is an entity representing the participant as defined by the provisions of the Law on finality of settlement in payment systems and systems for settlement of financial instruments, while within the meaning of this General Information the Participant is InterCapital.

"Investor" is an entity whose identification data is entered and maintained in the information system of the CDDD with the intention of opening a securities account in the CDCC, in the sense of these General Information, the Investor is considered the Client.

Terms written in capital letters, which are not defined herein, will have the meaning prescribed by the CDCC Rules available at www.skdd.hr (hereinafter: "CDCC Rules").

With the transition of CDCC to the TARGET2-Securities platform, a new account structure model is introduced with a phased approach. Through the phased approach of transitioning to a new account structure model, Investors who have a directly opened securities account in CDCC and who do not transfer their assets (securities) to investment companies and/or credit institutions (Participants) will be charged a fee for maintenance of securities positions on the Investor's accounts. The fee will be charged to Investors whose total value of assets in the accounts in the SKDD exceeds the prescribed amount, while in the following stages this asset census will be lowered.

By opening accounts and transferring assets with investment companies and/or credit institutions (Participants), the Investors no longer have assets held in accounts opened directly with the CDCC, in which case they are not obligated to pay fees to the CDCC.

Due to the integration and optimization of the T2S project, the following changes will be made in the structure of the CDCC 's securities account:

- Custodial accounts for Financial Instruments of Croatian issuers (membership for Investors) will become transaction accounts and assets in existing custodial accounts for Financial Instruments of Croatian issuers will be replicated 1:1 or to the custodian's N:1 account in T2S
- The assets in the existing accounts of the Investor in CDCC that are registered with the broker/money market member will be replicated to the N:1 account of the broker/ money market member in T2S.

By switching to TARGET2-Securities, the CDCC system, on the date of entry into force of the amendments to the Rules of the CDCC, transformed all named custodial accounts into Transactional named custody account, and password-protected custodial accounts and omnibus custodial accounts into Transactional omnibus custody accounts.

The most significant changes related to static data and account structure are the following: i) mandatory identification of the Participant by BIC code in T2S ii) introduction of DCA account, i.e. money account in T2S managed by the central bank and iii) introduction of transactional accounts. The most significant changes related to pre-settlement services and functionalities are the following: i) mandatory matching fields, ii) account assignment, iii) transaction changes and iv) new statuses for monitoring the status of instructions in T2S.

Settlement is performed for all Transactions by transferring funds or securities or both in T2S and by transferring securities to the debit of the supplier's account and to the benefit of the recipient's account in the Settlement System. The condition for entering the Transaction in T2S will be fulfilled if the Participants have fully settled the Transaction (registered the Securities Accounts of those Investors or Account Holders on whose order the transaction was concluded).

Settlement obligations will be fulfilled on the scheduled settlement date if:

1. the Transaction is registered in T2S;
2. sufficient quantity of securities has been recorded and delivery secured in the reported registered position of the Securities Account of the Participant - supplier of securities;
3. or Alternate Transactions, the Participants involved have fulfilled their obligations to deliver securities;
4. for Transaction with payment (DVP, DWP, PFOD), the T2S DCA account of the Participant (supplier of funds) has sufficient funds.

Provided that both contracting parties have fulfilled their obligations in full, T2S will on the Scheduled Settlement Date: 1. transfer the securities in T2S, 2. transfer the funds on the T2S DCA accounts if the Transaction is with payment (DVP, DWP, PFOD), 3. forward the settlement certificate to CDCC. Upon receipt of the confirmation of settlement from T2S, CDCC will transfer the securities in the Settlement System to the charge of the position of the investor or Account Holder who is the supplier, and in favor of the position of the investor or Account Holder who is the recipient and will inform the Participants about the settlement. Transactions are settled at the time of receipt of settlement confirmation from T2S.

Risks

TARGET2-Securities (T2S) helps reduce the risks affecting the settlement of cross-border transactions thus contributing to a positive impact on financial stability.

However, the main risks that T2S may be exposed to are operational risk, information security risk and the risk of bankruptcy, liquidation and insolvency.

Operational risks of T2S include all risks that may affect the operation of T2S, including risks that projects and issuance may represent for T2S, i.e. risks of negative financial, business and/or reputational impacts resulting from inadequate or unsuccessful internal management and business processes.

In addition, they also include technical incidents of the CDCC or the Croatian National Bank that would have an impact on the normal operation and communication of the CDCC or the Croatian National Bank with the T2S system.

Information security risk includes potential danger or damage resulting from unauthorized access, use, disclosure, interruption, modification or destruction of the system.

The framework for managing operational risk and information security risk establishes rules aimed at identification, assessment, monitoring, management and reporting of operational risk and information security risk for TARGET services.

