

## **Organizational and Operational Regulation of KELER Ltd.**

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## **I. General part**

### **1.1 Introductory provisions**

The purpose of the Organizational and Operational Regulation (hereinafter: OOR) is to establish a uniform system of principles and rules on the organization and the operation of KELER Central Depository Lt. (hereinafter: the Company or KELER).

The OOR determines rules in line with the nature, management of the Company; describes the scope of activities of the Company, the organization to perform work, the managing and control bodies of the Company, including their responsibilities and authorities, the rights and obligations of employees, the scope of responsibilities and authorities of the units of the Company in charge of various activities, related points of contact.

Reason for regulation modification: updating the text of the regulation.

### **1.2 Revision date**

Regularly, every other year, not later than 31 December of every second year.

### **1.3 Scope of regulation**

Material scope: the organization and the operation of KELER

Personal scope: all organizational units and employees of KELER

### **1.4 References**

Related internal regulations:

- Articles of Association of KELER Central Depository Ltd.
- 3-13 KELER Ltd. Regulation on right of representation and authorization to sign on behalf of the company
- 4-46 KELER Management Rules of Procedures
- 6-01 KELER Group Regulation on the creation and amendment of regulatory documents
- 6-16 KELER Group HR Regulation
- 6-55 KELER Group Compliance Regulation

Related regulations:

- Act CXX of 2001 on the Capital Market (Tpt.)
- Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.)
- Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (Bsz.)
- Act I of 2012 on the Labor Code (Mt.)

- Act CXIII of 1993 on Safety at Work
- Regulation (EU) 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement and Amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) 236/2012 (CSDR)
- Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR)
- Regulation (EU) 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II.)
- Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) 648/2012 (MiFIR)
- Commission Delegated Regulation (EU) 2017/571 of 2 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the authorization, organizational requirements and the publication of transactions for data reporting services providers.

## **1.5 Version control**

Version number of current regulation: v1.11

Version number of previous regulation: v1.10

Effective date of previous regulation: 14 May 2019

## **1.6 Terms, abbreviations used in the Regulation**

**KELER Group:** KELER Ltd. (hereinafter: Company or KELER) and KELER CCP Ltd.

## II. Organizational regulation

### 2.1 General Company data

Company name in Hungarian	KELER Központi Értéktár Zártkörűen Működő Részvénytársaság
Company short name:	KELER Zrt.
Company name in English:	KELER Ltd.
Registered offices:	1074 Budapest, Rákóczi út 70-72.
Date of foundation:	12 October 1993 The Company is founded for an indefinite term. The company operates based on Act V of 2013 on the Civil Code (Ptk.). As of 1 January 2004, the Company operates as a specialized credit institution.
Company register number:	01-10-042346
Supervisory license number:	33.001/1994. I-1676/2003.
Bodies responsible for supervision:	Metropolitan Court of Justice, as court of registration - legal supervision Magyar Nemzeti Bank - state supervision
Type of the Company:	private company limited by shares
Share capital of the Company:	HUF 4,500,000,000 that is four billion five hundred million Forints
Payment account numbers of the Company:	MNB account no:19017004 - 00201445-00000000 GIRO account no:144000 1810873151 - 20010018 Tax number: 10873151-2-44 EU VAT number: HU10873151
KSH number of the Company:	10873151-6611-114-01

### 2.2 Scope of activities and organizational structure of the Company

#### 2.2.1 The responsibilities and scope of activities of the Company

Scope of activities of the Company:

66.11'08 Management of financial and capital markets

Other activities of the Company:

5829'08 Other software publication

6311'08 Data processing, web hosting services

6492'08 Other lending

6619'08 Other financial ancillary activity

7022'08 Business, other management consultancy  
8559'08 Other training not elsewhere classified  
9511'08 Computer, peripheral repair

## **2.2.2 Organizational structure of the Company**

The organizational chart showing the organizational hierarchy of the Company can be found in Section III. Operational Regulation.

In order to perform specific tasks, in particular to meet development needs, the company can initiate organizations (projects).

## **2.3 Organization of the Company**

Bodies in line with the Ptk. and the Articles of Association

### **2.3.1 Shareholders' Meeting**

The Shareholders' Meeting is the supreme body of the Company. The Chair of the Board of Directors acts as the Chair of the Shareholders' Meeting.

The following issues fall within the exclusive competence of the Shareholders' Meeting:

- a) decision on the establishment and amendment of the Articles of Association of the Company, unless the law prescribes otherwise,
- b) decision on the transformation, on the change of the form of operation of the Company,
- c) decision on the merger of the Company with other business association, cooperative or association, demerger and termination of the Company without legal successor,
- d) election, withdrawal of the members and chairs of the Board of Directors and the Supervisory Board, the statutory auditor and determining their remuneration,
- e) decision on the acceptance of the financial statements, consolidated financial statements and consolidated business report in line with the Act on Accounting, including decision on the distribution of profit after tax
- f) decision on the payment of dividend advance, unless the law prescribes otherwise,
- g) decision, with the appropriate amendment of the Articles of Association, on rights related to certain share types, share classes and share series and on any restriction of certain rights related to shares: transformation of shares into other share types, classes or series and related rules, the number, nominal value and issue price of shares of certain share types and in certain share classes,
- h) decision on the issuance of convertible bonds or bonds with subscription rights, unless otherwise prescribed by law,
- i) decision on the decrease or increase of the share capital, unless otherwise prescribed by law,
- j) decision to exclude the exercise of pre-emptive subscription rights,
- k) decision on all proposals that are submitted to the Shareholders' Meeting by the Board of Directors or by shareholder(s) having at least five percent of the votes,



- l) decision on all issues that legislation refers to the exclusive competence of the Shareholders' Meeting,
- m) decision on filing damage claim against the Company's shareholder, executive officer, Supervisory Board member and the statutory auditor of the Company,
- n) decision on the acquisition of own shares,
- o) decision on the medium and long-term strategy of the Company, except for partial strategies (in particular the IT partial strategy),
- p) decision on the establishment of business association, on the acquisition of participation in business association, on the sale of participation existing in business association owned by the Company,
- q) decision to conclude framework loan agreement allowing the taking of loan, the use of external funding,
- r) decision to grant loan, except for the granting of loans to employees, the granting of financial loans as part of the central depository activity and treasury operations,
- s) decision to encumber in any form any assets of the Company, except for treasury operations,
- t) authorization to conclude agreement with the executive officers of the Company and their close relatives and partners,
- u) authorization to conclude agreement with the shareholder of the Company for commitments exceeding HUF 10 million net per calendar year.

One registered share of HUF 5,000,000 nominal value, produced as dematerialized instrument, entitles the holder of the share to have one vote.

The ordinary Shareholders' Meeting is held at least annually, until the 30<sup>th</sup> of each May, and the Board of Directors convenes the Shareholders' Meeting by sending an invitation to the shareholders, Board of Directors members, Supervisory Board members, the Auditor of the Company at least 15 days before the Shareholders' Meeting date.

If there is (also) a Shareholders' Meeting agenda item related to the amendment of trade registry data, the Bar legal counsel of the Company is invited related to the agenda item concerned.

### **2.3.2 The Board of Directors**

The Board of Directors is the management body of the Company. The Board of Directors is responsible for the full control of the Company in line with the provisions of the Articles of Association and the Shareholders' Meeting resolutions.

The Shareholders' Meeting elects the chair and members of the Board of Directors.

