

APPROVED

by the Decision of the Board
of MACTE INVEST FM AB No. 20200925,
25th of September, 2020

**MACTE INVEST FM AB
INDUCEMENT POLICY**

I. POLICY PURPOSE

1. Inducement policy (hereinafter – the Policy) aims to set requirements for inducement measures received by and provided by Macte Invest FM AB (hereinafter – Broker).
2. Requirements are prepared in accordance with the Law on Markets in Financial Instruments of the Republic of Lithuania, the decision on the organization of the activities of financial brokerage firms approved by the Board of the Bank of Lithuania 2018 June 20th by resolution No. 03-111, Commission Delegated Regulation (EU) 231/2013 of 19th of December 2012 supplementing Directive 2011/61/ES of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision and guidelines of European Securities and Markets Authority (ESMA).

II. POLICY IMPLEMENTATION

3. All employees of the Broker shall comply with the provisions set out in the Policy.
4. Provisions of the Policy apply to any remuneration received from or paid to the third party (i.e. not the Client) in relation to the services provided. The assessment of appropriateness of the remuneration shall take into account the action itself and not the form of documentation.

III. DEFINITIONS

5. **Inducement** shall mean any fee, commission or non-monetary benefit which the Broker receives from the third party or provides to the third party in relation to the services provided to the Client.
6. **Services** shall mean services set out in the Broker's licence regarding distribution and handling of financial instruments as well as investment services provided by the Broker – portfolio management, provision of investment advice.
7. **Client** shall mean any natural or legal person to whom Broker provides services.

IV. GENERAL PROVISIONS

8. Receipt of inducement might create conditions for bias which could breach a duty to act in the best Client's interests as a result, legislation limits the Broker's right to receive inducement from the third parties or provide inducement to the third parties.
9. The Broker seeks to ensure that provision of services to the Client is always in accordance with the best interests of the Client, the Broker is acting honestly, fairly and professionally.

10. The Broker which receives or provides inducement for the provision of investment or ancillary services to the Client shall ensure that fee or non-monetary benefit are used to improve quality of services provided to the Client and does not impair with the Broker's duty to act honestly, fairly and professionally in accordance with the best interests of the Clients.
11. It is considered that fee, commission or non-monetary benefit is intended for the improvement of the quality of services provided to the Client if following conditions are met:
 - 11.1. It is justified by the provision of an additional or higher-level service to the Client, proportional to the level of inducements received, such as:
 - 11.1.1. the provision of non-independent investment advice on and access to a wide range of suitable financial instruments including an appropriate number of instruments from third party product providers having no close links with the Broker;
 - 11.1.2. the provision of non-independent investment advice combined with either: an offer to the Client, at least on an annual basis, to assess the continuing suitability of the financial instruments in which the Client has invested; or with another on-going service that is likely to be of value to the Client such as advice about suggested optimal asset allocation;
 - 11.1.3. the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the Client, including an appropriate number of instruments from third party product providers having no close links with the Broker, together with either the provision of added-value tools, such as objective information tools helping the Client to take investment decisions or enabling the Client to monitor, model and adjust the range of financial instruments in which the Client has invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments;
 - 11.2. it does not directly benefit the Broker, its shareholders or employees without tangible benefit to the relevant Client;
 - 11.3. it is justified by the provision of an on-going benefit to the relevant Client in relation to an on-going inducement.
12. Fee, commission or non-monetary benefit is not considered acceptable if provision of relevant services to the Client because of such fee, commission or non-monetary benefit is bias or distorted.
13. The Broker must comply with the provisions set out in clause 11 of the Policy as long as there is on-going inducement.

14. The Broker shall keep evidence that fees, commissions or non-monetary benefits paid or received by the Broker are designed to enhance the quality of the relevant service to the Client by implementing the following provisions:
 - 14.1. keep and manage an internal list of all fees, commission and non-monetary benefits received by the Broker from a third party in relation to the provision of investment or ancillary services; and
 - 14.2. record how the fees, commissions and non-monetary benefits paid or received by the Broker, enhance the quality of the services provided to the relevant Clients and the steps taken in order not to impair the Broker's duty to act honestly, fairly and professionally in accordance with the best interests of the Client.