Participants are obliged to implement appropriate security controls to protect their systems from unauthorized access and use to ensure the confidentiality, integrity and availability of their systems, and are obliged to inform the Croatian National Bank of any security incident in their technical infrastructure.

Risk of bankruptcy, liquidation and insolvency

The securities recorded on the Investor's Transaction Accounts do not belong to the Participant, are not part of the Participant's property, nor do they form the bankruptcy or liquidation estate of the Participant, and cannot be used to fulfil the Participant's obligations towards CDCC, other members of CDCC or any third party.

Participants and Investors securities and funds do not enter into the property or bankruptcy or liquidation estate of CDCC and cannot be the subject of enforcement against CDCC. CDCC will in no case use the securities of the Participant and/or Investor, including the use of set-off rights and/or pledges in relation to securities on the Participants' Securities Accounts in relation to any person's claims, including the costs of managing, administering and storing the securities on the account, and/or when the Investor does not provide the securities required for settlement.

Market maker

Company is market maker (liquidity provider) for the following shares:

- ADPL, ISIN: HRADPLRA0006, issuer AD Plastik d.d. located in Solin, Matoš Street 8, registered on Commercial Court in Split, registration number 060007090, VAT 48351740621. Market making activities commenced on ZSE on May 20, 2013.
- HT, ISIN: HRHT00RA0005, issuer Hrvatski Telekom d.d. located in Zagreb, Roberta Frangeša Mihanovića 9, registered on Commercial court in Zagreb, registration number 080266256, VAT 81793146560. Market making activities commenced on ZSE on July 24, 2013.
- PODR, ISIN: HRPODRRA0004, PODRAVKA food industry d.d. located in Koprivnica, A. Starčevića 32, registered on Commercial court in Varaždin, registration number 010006549, VAT 18928523252. Market making activities commenced on ZSE on September 9, 2013.
- KOEI, ISIN: HRKOEIRA0009, Končar – Elektroindustrija d.d. located in Zagreb, Fallerovo šetalište 22, registered in Commercial court in Zagreb, registration number 080040936, VAT 45050126417. Market making activities commenced on ZSE d.d. on October 16, 2014.
- ATGR, ISIN: HRATGRRA0003, Atlantic Grupa d.d. located in Zagreb, Miramarska 23, registered in Commercial court in Zagreb, registered number 080245039, VAT 71149912416. Market making activities commenced on ZSE on July 1, 2015.
- RIVP, ISIN: HRRIVPRA0000, Valamar Riviera d.d. located in Poreč, Stancija Kaligari 1, registered in Commercial court in Pazin, registration number 040020883, VAT 36201212847. Market making activities commenced on ZSE d.d. on July 1, 2015.
- ARNT, ISIN: HRARNTRA0004, Arena Hospitality Group d.d. located in Pula, Smareglina ulica 3, registration number 040022901, VAT 47625429199. Market making activities commenced on ZSE on June 6, 2017.
- ADRS, ISIN: HRADRSRA0007, Adris grupa d.d. located in Rovinj, Vladimira Nazora 1, registration number 040001061, VAT 82023167977. Market making activities commenced on ZSE on February 1, 2018.
- ADRS2, ISIN: HRADRSPA0009, Adris grupa d.d. located in Rovinj, Vladimira Nazora 1, registration number 040001061, VAT 82023167977. Market making activities commenced on ZSE on 1st February 1, 2018.
- KRKG, ISIN: SI0031102120, Krka d.d. Novo Mesto, located in Novo Mesto, Šmarješka cesta 6, Slovenia, MB: 5043611000, VAT ID: SI 82646716. Liquidity provider activities commenced on LJSE on February 1, 2019.
- ZVTG, ISIN: SI0021111651, Zavarovalnica Triglav d.d., located in Ljubljana, Miklošičeva cesta 19, Slovenia, MB: 5063345, VAT ID: SI80040306. Liquidity provider activities commenced on LJSE on February 1, 2019.
- PETG, ISIN: SI0031102153, PETROL, Slovenska energetska družba, d.d., located in Ljubljana, Dunajska 50, Slovenia, MB: 5025796000, VAT ID: SI 80267432. Liquidity provider activities commenced on LJSE on March 1, 2019.
- POSR, ISIN: SI0021110513, Sava Re, d.d., located in Ljubljana, Dunajska cesta 56 (p.p. 318), Slovenia, VAT ID: SI17986141. Liquidity provider activities commenced on LJSE on June 3, 2019.
- CICG ISIN: SI0031103805, Cinkarna Celje, d.d., located in Celje, Kidričeva ulica 26, Slovenia. Liquidity provider activities commenced on LJSE on March 1, 2021
- EXPSI, EXPHR, EXPRS, EXPMK, EXPBG, EXPAT ASSET MANAGEMENT EAD located in Sofia, Georgi S. Rakovski str. 96A, Bulgaria. Liquidity provider activities commenced on LJSE on April 4, 2021
- NLB, ISIN : SI0021117344, Nova Ljubljanska banka, d.d., located in Ljubljana, Trg republike 2, Slovenia, MB: 586057100, VAT ID: SI 91132550. Liquidity provider activities commenced on LJSE on October 1, 2021
- SPAN, ISIN: HRSPANRA0007, SPAN d.d., located in Zagrebu, Koturaška cesta 47, OIB: 19680551758. Market making activities will commence on ZSE on December 1, 2021.