The responsibilities and authorities of the Board of Directors are as follows:

In addition to the issues stated in legal regulations, provisions of the Articles of Association and other key documents of the Company, the following matters are in the competence of the Board of Directors:

- a) making a proposal on the financial statements of the Company in line with the Act on Accounting and the use of profit after tax,

- b) handing over to the Supervisory Board the accounts and the financial statements in line with the Act on Accounting in due time, consulting the Supervisory Board on these documents, submitting them to the annual ordinary Shareholders' Meeting and disclosing them as required, and it is responsible for the integrity of the accounting and financial reporting system.
- c) convoking the annual ordinary Shareholders' Meeting,
- d) convoking the extraordinary Shareholders' Meeting if
  - a. the shareholders' equity of the Company decreased to two thirds of the share capital as a result of loss,
  - b. the shareholders' equity of the Company decreased below the minimum amount determined in law,
  - c. the Company is in danger of becoming insolvent or suspended payment or if its payables exceed assets,
  - d. the number of the Supervisory Board members is below 3,
  - e. it is requested by the Supervisory Board, shareholders having at least five percent of votes or the Company auditor,
- e) making a report once a year to the Shareholders' Meeting on the management, financial situation and business policy of the Company, actual supervision of the Management,
- f) supervision and regular update of the governance system of the Company,
- g) establishing and amending the OOR of the Company,
- h) exercising the right of the employer towards the executive directors determined in the OOR of the Company,
- i) ensuring that the business records of the Company are kept in line with applicable regulations,
- j) making sure that the share registry of the Company is managed,
- k) monitoring and ensuring compliance with the regulatory and supervisory requirements applicable to the Company,
- l) accepting, amending the regulations that are required by the regulation of the Company on corporate regulation and legal regulations to be in the scope of competence of the Board,
- m) discussing the conclusions of audits by authorities, approving the necessary action plan,
- n) concluding the results of reviews related to persons covered by the regulations of the Company, taking the necessary steps, accepting the annual compliance work plan,
- o) definition of the goals and strategy of the Company within the framework accepted by the Shareholders' Meeting,
- p) making decision on all issues that are not within the scope of authorities of the Shareholders' Meeting (taking into account the decision making authorities determined in this OOR),
- q) making decision on the proposal on financial commitments exceeding HUF 100,000,000 that is one hundred million Forint (except for transactions made by Controlling and Treasury), and on the amount and expiry date of the joint and several liability provided to KELER CCP Ltd.,
- r) approving retroactively the decision of the CEO on the clearing commission payable for newly listed derivatives and international settlement,
- s) preparing a quarterly report to the Supervisory Board,
- t) accepting the annual development and investment plan of the Company
- u) adopting the Rules of Procedures of the Board of Directors,
- v) determining the annual business plan,

- w) appointing the representative of the shareholder at the association where the Company has an interest,
- x) supervising the risk management of the Company, making decisions related to risk management,
- y) ensuring that the appropriate resources are available related to risk management, technology, compliance and internal control and for independent internal audit,
- z) checking the outsourcing agreements of the Company.

The areas in charge of risk management, technology and compliance functions at the Company can make proposals, comments to the Board of Directors also in line with the detailed regulation on their operation.

The members of the Board of Directors are required to act with fairness, free from all external influences and independently in order to call into question the decisions of the Management or Management members, and to control and supervise efficiently the decision making of the executive director or executive directors (Chief Executive Officer, Deputy Chief Executive Officer).

### **2.3.3 The Supervisory Board**

The Supervisory Board controls the management of the Company, and performs the tasks of the audit committee stated in the Hpt. and in Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, and of the audit committee stated in Article 48(1)(b) of Commission Delegated Regulation (EU) 2017/392 of 11 November 2016 supplementing Regulation (EU) 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorization, supervisory and operational requirements for central securities depositories.

In addition to the tasks stated in legal regulations, provisions of the Articles of Association and other key documents of the Company, its tasks are in particular as follows:

- a) prior to the annual ordinary Shareholders' Meeting, supervising all proposals on material business policy reports, on the financial statements in line with the Act on Accounting, on the use of profit after tax and reporting the result to the Shareholders' Meeting,
- b) checking the annual and interim financial reports of the Company,
- c) convening the Shareholders' Meeting without delay, and stating the recommended agenda items, if it finds that measures violate the provisions of laws, the Articles of Association, Shareholders' Meeting decrees or becomes aware of activity, failure or corrupt practices in the course of operation of the Company that is harmful to the interests of shareholders,
- d) making sure that there is a comprehensive and effective control system in place at the financial institution that is suitable to support successful operation,
- e) assisting the Board of Directors in checking the financial reporting system, selecting the statutory auditor and in cooperating with the statutory auditor, with particular regard to Article 16 of Regulation 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC,

- f) monitoring the statutory audit of annual and consolidated annual financials based on legal requirements, taking into account findings and conclusions made in the quality assurance procedure performed by the authority completing the statutory audit public supervisory tasks in line with Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Audit Activity and the Public Supervision of Auditing (hereinafter Kkt.),
- g) reviewing and monitoring the independence of the statutory auditor or auditor company licensed in line with regulations, with particular regard to compliance with the provisions of Article 5 of Regulation 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC,
- h) monitoring the efficiency of the internal audit, risk management systems of the Company, and the process of financial reporting, making recommendations if necessary,
- i) directing the internal audit organization, including:
  - 1. acceptance of the annual audit plan of the internal audit organization,
  - 2. discussing at least semi-annually the reports of internal audit and controlling the implementation of the necessary measures,
  - 3. if needed, requesting an external expert to help the work of internal audit,
  - 4. making recommendation to change the headcount of the internal audit unit,
  - 5. discussing and accepting the annual audit report of the internal audit unit.
- j) finalizing recommendations and proposals based on the result and findings of reviews completed by internal audit,
- k) convening the extraordinary Shareholders' Meeting of the Company if the number of members of the Board of Directors is below 3,
- l) completing all the tasks that regulations refer to the competence of the Supervisory Board,
- m) accepting the Remuneration Policy and the Remuneration Regulation of the Company.

The Supervisory Board is entitled to request information, details on matters related to the Company from the executive employees, managers and employees of the Company.

The Supervisory Board itself establishes its procedures that are approved by the Shareholders' Meeting.

#### **2.3.4 The Remuneration Committee**

The Board of Directors sets up the Remuneration Committee to manage issues related to the remuneration policy provisions of the CSDR and the Hpt. and the Bszt. and within the scope of the authorities of the Board. The Remuneration Committee has three members: the chair of the Board of Directors and two members of the Board of Directors. The Remuneration Committee makes decisions unanimously. The Remuneration Committee informs the Board of Directors on the remuneration policy accepted.

The Remuneration Committee approves and reviews annually the annual remuneration determined in the Remuneration Policy of the employees with outstanding responsibility with respect to risk taking. The Remuneration Committee submits for approval and annual review the monthly base wage and annual Performance Management System payment of the Chief Executive Officer. The Board of Directors makes the necessary decisions.

Furthermore, the Remuneration Committee approves and reviews annually the annual income of the persons in charge of audit and risk management tasks.

At the proposal of the Remuneration Committee of KELER, the Board of Directors determines the remuneration related to employment by KELER as employer of the employees in management positions under the scope of Section 208 (1) of the Mt. that are also considered executive employees of KELER, and the remuneration of other employees in management positions subject to Section 208 (1) of the Mt., while the Chief Executive Officer of KELER establishes annually the remuneration of other employees in management positions subject to Section 208 (2) of the Mt.