V. DISCLOSURE TO CLIENTS

15. In relation to any inducement received from or paid to third parties, the Broker must disclose to the Clients the following:
 - 15.1. prior to the provision of the relevant investment or ancillary services, the Broker must disclose any information on the payment or benefit concerned. When it is impossible to set specific amount, its calculation method needs to be disclosed. Minor non-monetary benefits may be described in a generic way. Other non-monetary benefits received or paid by the Broker in connection with the investment service provided to a Client shall be priced and disclosed separately;
 - 15.2. where the Broker was unable to ascertain on an ex-ante basis the amount of fee or benefit to be received or paid and instead disclosed to the Client the method of calculating that amount, the Broker must also provide its Clients with information of the exact amount of the inducement on an ex-post basis;
 - 15.3. information on inducements received on on-going basis shall be disclosed to the Client at least once a year. The Broker must inform its Clients on an individual basis about the actual amount of payments or benefits received or paid. Minor non-monetary benefits may be described in a generic way.
16. In implementing Clause 15.1 of the Policy, the Broker shall disclose relevant information to the Clients in the contract of financial instrument purchase or in the ex-ante cost and tax information documents. Information about the Broker's non-monetary benefit is provided in the Clause 17.3 of the Policy.

VI. INDUCEMENTS IN RESPECT OF INVESTMENT ADVICE ON AN INDEPENDENT BASIS OR PORTFOLIO MANAGEMENT SERVICES

17. In provision of investment advice on an independent basis and portfolio management services, the Broker shall comply with the following procedures:

- 17.1. The Broker shall return to Clients any fees, commission or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to services provided to that Client as soon as reasonably possible after the receipt. In relation to return, the Broker shall set up and implement procedures to establish allocation and transfer of inducements to each individual Client.
- 17.2. The Broker shall inform Clients about the fees, commission or any other monetary benefits transferred to them through the periodic reporting statements provided to that Client.
- 17.3. The Broker shall receive only minor non-monetary benefit which is intended for quality improvement of provided services, is proportionate, can not influence the conduct of the Broker which would be detrimental to the interests of the Clients and only if minor non-monetary benefits are:
 - 17.3.1. information or documentation relating to a financial instrument or an investment service is generic in nature or is personalised in a way to reflect the circumstances of an individual Client;
 - 17.3.2. written material from a third party is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the third-party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firm wishing to receive it or to the general public;
 - 17.3.3. participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
 - 17.3.4. hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned under Clause 17.3.3;
 - 17.3.5. Other minor non-monetary benefit which deems capable of enhancing the quality of service provided to the Client and, having regard to the total level of benefits provided by one entity group or entities, are of a scale and nature that are unlikely to impair compliance with the Broker's duty to act in the best interest of the Client.

VII. RESTRICTIONS ON INVESTMENT RESEARCH

18. If the Broker uses investment research prepared by a third party in the course of its activities, the Broker pays for such research at its own expense.

19. After the Broker received a free investment research it assesses whether such a free investment research obtainment meets the criteria for Inducement specified in Clause 11 and Clause 17 of the Policy. If it is determined that the obtainment of such investment research does not meet the specified criteria, the Broker shall take reasonable steps that such investment research would not be received by the Broker.
20. Currently the Broker does not provide investment research preparation services. If such service will be provided in the future, the Broker will apply separate rates for this service and will not provide it free of charge.
21. The small non-monetary benefit exemption may be applied to certain types of information or material obtained from third parties. In particular, written material provided by a third party, ordered and paid for by the issuer to advertise its new issue or if the third party is contractually obliged and remunerated by the issuer to prepare such material on an ongoing basis, should be considered acceptable as a small non-monetary benefit if such information is disclosed and publicly available. In addition, non-essential material or services that are comments on short-term market changes, such as recent economic statistics or company results, or information on future disclosures or events provided by a third party that are only a brief opinion of itself, a summary that is not substantiated and does not provide a substantive analysis, such as a simple re-opinion based on an existing recommendation or essential research material or services, may be considered and accepted as a minor non - monetary benefit.

VIII. FINAL PROVISIONS

22. The Director of the Broker is responsible for timely update of the internal list of inducements and dissemination of information about inducements to Clients before providing services to them, as well as registration as inducements received / provided by the Broker that improves the quality of services provided to relevant Clients.
23. The Head of the Brokers' structural unit who has organized the conclusion / termination of the agreement with third parties, which provides provisions or obtainment of inducements, immediately, but not later than 3 working days after signing / termination of the agreement, must inform the Brokers' Director about concluding / terminating such agreement.
24. The Compliance Officer provides advices related to the implementation of this Policy.