Ownership

The Company is a part of Interkapital group.

Only founder/member of Company is:

INTERKAPITAL d.d. located in Zagreb, Masarykova 1, registered in Commercial court in Zagreb, registered number 080414515 and VAT 91995585043. CEO of INTERKAPITAL d.d. is Daniel Nevidal and the President of the Management Board is Renata Nevidal.

Besides INTERCAPITAL securities Ltd and INTERKAPITAL d.d., part of Interkapital group are also:

- INTERCAPITAL ASSET MANAGEMENT d.o.o. (ICAM) for management of investment funds located in Zagreb, Masarykova 1, registered in Commercial court in Zagreb, registration number 080466824 and VAT 59300096187. The Management Board of ICAM consists of Ivan Kurtović and Krešo Vugrinčić. INTERKAPITAL d.d. is the only founder/member of ICAM d.o.o.
- INTERCAPITAL TRUSTEE SERVICES Ltd. for advisory, management and investment located in Zagreb, Masarykova 1, registered in Commercial court in Zagreb, registration number 081519900 and VAT 12518663471. The Management Board consists of Danijel Delač and Denis Jurinić.
- INTERCAPITAL IB Ltd. for advisory, management and investment located in Zagreb, Masarykova 1, registered in Commercial court in Zagreb, registration number 081532370 and VAT 33430410496. The Directors are Andrej Erjavec, Ivan Kovačev and Matko Maravić.

Client categorization - summary

The Company categorizes its Clients while reflecting the fact that clients have different levels of knowledge and experience into three categories: retail, professional clients and eligible counterparties.

Company categorizes its clients based on information in the questionnaire given and signed by the client. Information given by the client is considered authentic, unless the Company is aware or should be aware that's such information is outdated, incorrect or incomplete. The Client undertakes to notify Company about relevant information change.

By signing the client categorization form, the client accepts the categorization stated in that form.

In accordance with Client categorization policy, the client may require different categorization, having in mind that the level of regulatory protection differs. Client categorization policy is available in Company's premises and on the web site inter.capital.

Use of client's assets

Company shall not use client's assets for its needs nor for third party's needs, except in case of explicit written consent of the client. In that case, Company and client shall clearly, completely and precisely determine conditions of use and repayment of client's assets, as well as obligations and responsibilities of the Company regarding use of client's assets, including information on involved risks (depends on the terms of use and repayment of financial instruments, and in the case of financial shocks and/or inability to fulfil third- party obligations in which financial instruments are pledged, the risk of late delivery of the concerned instrument is possible and ultimately the financial loss).

Financial instruments characteristics and related risks

General risks

Financial instruments trading implies certain risks. Depending on the structure of the financial instrument it can be exposed to different types of risks and implies acceptance of a lower or higher risk level. Investing in financial instruments requires understanding of the structure of the financial instrument, the market where is present and the risks it implies.

Risk of price change- market risk

Financial instruments are subject to daily changes in value in accordance with market circumstances, which may lead to a decrease in return or loss of portfolio value. Additionally, greater impacts on the value of the portfolio can happen due to changed market circumstances in connection with the global and/or regional recession

Interest rate risk

The prices of some financial instruments (debt instruments, some types of derivatives) depend on the interest rates level. Depending on the structure of the financial instrument, changes in interest rates may cause growth or decline in the price of the financial instrument affected.

Exchange rate risk - currency risk

Investments in financial instruments which are denominated in foreign currencies generally involves currency risk, since exchange rates of individual currencies can fluctuate considerably. It is a possibility that an investment's value may decrease due to changes in the relative value of the involved currencies. The proceeds of a closed trade will be denominated in the foreign currency and will need to be converted back to the investor's base currency.

Political risks

Political risks are the risks of loss of portfolio value due to events caused by acts of authority or extraordinary events in a country on whose capital market the investor invests its funds. It may be a result of political decisions, events or disruptions in a country.

Issuer risk/credit risk and counterparty risk

Issuer is the probability that the issuer of financial instruments will not be able to fully or partially settle their obligations at the time of their maturity. In case of opening of insolvency/bankruptcy proceedings against the issuer, there may be or total loss of investment in financial instrument issued by that issuer. Also, a downgrade of credit rating of issuer may cause the value of the financial instrument to decline.