### **2.3.5 The Auditor**

The mandate of the auditor of the Company is for no more than five years, until the annual shareholders' meeting closing the fifth business year, but not later than 31 May. If the mandate of the Chamber member auditor or auditor company reaches five years with the renewed mandate or mandates, no new mandate for performing the audit tasks of the Company can be given to the Chamber member auditor or auditor company in the following period of five years, with respect also to Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

The provisions of the Ptk., Hpt., the Act on Accounting, applicable regulations and chamber requirements valid from time to time govern the scope of responsibilities and authorities of the auditor.

### **2.3.6 Employee in management position**

In accordance with Section 6 (1) 122. of the Hpt. and Section 5 (1) 134. of the Tpt., the members of the Board of Directors, of the Supervisory Board and the executive directors are considered employees in management positions. Executive directors: the Chief Executive Officer and the Deputy Chief Executive Officer.

The Board of Directors through its Chair exercises the rights of the employer related to the executive directors (Chief Executive Officer, Deputy Chief Executive Officer), and the external members of the Board of Directors have to be informed in advance when the employment relationship of the executive directors is terminated.

## **2.4 Operative management bodies, committees at the Company**

### **2.4.1 Management**

Management is in charge of the operative management of the Company.

Management is led by the Chief Executive Officer (CEO).

Management members include the CEO, the Deputy CEO (the Director of Banking Operations) as executive directors, and the Finance Director, the IT Director as non-executive directors.

Permanent invitees to Management meetings: Head of Human Resources Management, the Head of Legal, the Head of Strategy and Client Relations, the Chief Compliance Officer of the subsidiary of the Company, and the person preparing the meeting memo.

Any person can be invited by Management if the Management decides to invite the person in line with its procedures.

The responsibilities of Management are as follows: making recommendations on the activity, operative operation of the Company, expressing an opinion on the recommendations submitted; expressing an opinion on Board proposals, internal regulations, discussing the business activity, general organizational and personnel issues of the Company.

The CEO determines the rules on the operation of Management.

Management meetings are documented in memos.

#### **2.4.2 Assets and Liabilities Committee**

The responsibilities of the Asset-Liability Committee are as follows:

- supervising the liquidity of the Company, accepting the liquidity plan,
- defining the investment policy of the Company,
- determining the structure of assets and liabilities,
- professional supervision of Treasury,
- determining the interest rates of all accounts managed by the Company.

The CEO is the chair of the Assets and Liabilities Committee. Committee members are the CEO, the Deputy CEO (the Director of Banking Operations), the Chief Risk Officer and the Finance Director, the Head of Strategy and Client Relations, the Controlling and Treasury Department Head and the Finance Deputy Director.

The Committee meets at least monthly, meetings are documented in minutes.

The Assets and Liabilities Committee makes decisions by a simple majority, if there is a tie vote, the CEO has a casting vote. The Chief Risk Officer has right of veto with respect to the following issues:

- a) capital adequacy,
- b) structure of assets and liabilities,
- c) risk taking (with special regard to the determination of limits),
- d) risk management activity.

Resolutions are documented in the minutes of meetings.

#### **2.4.3 Risk Committee**

The Risk Committee is the body dealing with the risks of KELER comprehensively. Its objective is to detect the risks referred to its scope of authority and make a proposal on the management of such risks. It is required to report on its activity to the Chief Executive Officer and the Board of Directors.

The task of the Risk Committee is to assess and monitor the current and future overall risk tolerance and strategy of the Company, and inform the Chief Executive Officer and the Board of Directors of the Company thereon. As part of giving information, it can give its opinion and make recommendations.

The Risk Committee deals with operational risks at the KELER Group level, and deals with all other risks at the level of KELER only.

During the execution of the above tasks, the Risk Committee is required to monitor and give an opinion on the reports made for the Risk Committee.

Risk Committee meetings are held as requested, but at least quarterly. Its meetings are documented in minutes.

The Chief Risk Officer acts as the Chair of the Risk Committee, the key aspect of selecting Committee members is to cover the areas with potential risks of the entire KELER Group in terms of operational risks, and to cover only KELER in terms of all other risks.

The Risk Committee has no right to make decisions.

The detailed rules of operation of the Risk Committee are included in its rules of procedures, including the rules on members, quorum requirements, voting and veto rights.

#### **2.4.4 User Committee**

The User Committee is an independent, opinion giving body. It cannot intervene in the operative management of the Company, but can share its views, and, at request, it informs the Management of the Company and the Board of Directors of the Company on the following topics:

- a) opinion on the recovery plan of the Company, with particular regard to the identification of critical functions;
- b) opinion on the entry terms of the securities settlement system of the Company;
- c) opinion on the level of services of the securities settlement system of the Company;
- d) opinion, with detailed justification, on the pricing structure of the Company.

The details of the operation of the User Committee are defined in rules of procedure of the Committee.

In the cases defined in the rules of procedures, the results of external audits of the Company are to be shared with the User Committee.

The User Committee has no decision making powers related to the Company.

KELER requested the industry associations (the Association of Hungarian Investment Fund and Asset Management Companies, the Association of Securities Dealers, the Hungarian Banking Association) that are in contact with KELER, the Committee of Issuers of the Budapest Stock Exchange, the Investor Protection Fund, MAVIR as representative of energy market clients, and KELER CCP to form the Committee. Each requested organization delegates one member to the Committee.

The representative of the MNB as the organization of overseeing and supervision, the KELER Chief Executive Officer, the Head of Strategy and Client Relations, and in the case of absence of the Chief Executive Officer of KELER, the management member acting as deputy can participate as permanent invitees of the User Committee meetings. The members of the User Committee can decide to discuss certain issues in the presence of the employee of KELER in charge of the respective area.

#### **2.4.5 Portfolio Council**

The Portfolio Council directs the developments of the Company. As part of this activity, it allocates and sets priorities continuously regarding the organizational resources of developments, and makes decision on the analysis, implementation or rejection of certain development tasks and projects.

The Portfolio Council is led by the Chief Executive Officer. The key aspect of selecting Portfolio Council members is to cover the entire KELER Group, to represent the areas that are important in terms of developments and related controls.

Members of the Portfolio Council include the Chief Executive Officer, the Deputy CEO (the Director of Banking Operations), the Risk Management Director, the Finance Director, the Head of Strategy and Client Relations, the IT Director.

Permanent invitees to the meetings of the Portfolio Council are the Head of Project Management Office (making the memo), and the Quality Assurance Manager, the project manager tasked with the development of existing services, the Head of Business Development, and the Application Development Team Head.

The tasks of the Portfolio Council are as follows:

- a) preparation for decision making of development concepts regarding the activity of the Company;
- b) planning, creating the annual development portfolio (strategic and operative projects and tasks), and accepting the roadmap;
- c) accepting the human and financial resources allocation and priorities required for implementing the development portfolio, directing and controlling the development portfolio;
- d) approving project/task life cycle phases, making decisions to go, acting as project escalation forum;
- e) managing the risks and interdependencies of the development portfolio, reviewing project quality assurance reports, analysing and integrating lessons learned into operation.

The Portfolio Council defines its rules of operation, the Chief Executive Officer defines its work schedule.

Portfolio Council meetings are documented in memos.



## **2.5 General provisions on managers**

### **2.5.1 Management hierarchy**

For the purpose of this section, the employees in management positions (based on Section 208 of the Mt.) and the unit heads that are not in the category of employees in management positions, including the Deputy Directors are considered managers.