Liquidity risk

Liquidity risk arises because of the inability to sell financial instruments (due to reduced demand or inefficiency of the market) at a price approximately equal to fair value of that property. There may be impediments or restrictions for disinvestment, for example as may be the case for illiquid financial instruments or financial instruments with a fixed investment term.

Settlement risk

Settlement risk the counterparty responsible to deliver or pay (the underlying asset or cash value of the contract).

Inflation risk

The inflation risk is the risk of reducing the value of financial instruments due to general price growth.

Leverage risk

This kind of risks are associated with some type of derivative instruments. Depending on the structure of the financial instrument, i.e. depending on whether the financial leverage is built into the instrument, the investor may be able to take a relatively large position in the underlying instrument of the financial derivatives in relation to a multi-less initial investment. This way of investment opens the possibility of high earnings(disproportionately large regarding initial investment), but accordingly implies great risks (depending on the type of instrument, sometimes greater than in direct investment).

Market psychology risk

It manifests in the risk of changing the value of financial instruments due to the speculative activities of large investors or because of large corporate actions on the trading venues.

Operational risk

Risk of loss due to errors, interruptions or damages caused by inadequate internal processes, persons or external events, including the risk of changes in the legal framework. An example is the risk of failure of IT systems and/or risk of termination of communication links between banks, central depositories and/or clearing houses, exchanges and/or regulated trading venues.

Tax risk

Tax risk is a financial risk suggesting possible unforeseen financial losses caused by the introduction of new tax types changes in tax rules and regulations.

Bail-in risk

A bail-in forces bondholders and other creditors of a financial instrument issuer on the verge of failure to bear some of the burden by writing off debt they are owed or converting it into equity.

"Wrong-way" risk

Wrong way risk arises when the exposure to a counterparty increases together with the risk of the counterparty's default.

Other risks

Each type of investment carries a specific type of risk that can in negative circumstances lead to the loss of the value of that investment. Below we present the basic groups of financial instruments and risks that affect their value in greater measure.

Shares (Equity)

Shares are certificates of shareholders' rights in a company. These rights are financial rights determined by law and the Articles of Association of the company concerned.

The holder of a share may benefit from dividend rights (the amount paid to the shareholder by the issuer of the share) and the increase of the stock market price. However, the value of shares can be significantly fluctuating, especially in the short term, as prices are affected by many different variables and among those relating to the success of the issuer's business performance, the external influences of events such as the general recession, natural disasters and general risks described above. In these cases, the risk of price change (specific and general) is manifested. In the case of a reduction in demand and inefficiency of markets, there is a probability of inability to sell shares at a price of approximately equal fair value (liquidity risk).

The investor should also be aware of the risk of non-payment of dividend, credit risk, risk of change in tax regulations, risk of free delivery, possible currency risk.

Debt instruments (bonds, commercial papers, treasury bills, bills)

Bonds are long-term debt securities that oblige the issuer to refund the borrowed funds within a specified period and with a certain interest which is paid periodically or the principal is paid at maturity. Depending on the type of bond, it can also be issued per discount, without payment of coupons. They are usually issued without an option, but they can also have different built-in options. Their value depends largely on the interest rate levels. The growth of interest rates results in the decline in bond values and vice versa, where the tendency to risk changes in interest rates.

A bail-in forces bondholders and other creditors of a company on the verge of failure to bear some of the burden by writing off debt they are owed or converting it into equity. Treasury bills are debt securities with shorter maturity (up to 2 years) issued by the Ministry of Finance. After they enrol in the auctions published by the Ministry of Finance they are traded on the secondary market.

Bills are the central bank's monetary policy instrument and represent the state's debt. They are enrolled at the auctions published by the Croatian National Bank and then traded on the secondary market.

If the debt securities have a built-in option or other instrument, all the pertaining risks are inherited and through interaction is possible the presence of the "wrong- way" risk. Debt instruments are relatively less risky and more stable prices and returns. The main risks which an investor should be aware of when investing in this type of instrument are the risk of changing the credit rating of the issuer, the risk of cancellation or termination of the debt payment by the issuer, the risk of liquidity, the risk of change of interest rates, bail in, market risk, tax risk, settlement risk and exchange rate risk. The longer maturity is generally associated with higher levels of risk. These bonds are more sensitive to a change in market interest rates and thus are more volatile in a changing rate environment. Conversely, bonds with shorter maturity dates or higher coupons will have shorter durations. Bonds with shorter durations are less sensitive to changing rates and thus are less volatile in a changing rate environment.