The temporary organizations that operate for a definite period of time (projects) are led by the project manager that is authorized to act as a manager with fixed authorities.

### **2.5.2 The obligations and rights of managers**

#### **2.5.2.1 The obligations and rights of managers are primarily as follows:**

1. perform fully the responsibilities of the unit led,
2. meet the obligation to implement external and internal regulations, regulatory documents and related reporting obligations,
3. coordinate professional tasks,
4. participation in the professional and resource planning of projects, make sure that the resources needed as per the project plan are available, provide professional support in the role of ordering party to the implementation of projects,
5. comply with and make sure that subordinates comply with confidentiality requirements, take the necessary actions if bank, securities or business secret is violated,
6. make sure that the reporting requirements determined by external organizations or related internal reporting obligations are met on time and report content is excellent,
7. explore the competence and career development opportunities of employees in its field, take preparatory steps related to work-specific professional training enrolment; implement HR goals in the unit led,
8. communicate legal regulations, internal orders and provisions to employees in their respective units accurately and clearly, ensure compliance,
9. all managers are required to inform the employees directly involved in the decision concerned (the person competent to make the decision is liable under labour and civil law for failure or delay to give information),
10. ensure continuous work for employees and the conditions for performing work,
11. obligation to organize the work of the unit led subject to the applicable general provisions, determine the methods of work, act as the operative manager of work, regularly assess work and organize related reporting, inform the superior on findings, experience, any discrepancies,
12. comply with discipline at work and make sure subordinates are also compliant,
13. check the work of subordinates,
14. obligation to take action to eliminate shortcomings related to its unit and detected in external and internal reviews,
15. ensure matching records: require that all documents and records issued and kept by the unit led are correct and full in terms of format and content,

16. obligation to ensure the proper retention and handling of strictly numbered documents, check that related rules are complied with,
17. obligation to organize the careful handling, archiving, retention and discarding of documents in line with internal requirements,
18. obligation to comply with and ensure that subordinates also comply with health and safety at work requirements, check compliance with the requirements and support the creation of conditions as required,
19. obligation to exercise its right of representation, signature and payment approval subject to the delegation of authorities, check and sign the reports, correspondence created by the organizational unit led,
20. obligation to safeguard the company stamp received for use and prevent unauthorized use,
21. obligation to facilitate seamless cooperation of the units led with other organizations,
22. right and obligation to participate and express views at the meetings, workshops that cover subject matters in the scope of its responsibilities,
23. right and obligation to express views on company regulations, orders, rules of procedures related to its unit before approval and request that such documents are prepared,
24. obligation to make and support proposals to improve the efficiency of work, increase and develop effectiveness.

The responsibilities of managers that are not listed above result from the scope of responsibilities described under the unit led and the individual job description of managers.

#### **2.5.2.2 The obligations and rights of project managers are primarily as follows:**

1. project management and coordination in terms of methodology,
2. preparation of detailed project plan, including the clear definition of task and success criteria, resource planning, timing, schedule and budget, management of interdependencies and risks,
3. support to contract management,
4. coordination of implementation,
5. management of internal and external resources,
6. up-to-date progress monitoring, status reporting, project communication,
7. continuous and regular provision of status information required to complete the development portfolio,
8. taking responsibility for the project budget and project goal achievement on time and in good quality.

#### **2.5.3 The responsibility of the manager**

In line with the provisions of the Hpt., the Mt. and the civil law and other legal regulations, the managers of the Company are responsible for performing tasks assigned to them in the employment contract, the job description and internal regulations, and for the actions, orders, the accuracy of records, reports and for all actions that they are responsible to take or fail to take in the position held, in line with the scope of authorities.

The employees holding management positions are responsible for damage caused to the Company or third parties, as part of the activity of the manager, in line with the rules of civil law, in accordance with the rules on employees in management positions.

In case of damage caused by other managers, in line with the provisions of the Mt. on the compensation liability of employees, the managers are required to make good the damage caused.

The liability of the manager does not decrease the personal liability of subordinate employees stated in the job description.

#### **2.5.4 The order of substitution**

The CEO is substituted by the Deputy CEO (the Director of Banking Operations).

In case of simultaneous absence (absence exceeding one day) of the CEO and the Deputy CEO (the Director of Banking Operations), the person appointed by the CEO is entitled to lead the Company.

In the course of substituting the CEO, the mandate of the Deputy CEO or the appointed substituting person does not include exercising the special rights of the employer.

If absent, the appointed substitute deputizes for the manager, the substitute can perform the tasks, exercise the scope of authorities of the manager, except for matters related to which another person is appointed as the substitute of the manager. The manager is responsible for transferring, for the period of absence, to the substitute any tasks in progress, determining the tasks to be completed and for holding the substitute accountable for such tasks.

### **2.6 General rules on representing the Company**

The Civil Code, the Hpt., the Articles of Association and internal regulations determine the content and provisions on exercising the power of representation, signing on behalf of the company and approving payment.

The Regulation on right of representation and authorization to sign on behalf of the Company, valid from time to time, includes detailed rules on power of representation, rights to represent, sign on behalf of the Company, etc.

### **2.7 Management of the organizational units of the Company**

#### **2.7.1 Chief Executive Officer**

The Chief Executive Officer leads the organization, the daily work of the Company in line with legislation and the provisions of the Articles of Association of the Company, the resolutions of the Shareholders' Meeting and the Board of Directors.

In line with the provisions of this regulation, the CEO leads and controls of the work of the Company.

The CEO is responsible for the Company operating in line with the requirements of legislation, the Articles of Association, Company regulations and orders.

During the performance of its work, the CEO has the following primary rights and obligations:

- a) responsibility for the appropriate operation of the Company,
- b) obligation to take measures to end the violation of legal regulations, rules and irregularities noted,
- c) responsibility for the implementation of the resolutions of the Shareholders' Meeting and the Board,
- d) responsibility for the business activity of the Company,
- e) responsibility for preparing the Shareholders' Meeting and Board documents on time and for the retention of these documents and making sure necessary disclosures are made,
- f) right to give orders related to the operation of the Company,
- g) right to make decision related to matters subject to the scope of responsibility of the organization,
- h) management of regulatory activity within the Company,
- i) right to convene the Board and making sure that Board meetings are properly prepared for,
- j) represents the Company towards third parties, the court, other authorities in the cases subject to the scope of authorities of the Company and in other cases based on authorization by the Shareholders' Meeting and the Board,
- k) gives information to the media and prior license to other employees of the Company to give information to the media,
- l) as the leader of the organization, the CEO exercises the rights of the employer related to the employees of the Company, except for the executive directors,
- m) right to decentralize authorities, responsibilities and decision making rights within the organization, including the financial decisions and the undertaking of financial commitments related to the figures stated in the business plan,
- n) right to reallocate annual business plan lines up to 10% and to exceed certain costs provided the profit reaches or exceeds the planned figure with the reallocation also,
- o) obligation and right to impose the sanctions and take the compulsory measures in case of default stated in the General Business Rules,
- p) responsibility for the management of crisis situations related to the activity of the Company,
- q) right to determine the fees payable for new services in the Fee Schedule,
- r) makes decision related to all issues, subject to the provisions of this Organizational and Operational Regulation that do not fall within the scope of authorities of the Shareholders' Meeting, the Board or the Supervisory Board,
- s) right to appoint project managers,
- t) keeping contact with the subsidiaries of the Company and acting as the representative of the shareholder,
- u) meets the reporting obligation of companies in permanent state ownership,
- v) creates, enacts, and reviews and tests, as necessary, the risk management, technology, compliance and internal control procedures to promote the achievement of the goals of the Company,
- w) ensures that sufficient resources are assigned to the risk management, technology, compliance, internal control and internal audit functions.

The CEO also makes sure that with the involvement of the Cabinet , among others, the minutes of the meetings and the resolutions of the Shareholders' Meeting, the Board of Directors, the Supervisory Board, the Assets and Liabilities Committee are saved, stored systematically and are up-to-date, and that contact is kept with the organizational units responsible for the related tasks.

The CEO is in charge of appointing in mandate letter the person(s) responsible for the following tasks within the organization:

- a) performing the data protection officer tasks in line with regulatory requirements, in accordance with the applicable internal regulations,
- b) performing the tasks of the confidentiality officer in line with regulatory requirements, in accordance with the applicable internal regulations,
- c) performing the tasks of the Chief Information Security Officer (CISO) in line with regulatory requirements, in accordance with the applicable internal regulations,
- d) performing the tasks of the data manager, i.e. ensuring and protecting the authenticity, integrity and availability of the data assets that the data managers are in charge of.

The CEO is entitled to delegate within the organization tasks related to the authorities obtained.

In the interest of efficient performance of the daily tasks of the organization, the CEO is entitled to organize work differently than herein described in a document not considered regulatory document and allocate certain tasks to other units. In this case responsibility for performing the tasks assigned is in line with amendment issued in the order.

There is a CEO Cabinet reporting directly to the CEO in order to perform the administrative tasks of the CEO. In addition to such administrative tasks, the CEO Cabinet is also in charge of the following tasks:

- a) administration related to outgoing documents,
- b) sending electronically Shareholders' Meeting and Board of Directors documents to the persons determined by the CEO,
- c) internal publication, maintenance of Shareholders' Meeting and Board of Directors documents,
- d) process management,

The units directly led by the CEO and their detailed tasks are shown in the organizational chart and in the subsequent sections.

### **2.7.2 Deputy CEO**

The Deputy CEO is the general substitute of the CEO in line with Point 2.5.4.

The Deputy CEO occupies the post of Banking Operations Director and performs the tasks of the Deputy CEO stated in the applicable sections of this Organizational and Operational Regulation.

### **2.7.3 Director**

The Director leads and supervises the directorate, an independent unit that the Director is in charge of. The Director exercises the authorities stated in the “Regulation on right of representation and authorization to sign on behalf of the company” valid from time to time.

The Director makes sure that the unit he/she is in charge of operates normally and in line with the requirements.

The Director makes decision related to cases subject to the authorities held.

The Director represents the Company towards other organizations, related to topics based on the mandate received from the CEO or related to the unit led, in line with the provisions of the applicable regulations.

### **2.7.4 Deputy Directors**

Unless internal regulations require otherwise, Deputy Directors are the general substitutes of the Directors of the Directorates concerned in line with the applicable parts of this Organizational and Operational Regulation.

The detailed tasks of Deputy Directors are stated in the operational procedures of the Directorates and the job descriptions.

### **2.7.5 Other managers**

For the purpose of this section, the employees acting as the leaders of professional activity are considered managers.

The project manager is considered manager during the period of the project, related to the project concerned.

Its tasks:

- a) Other managers lead, organize the professional unit, project and are in charge of operation in line with regulations. Other managers lead the daily operative work of the unit led,
- b) Other managers organize cooperation and the flow of information,
- c) The project manager performs the tasks stated in Point 2.5.2.2.,
- d) The manager makes sure that all personal and material conditions necessary for the operation of the unit led or the project are available, work is performed in a disciplined manner and in good quality; rules related to work are complied with. The manager is responsible to perform the task assignments fully and in line with applicable requirements,
- e) The manager cooperates in the discussion of issues related to its field or project, in finalizing the new company structures,
- f) The manager is required to support the work of the direct supervisor with full responsibility,
- g) The manager is required to perform on time all reporting tasks that are delegated to the manager.

### **2.7.6 The non-manager employees**

The individual job descriptions and the HR Regulation govern the tasks and obligations of non-manager employees.

### **2.7.7 Organizational structure**

This regulation describes organizational units down to the department level, the respective directors are entitled to create and amend the structure under this level in regulatory documents, subject to approval by Management.

## **2.8 Exercising the rights of the employer**

Exercising the rights of the employer means the right of decision making related to all the employment issues of employees, including the creation, amendment or termination of employment, determination of remuneration, performance evaluation, calling to account and decision on financial responsibility.

The Board exercises the rights of the employer towards executive directors.

The CEO exercises the special rights of the employer related to the employees of the Company (creation, termination of employment). The CEO can delegate other rights of the employer to other employees in management positions.

## **2.9 IT system; job transfer**

### **2.9.1 IT system**

Internal regulations, CEO orders and the rules of operational procedures of the units describe the IT and reporting systems across the units of the Company, the order of keeping contact and the special tasks related to internal and external reporting. The head of the unit is in charge of implementing these orders and rules.

### **2.9.2 Job transfer**

If there is a change of managers, the leaving manager transfers the job to the new manager. If unable to attend, the substitute or the person with temporary mandate by the supervising manager takes over the job.

If the job of an employee is required to be transferred, the job is to be transferred to the employee appointed, in the presence of the head of the unit (appointed deputy) or the person representing the head of the unit (appointed deputy), including all documents, records related to the job.

The job transfer will be documented in minutes if the job of a manager is transferred, the job transfer of employees will be documented in minutes if the supervising manager makes a decision to this effect.

The minutes will include the name of the job transferred and the list of issues pending or in progress, including their status and special attributes.

As acknowledgement, the manager in charge signs the job transfer minutes signed by the parties involved.

## **2.10 Employee representation: Work Council and health and safety representatives**

The employees elect the Work Council to represent their interests.

The Work Council acts as the general representative of employee interests towards the employer.

The Work Council is entitled to submit recommendations to the CEO on all issues related to the performance of work.

The rights and obligations of the Work Council are regulated by the applicable provisions of the Labor Code and the HR Regulation of the Company.

The employees of the Company are entitled to elect health and safety representatives from among themselves to represent their rights and interests related to work without health or safety risks.

The rights and obligations of the health and safety representatives are stated in the applicable provisions of Act XCIII of 1993 on Safety at Work and the Safety at Work Regulation of the Company.

## **2.11 Order of regulation**

### **2.11.1 External regulation**

Provisions by external bodies determining the operation of the Company, such as regulations, other instruments of state control, resolutions by supervisory authorities, other external requirements (e.g. standards).

### **2.11.2 Internal regulation**

The Regulation on the creation and amendment of regulatory documents includes the requirements on internal regulation.



## **2.12 Activities outsourced by the Company**

The Company may outsource parts of its activity subject to the provisions of regulations, the fact of outsourcing and the person performing the outsourced activity are required to be stated in the General Business Rules.

The Company concluded outsourcing agreements for performing depository activity, risk management activity, teller services, and certain publication obligations related to the APA (Approved Publication Arrangement) service.

The Company concluded an outsourcing agreement with ERSTE Bank Hungary Ltd. to safe keep the physical securities accepted by the Company. The Director of Banking Operations is responsible for the outsourcing.

KELER CCP Ltd. performs the necessary risk management tasks for the Company. The CEO is responsible for the outsourcing.