Money market instruments

Money market instruments are debt securities representing borrowings of cash for a short term period and are typically more liquid than other investments. Investments in money market instruments may be affected by the credit risk, market liquidity and volatility, amongst other factors. The speed and volume of money market transactions may also give rise to additional interest and market risks.

Units in Collective Investment in Transferable Securities (UCITS) and other types of investment funds (Alternative Investment Funds (AIF) etc.

Investment funds are undertakings for investment which invests in securities, i.e. in stocks, bonds, stocks and bonds, short term treasury instruments etc. Closed investment funds are characterized by a pre-defined number of shares traded on the stock exchange or other organized market, while an open investment fund issues new shares to each investor's payment to the fund, which is entitled at any time to require the payment of shares from the fund's assets and thus step down from the fund. Most investment funds invest in one or several types of assets and in accordance with investment strategies and the type of fund assets are subject to the various risks associated with the above.

The risk of investing in investment funds depends on investment strategy and market trends, while investing in foreign investment funds there is a possibility different tax treatments.

Liquidity risk is reflected in a different way in open and closed investment funds. The shares of the open investment funds are paid at any time in the manner prescribed in the prospectus, and the liquidity risk is manifested in the underlying assets of the fund.

The assets of closed investment funds are traded on the stock exchange or any other organized trading venue, and the price depends on the fund's assets and the relation between supply and demand on the market and the liquidity risk is reflected in the conditions of reduced demand.

Exchange traded funds Exchange Traded Funds (ETFs)

Exchange traded funds Exchange Traded Funds (ETFs) are investment products that provide investors with an opportunity to invest in a diversified basket of shares through one investment instrument. ETF generally tracks the shares of companies that are included in a selected market index, investing in either all of the shares or a representative sample of the shares of the selected index. ETFs are designed to match an index, and are passive investments. Because an ETF is not actively managed, it will not sell a security if the security's issuer is in financial trouble — unless the security is removed from the index. This means that the Exchange Traded Fund will move up and down with the index and the Exchange Traded Fund manager will not take defensive positions, or sell losing positions, in a market downturn. This also means that the manager won't increase exposure to positions that it anticipates increasing in value, either. This lack of management means that investors are placing their money with an index, not a manager, and their fortunes are related to the performance of the index performance of an ETF is likely to be reflective of the performance of the index upon which the ETF is based. ETFs are more liquid than normal funds and can be traded in the same way as any normal share.

ETFs can be subject to volatility, especially in the short term. Some ETFs are likely to be more volatile than others. This will be based, amongst other things, on the nature and size of the underlying companies and the liquidity/ price of the underlying stocks. Potential investors should be familiar with the nature of the underlying companies of any ETF they plan to invest in. Other than the cost of acquiring ETFs, you will not be subject to any margin requirements or financial commitments/ liabilities. However, as the value of ETFs may fall as well as rise, there is a risk that you may lose some or all of your original investment.

Warrants

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the underlying securities. The price of the warrant can be volatile, as a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The right to subscribe which a warrant confers is limited in time. If the investor fails to exercise this right within the predetermined timescale he will lose the money invested in the warrant. Investors not prepared to suffer a total loss of the money invested with any commission or other transaction charges should not invest in warrants.

Emission allowances

Emission allowances are trade-able permits to emit a specified amount of greenhouse gases. These permits are recognized under the EU Emissions Trading Scheme (the EU ETS). The EU ETS works on a 'cap and trade' basis, so there is a 'cap' set on the total emissions allowed by all participants covered by the EU ETS, and this cap is converted into trade-able emission allowances. The value of emission allowances is therefore derived from the overall cap on emissions that is set at an EU level. Similarly to other commodities, the price of emission allowances may be affected by changes in demand (which may be driven by fuel prices and weather patterns), the availability of the EU ETS infrastructure that supports the market, legal and regulatory changes, as well as political factors. Emission allowances may be traded in the spot markets and in the derivatives markets (as the reference instrument for forwards, options or swaps) in which case they may also carry the risks associated with those instrument and market types. For example, the emission allowance market may become illiquid, in which case it may be difficult to realize an investment in emission allowances.

Derivatives and structured securities

A financial derivative is an instrument whose value is based on the value of some other underlying instrument. The underlying instrument may be used for different financial and commodity instruments which determines the type of risk the client is exposed to at trade in the financial derivatives. When trading financial, it is not necessary to pre-pay the full value of the underlying instrument generally (or the initial investment is very little in relation to the total value of the transaction) and that allows the use of high-grade financial leverage which significantly increases the risk of this type of investment. For the specified reason derivatives offer the possibility of high earnings and large losses (potentially bigger than the initial investment). Structured securities are also complex securities whose value depends on the movement of the underlying instrument (or more underlying instruments) and the conditions of payments that are predefined by the issuer and can be designed to enable participation in complex investments characterized by specific relationship between expected return and risk.