The Company concluded an outsourcing agreement with the Budapest Stock Exchange Ltd. to perform certain publication obligations related to the APA (Approved Publication Arrangement) service.

Activities undertaken by the Company based on outsourcing agreements

Based on the outsourcing agreement concluded with KELER CCP Ltd., the Company provides KELER CCP Ltd. the services covered by the agreement.

## **2.13 Confidentiality, publicity**

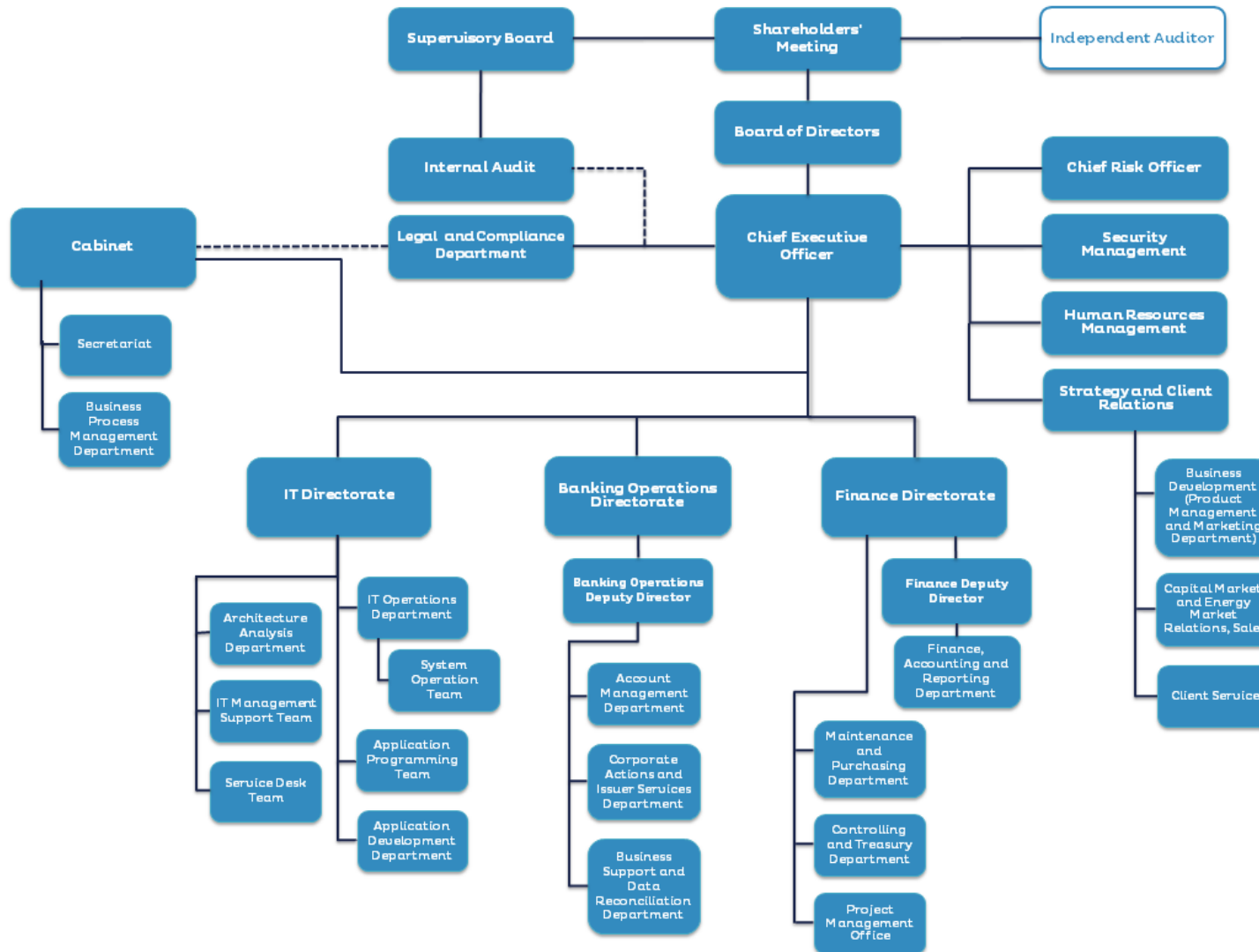
All employees of the Company are required to handle and keep in line with the applicable legal regulations the transaction, business, securities or bank secrets related to the Company or its clients or any related information and personal data acquired during the performance of work or otherwise in line with the Tpt., the Hpt., and the Bszt.

Persons establishing contractual relationship with the Company that become aware of business, bank or securities secret involving the Company or its clients as the result of the contract are required to sign confidentiality statements simultaneously with the creation of the contractual legal relationship.

## **2.14 Termination of the Company**

The Company is terminated if it decides to cease operation without legal successor; decides to cease operation with legal successor (transformation), that is to say it merges with another company, it is acquired by another company, it demerges (separates) or transforms into another business form, it is declared terminated or ordered to be cancelled by the court of registration, it is ordered to be terminated by the court in liquidation proceedings.

### III. Operational Regulation



### **3.1 Organizational units directly led by the CEO**

#### **3.1.1 Cabinet**

##### **3.1.1.1 Secretariat**

- forwarding to the competent organizational unit heads the tasks defined and delegated by the Chief Executive Officer, controlling the performance of such tasks, requesting information from the designated responsible persons;
- forwarding to the appropriate organizational unit heads the mails, e-mails, etc. containing the tasks;
- keeping track of the schedule of the Chief Executive Officer, involvement in the organization of programs, ensuring the necessary conditions for the programs;
- organizing the various meetings of the Company (management meeting), and performing all related administrative tasks;
- preparing various presentations, professional documents, reports for the Chief Executive Officer;
- performing all tasks that the Chief Executive Officer delegates to the organizational unit;
- processing the documents received by the unit, performing general administrative tasks of secretary, assistant;
- assisting the daily work of the Chief Executive Officer;
- participation in the preparation, execution, monitoring of the corporate actions (general meeting, Board and Supervisory Board meetings);
- keeping up-to-date records on general meeting, Board and Supervisory Board proposals, minutes, resolutions;
- supporting the administrative tasks related to the authorization of executive employees;
- providing administrative support to Legal Department: scanning and searching, monitoring contacts, editing documents, etc.;
- using, ongoing monitoring of the ERA system, receiving mail, forwarding mail to the competent persons, recording related deadlines, requesting response from the competent persons in time, sending mail;

The CEO Secretariat is directly led by the CEO.

##### **3.1.1.2 Business Process Management Department**

The Business Process Management Department is responsible for ensuring process-based operation in developments and in the operation of the Company as an organization, with the involvement of the relevant areas.

Coordination of business process assessment, management of such assessment on behalf of the business, monitoring changes, ensuring the quality of the assessment, keeping in mind the opportunities to improve efficiency when processes are assessed.

Coordinating the preparation of documents related to the operation of the Company, and ensuring such documents are up-to-date.

Defining development needs with a process focus, ensuring process focus in developments and product developments. Introduction and maintenance of methodology to ensure process-based operation in the Company.

### **3.1.2 Human Resources Management**

Strategic support to the Company in terms of human resources management in order to ensure that motivated human resources in the necessary quantity and quality are available to meet the business plan of the Company.