Depending on the structure of financial derivatives and structured products, different ratio of expected return and collateral risks realization is possible. Because of the complexity of these instruments and often high-level risks require an investor's excellent understanding of the product structure itself.

Financial derivatives and structured products are used for speculative purposes of investors tend to take a risk, but also as a risk protection instrument for more conservative investors. Financial derivatives and structured products are generally complex instruments that require investor's excellent understanding of the structure of instruments in which he invests and the risks they imply. Whereas they within different groups of these instruments

(options, different types of certificates...) differ significantly with each other, depending on the definition of the instrument itself and new products in the financial market, it is impossible to pre-define and anticipate all risks which can arise from them.

By investing in financial derivatives or structured products the investor is generally exposed to the credit risk of the issuer, the risk of liquidity of the financial derivatives itself or structured product, risk of free delivery, risk of change in tax and any risks to which is exposed through the underlying instrument. So depending on the structure of the instrument, the investor may be exposed to:

- the risk of the value of the underlying instrument change due to changes in market price
- the risk of the volatility of the underlying instrument
- currency risk (when the financial derivatives themselves and/or the underlying instrument is expressed in foreign currencies)
- risk of changes in interest rates (risk exposure of positions to different reference interest rates, risk of shape change and inclination of return curve...)
- risk of liquidity of the underlying instrument
- risk of financial leverage
- other risks depending on the structure of the financial derivatives

In addition, the value of derived financial instruments and structured products with defined maturity affect time affects to maturity. Liquidity risk in the rule is higher for non-standardized contracts.

Below is a review of some common financial derivatives and structured products with emphasis on the significant risks associated with them regarding their structure, and in addition to the previously listed general risks.

Options

The option is a contract that gives its holder the right to buy or sell a certain amount of instrument (stocks, stock baskets, currency pair, bonds or some other financial or commodity instruments) at a certain price and on (or before) a certain date. This instrument gives the right and not the obligation to its owner - which means the risk is limited to initial investment and the price of options at purchase time. Depending on the movement of underlying instrument the core instrument owner of options may lose the entire initial investment, but in favorable circumstances, its gain may be disproportionately large with regard on the initial investment. This property is enabled by using a financial leverage which is embedded in the options. On the other side when selling options, the investor occupies a "short" position in which the situation is just the opposite; maximum gain is the price of the option and the risk that the investor takes over can also be unrestricted, precisely for the purpose of using the financial leverage. Other words, in adverse circumstances the investor may be in the obligation of buying/selling the underlying instrument, i.e. the equivalents of the settlement in money. The value of the option depends on the movement of the underlying instrument which means that all the risks carried by the underlying instrument are inherited. Important factor in valuation the option is volatility which is why these financial instruments are more subject to risk of volatility. Moreover, regardless of the type of option, its value also depends on levels of interest rates, where a lesser extent arises exposure to interest risk.

Swaps

A Swap contract is a binding agreement between two or more parties about the exchange of underlying instruments. The most common swap agreements are: interest-swap agreements (exchange of one interest flow for another without simultaneous equity exchanges) currency swap contracts (a binding contract on the spot buying (or selling) the basic currency for another currency and simultaneous forward sale (or purchase) the basic currency for another currency).

In addition to the above and most common swap agreements, there are also swap agreements which include exchange of stocks, bonds, commodities or other underlying instruments. Usually they are not standardized to the parties in the contract and therefore

itis necessary to study the details of a concrete contract. Swap contracts are usually subject to interest rate risk. Depending on the issuer, the investor must be aware the risk of the other contracting party.

It also incorporates the risks of the underlying instruments which are subject to exchange and which, depending on the contract, may be a currency risk, price change risk, credit risk and other risks.

Volatility of the underlying instrument does not have a direct impact on the value of the swap contract.

Certificates

Certificates are a type of structured financial instruments whose value depends on the values of one or more underlying instruments to which they are bound thereby inheriting the risks of the underlying instrument. It can be tied to stock, basket of stocks, indices, prices of raw materials, currency, etc. Certificate issuer assumes the obligation to pay the stakes from where the investor arises the risk of another contracting side. Mostly, though not exclusively, they are issued by commercial banks. Certificates are freely transferable, as well as stocks or bonds, traded on the stock exchange. Depending on the structure of certificates, these securities may but also not have to be built- in financial lever. For certificates, there is currently no comprehensive legal framework representing one of their risks. Since they are non-standardized it is important to inform the investor about the details of individual editions.