#### Tasks and authorities:

- Annual planning of Company headcount and related personal expenses.
- Creation, operation and validation of the remuneration and incentive system based on human resources, wage management and performance requirements.
- Creation of the remuneration policy and regulation of the Company.
- Human resources management support to the entire workforce of the Company.
- Management of human resources-related processes, issues, issue resolution, coordination with the units concerned.
- Supervision, continuous maintenance and development of processes and regulations related to human resources.
- Daily coordination and keeping contact with managers.
- Measuring, developing and improving employee satisfaction.
- Creation of the training and workforce development concept of the Company, preparation of training plans for each employee.
- Preparation and execution of the annual training plan of the Company.
- Planning, distribution and validation of the annual training budget of the Company.
- Management of training tasks, organization, coordination of trainings, study tours offered by the Company and by external organizations.
- Assessment of the influences of training on the organization and the workforce.
- Definition of organizational development related tasks of the Company, coordination of implementation.
- Monitoring the compensation policy of the financial sector, compensation surveys, and income study analysis.
- Regular review in terms of legal, tax efficiency of the allowances offered by the Company, and analysis of the usefulness of the program based on employee feedback.
- Management of allowance-related information.
- Cooperation with HR consulting companies.
- Full supervision and operation of the recruitment process.
- Improvement, regular measurement of the project management culture level of the Company.

#### Labor-related tasks:

- Keeping labour and personnel records.
- Daily tasks related to employment (hiring, exits, etc.).
- Preparing employment contracts, any amendments.
- Through the external payroll company payroll, posting wages, keeping personal income tax records, social security individual records, keeping records of agency, expert agreements and fees, personal income tax returns, payments, settlement. Employee contributions monthly/annual returns, payment, settlement. Employer contribution monthly/annual returns, payment, settlement coordination, validation.
- Through the external payroll company posting, claiming and settlement of social security contributions. Contributions and allowances monthly returns, payments, reconciliation.
- Full scale performance of activity related to study contracts.
- Reporting.

#### Leadership:

The organizational unit is led by the Human Resources Head.

Human Resources Management performs its tasks related to all organizational units. With respect to the employees of the Company, the Chief Executive Officer exercises the rights of the employer, and also has the right to make decisions related to wages and other benefits, with due regard to the provisions of the Remuneration Policy and the Remuneration Regulation, the HR Regulation and related regulatory documents.

### **3.1.3 Legal and Compliance Department**

#### Leadership:

The unit is led by the Head of Legal and Compliance Department.

#### **3.1.3.1 Legal Department**

Legal Department is directly led by the Head of Legal and Compliance Department. This unit provides legal support to the activity of the Company, on its own and with the external legal representative of the Company, and the partners mandated to provide legal support.

During its work, Legal Department works based on information received from units, and provides support of a legal nature. It is not responsible for administrative tasks related to documents (getting documents signed, sent, collecting related documents, etc.).

It performs legal tasks related to the operation and activity of the Company (licenses, qualifications, memberships, authorizations, giving opinion on internal regulations, preparation of regulatory documents within its scope of responsibilities, etc.);

It coordinates and provides professional support with respect to the creation of legislation influencing the operation and activity of the Company and external regulatory work.

It supports the market activity of the Company and business and professional partners with the provision of legal support to the preparation of uncommitted regulatory interpretations/publications.

It performs legal tasks related to client relations (interpretation of agreements, complaint management, etc.).

It provides legal support to the collection of receivables.

It performs legal quality assurance in relation to supplier / buyer agreements.

It supports the legal / agreement background of institutional relations (direct/indirect).

Support to the tasks related to the development and change of Company organization, processes, in cooperation with Compliance.

Exclusive coordination of cooperation with partners mandated to represent the Company and provide legal support.

Legal is in charge of tasks related to legal support to Clients. It approves all the legal views, interpretation of regulations to Clients.

It participates in the committees of the Company as required in other regulatory documents also. It provides legal support to Board of Directors and Supervisory Board meetings and related to the preparation of Shareholders' Meetings.

It prepares the meeting minutes of the Board of Directors and the Supervisory Board, the Shareholders' Meetings, and, in cooperation with the Cabinet, gets the meeting minutes signed.

The Head of Legal may decide to involve external legal expertise, the Head of Legal is to be consulted if a unit needs external legal support. (The Chief Executive Officer may decide at its discretion also to use external legal support.)

Legal cooperates closely with the CEO Cabinet, provides professional support to the Cabinet, and they jointly perform the tasks related to the various meetings. In this respect, the Head of Legal has the right of giving instructions to the designated employees of the Cabinet.

### **3.1.3.2 Compliance**

Compliance identifies and manages the compliance risks of the Company. Compliance also performs the compliance and internal control function pursuant to CSDR.

#### Tasks and authorities:

Identification and up-to-date monitoring of the compliance risks of the Company, direct performance of the procedures to diminish compliance risk, and the initiation, supervision and control of such procedures in all the areas of the Company.

Giving opinion, advice, performing controls and making reports related to its activity within the Company.

Monitoring and interpreting the external regulations, standards and recommendations affecting the compliance risk of the Company, comparing it to the internal regulation, practice of the Company, in cooperation with Legal, making proposal on the necessary compliance level and the measures required to achieve it based on this activity.

Informing the Chief Executive Officer regularly on changes to compliance risks and the steps required to manage them.

Requesting the Chief Executive Officer to internal audit reviews related to compliance.

Monitoring the measures taken to terminate the deficiencies detected in its own reviews.

Monitoring AML (anti-money laundering), CTF (counter terrorism financing) and KYC (know your customer) measures in line with prevailing regulations and other requirements.

Regular review at least annually of the rules to be followed under the act on the prevention of money laundering and terrorism financing.

Collecting the reports stated in the act on the prevention of money laundering and terrorism financing and forwarding the reports to the competent authorities. Investigation of suspicious transactions.

Initiating the training of employees involved in compliance risks at the Company, preparation of training material and guides.

Ensuring the consistency of the regulatory documents of the Company, with the involvement of Legal. Compliance review of the regulatory documents of the Company before issuance.

Performing the tasks related to the entering into force, registration of regulatory documents.

Management of the personal conflicts of interest within the Company, and investigation of conflicts of interest, investigation of reporting obligations.

Ensuring the flow of information within the framework of internal regulations related to areas where the use of confidential information may give rise to abuse.

Checking the conflict of interest rules applicable to employees and persons in management positions; creating the process to meet the reporting obligation.

Checking the statements based on the Regulation on Investments of Executive Employees and Employees and Conflict of Interest Rules related to investments by employees and the persons considered executive employees of the Company.

Performing the compliance tasks related to the prohibition of insider trading and market manipulation; creating, managing and updating the necessary registries, requesting the necessary disclosures, and checking that such disclosures are made.

Creating the annual compliance work plan.

Preparing compliance report annually to the Management and the Board of Directors.

The Head of Legal and the Chief Executive Officer are entitled to give instructions to the staff members of Compliance.

#### Leadership:

Compliance is under the direction of the Head of Legal, but in professionally justified cases, in particular in case of compliance incidents involving the Head of Legal, it can contact directly the Chief Executive Officer or the Board of Directors, and it performs its tasks related to all organizational units. The Chief Compliance Officer leads Compliance.

### **3.1.4 Internal Audit**

Unit name: Internal Audit

Internal Audit performs work based on the annual work schedule approved by the Supervisory Board.

Only the Supervisory Board, the head of Internal Audit or the CEO with consent by or subsequent information to the Supervisory Board can give task assignments to Internal Audit in addition to the annual approved review plan.