Omnibus account risks

Omnibus account risks the client's assets are held in an omnibus account, the financial instruments or funds are kept in the aggregate account with a third party. Where financial instruments of the client or potential client may, if permitted by national law, be held in an omnibus account by a third party, the investment firm shall inform the client of this fact and shall provide a prominent warning of the resulting risks. Assets covering positions in an omnibus account are not exposed to losses only on positions recorded in any other account, but within the account one client's assets may be used to cover another client's positions. Hence the clients having omnibus client member account share their risks (fellow client risk).The client is exposed to the insolvency or other failure of the central securities depositories (Securities custodians that keep constitutive records of dematerialized securities or hold certificated securities are usually called central securities depositories). Financial instruments and money held in an omnibus account may be registered collectively in the same name as the assets of our other clients or otherwise held together with those of other clients of InterCapital. In order to mitigate the risk of the unauthorized use of your financial instruments for the account of another client we will perform reconciliations to verify that the financial instruments we hold do not fall short of what we should be holding for our clients.

InterCapital will make sure to distinguish the client's assets from the assets of other Clients and its own Assets. Cash and financial instruments held by InterCapital shall not be part of InterCapital's assets or part of the liquidation value or bankruptcy estate, nor can those instruments be subject to enforcement procedure against InterCapital. InterCapital will ensure that the Assets of the Client are kept separate from InterCapital's own assets and protected against InterCapital's other creditors to the extent possible.

Financial instruments in omnibus accounts increase the risk for clients primarily in the case of the Sub-custodian's insolvency. The same applies when Client's cash is held by a credit institution. In such a case the national law that would govern the receivership or similar proceedings against the insolvent custodian/credit institution would be the governing law for protecting and exercising the client's proprietary rights. In such cases, the various countries' obligations. InterCapital will always act with due diligence in selecting the third parties whose services it is using. he Client's cash deposited with the credit institution in the name of InterCapital is not considered to be the credit institution's asset not does it form a part of the credit institution property, liquidation or bankruptcy estate and may not be subject to enforcement in relation to any claims towards the credit institution (applicable in Croatia and Slovenia).

Conflict of interest policy	<p>It is possible that, under applicable national law of third parties, the financial instruments or clients' funds held by a third-parties shall not be distinguished separately from the financial instruments or funds of Company. According to the above, a third party-side broker may have the right of lien on financial instruments or a client's funds.</p> <p>The conflict of interest policy regulates measures and procedures to prevent the negative impact of the conflict of interest that may arise while providing investment and ancillary services and the performance of investment activities between:</p> <ul style="list-style-type: none"> - interests of the Company, its management, employees, tied agents, affiliated companies and the interests of the Company's clients or - interests of two or more Company's Clients. <p>The Company and relevant persons in relation to the Company shall avoid situations that may represent a conflict of interest, and if one exists or cannot be avoided, shall comply with all policies and procedures provided for in the policy and / or procedures and measures determined in accordance with policy. The Company has set up separate organizational units, taking into account that relevant persons carry out, as far as possible, tasks related to only one organizational unit and that the activities of individual organizational units are separated from those of other organizational units. Each organizational unit of the Company constitutes a separate "Area of Confidential Information". Areas of confidential information are separated by so-called Chinese walls, which are intended to ensure that confidential information is kept confidential and separated by a "wall". Confidential information should not, in principle, leave the Confidential Information Area and must be treated as strictly confidential in dealing with other parts of the organization.</p> <p>If the measures and procedures provided for by the policy are not sufficient to prevent the previously described negative conflict of interest, the Company will apply additional measures and procedures in such a particular situation, and if that would not be sufficient, the Company will, before providing the service, disclose to the client the type and or source of the conflict of interest, providing sufficient information on the basis of which the client will be able to make decisions regarding the investment or ancillary services affected by the conflict of interest. At the client's request, the Company will provide further details on the conflict of interest management policy.</p>
Client reporting	<p>A quarterly report will be provided to each client for whom the Company holds financial instruments or cash. Positions of clients' financial instruments that are only registered with the Company for trading purposes will not be reflected in the said quarterly report. The Company will inform the client about costs and charges in the Price list published on the web site: inter.capital and about the incurred annual costs and charges when prescribed by the Commission Delegated Regulation (EU) 2017/565.</p>
Target market and appropriateness test	<p>The Company will not assess the target market for financial instruments traded by clients when providing the investment service of reception, transmission and execution of orders in relation to one or more financial instruments and execution of orders (execution only) if it is not acting as distributor. The Company will carry out an appropriateness test and will disclose the results of that test to the client in order to warn the client about the financial instruments that are found appropriate, taking into account the client's knowledge and experience. If the client does not want to provide information or has not provided the information requested and the Company does not have sufficient information on knowledge or experience, it will not be able to assess the suitability of a particular financial instrument for the client.</p>
Best execution policy and execution venues	<p>The best execution policy sets rules and aimed at achieving the most favourable execution of the order for its clients when transmitting and executing client's orders. The integral text of the policy with details on the execution venues is published on the Company's website. Data on the top 5 execution venues are published annually for the previous year by April 30.</p>

The Management Board has established and implemented an effective and reliable management system, including the distribution of duties and the prevention of conflicts of interest, in a way that promotes market integrity and interests of the Company's clients.

Structure, obligations and responsibilities of the Management Board

The Company has two Board Members who perform tasks and represent Company in accordance with the law, relevant sub-legislative regulations and internal acts of Company, and have expertise, skills and experience necessary for independent management of affairs. Management has established an efficient and prudent management system, which includes the distribution of duties as follows: The President of the Management Board is responsible for the work of the Trading department (Front Office) – Operations of receipt, processing and execution of trading orders, the Investment banking department, monitoring of quality activities of the Accounting department and administration of control functions of internal audits within its competence (jobs delegated to a third party). The other Member of the Board is responsible for the work of the Back Office, Custody department, the Market analysis department, Depository departments, Compliance/legal department, to maintain the organizational structure of the Company in accordance with its regulation, monitoring the operation of the risk management function and other control functions within the scope of its competence. Both board members are responsible for effective and efficient organization of security and technical conditions for business support of the Company and to ensure continuity of business operations. The Management Board shall perform all the tasks laid down in the Capital Market Act, the Articles of incorporation, the general acts and other positive regulations and is in particular responsible for the conduct of the Company's activities, the establishment and application of an effective and reliable system of the management, ensuring the implementation of supervisory measures and the assessment and periodic review of the effectiveness of the Investment Company policies and procedures adopted for the purpose of harmonization with the relevant regulations. The conditions for the selection of the Board Members are detailed in the provisions of the Capital Market Act, the Regulations on the conditions for membership in the management of the investment company and Internal regulations on internal organization. While performing this duty, Members of the Board at any time fulfill the requirements for membership in the administration in the manner prescribed by the Capital Market Act, the Law on companies, internal acts of the company and the relevant legal regulations. Company has not established a special Committee for appointments, Committee on receipts and the Committee of Risks because of its size, internal organization and nature, scope and complexity of business. The Company's management is familiar with risk management policies and procedures undertaken. The system of daily reporting ensures consistent control, timely recognition of eventual increased risk level and accordingly adequate answers to the given situation. In order to ensure the proper and effective performance and reduction of the occupational risk of Company, the Company ensures the application of rules establishing the internal organization and scope of work and the personnel conditions and other conditions for conducting activities within the organizational structure of the Company. Each one ensures the recruitment of persons with the appropriate skills, knowledge and expertise as well as the appropriate resources, procedures and mechanisms for the performance of the services and activities it offers. Within the framework of the organizational structure of the Company, along with other organizational units with clear defined lines of responsibility, the Company uses services of persons with special authorities and responsibilities in Company, which are appointed by the management of the Company or delegated with the appropriate legal work: 1. managers of the department, 2. Internal auditor, 3. Compliance officer, 4. Risk manager. Persons with special authorizations shall be empowered to carry out the duties within their scope, while the internal auditor, the compliance officer and the risk manager shall submit the annual reports to the management of the company regarding the scope of the performed tasks to minimize Workers of the the organizational units of the Company each within the framework of the defined competencies and obligations of a particular workplace, ensure the easy process of public disclosure and communication of data

in accordance with the provisions of the Capital Market Act. The management, with the appropriate cooperation of other organizational units involved in the provision of services, defines and independently approves and supervises the adoption and implementation of the strategic objectives of the Company, the risk management strategy and internal governance. The company ensures the integrity of the accounting system and financial reporting systems, as well as financial and operational controls and compliance with the law and applicable standards. External and internal audit control ensures that the production of financial statements is in all accordance with international financial reporting standards. The Company delivers, regularly updates and applies the relevant policies relating to the services, activities, products and operations of the Company and ensures that they are in conformity with the risk tolerance, characteristics and needs of the Company's clients and regularly performs stress resistance tests. The management of the Company regularly monitors and assesses the effectiveness of the management system and takes appropriate measures to correct perceived shortcomings.

Remuneration policy

The Company has adopted the appropriate remuneration policy for persons involved in providing investment and ancillary services to its clients, aimed at encouraging responsible business conduct, fair treatment of clients, as well as managing conflicts of interest. A summary of the policy is published on the Company's website in the annual Risk report. Structure of employee remuneration, methods and conditions for payment of remuneration and specific provisions relating to postponement of payments and subsequent adjustment of risks are regulated by remuneration policy. The Company information relating to its remuneration policy and practices for those categories of workers whose professional activities have a significant impact on the risk profile published in the annual risk report.