The operation of Internal Audit is supervised and controlled by the Supervisory Board. The head of Internal Audit reports to the Supervisory Board.

Internal Audit acts as the internal audit function stated in the CSDR.

#### Tasks and authorities:

Internal Audit makes an annual audit work plan to schedule tasks; this plan is to be approved by the Supervisory Board. Basic aspects considered to determine audit tasks include high priority activities and processes with inherent risks, operation of controls and the audit needs of the Supervisory Board/the CEO.

Based on the annual work plan approved by the Supervisory Board, Internal Audit completes general audits, topical audits, targeted audits and follow-up audits.

In line with the applicable legal requirements, the duties of Internal Audit include:

- a) reviewing the operation of the Company in line with its internal regulations,
- b) reviewing the central depository and ancillary investment services, the provision of financial services in terms of legality, security, transparency and
- c) reviewing other areas referred to Internal Audit in separate legal regulations.

Internal Audit makes a report on the implementation of audit(s), the results of the reviews, including recommendations to eliminate shortcomings.

Internal Audit reviews check compliance with the applicable legal requirements, CEO orders, internal regulations and orders by directors and that the content of regulations is sufficiently strict.



It reviews and gives an opinion on control processes in business areas, with special regard to the development, operation and change management of computer systems, the creation of control points and the operation of processes in line with the applicable rules.

It checks compliance with the rules on support documents to be used related to finances and operation and with the rules on purchasing.

It checks that the implementation of reconciliation and inventory taking of physical securities is in line with the requirements of the Regulation on Inventory Taking.

It reviews the creation and operation of process embedded controls.

It contributes to efficient management efficiency and the protection of property.

It reviews regularly the performance of any outsourcing under the Tpt. and the Bszt., and reviews at least annually outsourcing under the Hpt.

It checks that the tasks defined in action plans to address system shortcomings detected during the review of the Company by external authorities and other bodies (e.g. MNB, statutory auditor) or in letters documenting reviews (e.g. management letter) are implemented by the deadline and that the Company has taken all necessary measures to terminate the errors, shortcomings identified.

It checks that reporting to the Supervision and the Magyar Nemzeti Bank and all other mandatory reporting obligations of the Company are in line with the requirements.

#### Leadership:

Directly supervised by the Supervisory Board, Internal Audit performs work related to all organizational units. The head of Internal Audit leads the unit.

The CEO exercises the rights of the employer related to Internal Audit, and the approval of the Supervisory Board is required to establish employee relationship and .for the termination of the employee relationship at the request of the employer.

### **3.1.5 Security Management**

Unit name: Security Management

#### Tasks and authorities:

It is responsible for creating the security policy and the strategy of protection in line with the strategy, business policy of the Company to ensure preventive protection of the data, personnel, property, business and security of the Company in order to reduce security risks to an acceptable level. This also includes preparation for extraordinary events, disaster recovery, and exceptional periodic obligations.

It defines the directions and major focus points of protection in line with the priorities of the security policy of the Company.

In order to achieve the goals of security policy, it assesses and analyses security risks, creates the HR, personnel, data and property protection tools to protect the areas exposed to risk in line with the level or risk, in case of new facilities and investments (or transformation of existing premises) with the involvement of architects and developers. If the tasks determined during the assessment of security risks are not implemented by the deadline or it is foreseen that tasks will not be implemented by the deadline, Security Management submits the issue to the Management in order to make a decision.

Security Management employs a complex array of security-protection instruments and methods and cooperates with the heads of units (depending on the nature of the activity with the involvement of external parties also) to perform its tasks.

It creates internal regulations, recommendations applicable to all organizational units of the Company and cooperates in the implementation of these regulations. As part of this task, it takes care of training on regulations and orders, in line with the different needs of employees, enforces regulations and checks compliance.

It develops and operates the independent systems in charge of the IT system security control at the Company and keeps related records. It cooperates in the enforcement of security aspects in IT system developments and change management. It performs IT security tasks in cooperation with the IT Directorate, in line with the division of work stated in its operating procedures.

It investigates situations, events representing security threats all over the premises of the Company, related to the entire operation, takes the necessary measures and informs the CEO without delay.

It creates the entry system.

It coordinates and acts as the subject matter leader of plan maintenance, BCP-DRP action plan testing, coordination of crisis situations and reporting related to crisis and disaster situations.

It is in charge of performing process embedded IT security risk analysis and periodic full-scale IT security risk analysis as stated in valid regulations.

It prepares development plans, documents to support decision making, gives its opinion and makes reports.

It is in charge of setting up a complex security and protection system, covering the entire organization and all the assets, standard for all premises and locations of the Company to keep security risks as low as possible, with the objective of prevention and mitigation of damage, organizing and directing the manned security and surveillance services provided by external service providers under its supervision.

It keeps contact and cooperates with authorities and the security units of other institutions related to security issues.

It creates and checks premises subject to enhanced protection.

Leadership:

Security Management reports directly to the CEO and performs tasks related to all organizational units. The unit is led by the Security Manager.

### **3.1.6 Chief Risk Officer**

In order to perform professional control and supervision of the risk management function, KELER employs the Chief Risk Officer. The Chief Risk Officer is responsible for completing the tasks of the risk management function stated in the CSDR. It also has the right to contact directly the Chief Executive Officer or the Board of Directors in professionally justified cases.

In line with the outsourcing agreement concluded by KELER CCP and the Company, the Company outsources to KELER CCP Ltd. the performance of risk management tasks (risk management function). KELER CCP Ltd. performs the outsourced activities subject to supervision by the Chief Risk Officer of the Company.

KELER CCP Ltd. accepts that the risk management of the Company is performed by organizationally separated persons that can be given instructions by the Chief Risk Officer of the Company.

The Chief Executive Officer supervises the activity of the service provider contracted by the Company to perform the risk management function.

Risk management tasks performed by the risk management function:

- Creation, regular review of internal regulations required by legal regulations and related to risk management, preparation of related proposals.
- Operation of the Risk Committee, preparation of reports and minutes.
- Creation, maintenance and development of the partner rating methodology. Operative activities related to partner rating and the preparation of analyses, proposals as part of such activities.
- Creation, regular review of the Treasury limit system, making related proposals. Treasury limit monitoring.
- Annual mark to market of investment participations, and checking compliance with the investment restrictions stated in law.
- Monitoring the settlement credit lines KELER provides to partners subject to government securities cover.
- Maintenance of the terms of eligible securities and currencies.
- Regular analysis of non-guaranteed markets.
- Management of trading book risks, assessment of trading book positions.
- Comprehensive capital requirement calculation.
- Monitoring large risk, monitoring excesses.
- Measuring, monitoring and periodic analysis of market risks, country risks, concentration risks. Creation, review of processes and procedures related to the internal capital adequacy assessment and liquidity management process (ICAAP-ILAAP) applied by KELER, and ensuring ongoing compliance.

- Management of operational risks. Organizing the collection of loss data and key risk indicators, training, coordination, analysis of data. Capital need calculation. Reporting. Creating, executing, monitoring action plans to decrease risks.
- Creation of the recovery plan in line with Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises and the CSDR, and review with the frequency stated in the Recovery Plan.

### **3.1.7 Strategy and Client Relations**

The tasks of Strategy and Client Relations can be summarized as follows:

- The Strategy and Client Relations Directorate is in charge of business development, Company strategy development, exploring new business opportunities and making action plans to exploit opportunities. It submits strategic plans for at least three-year periods, prepared on a rolling basis, based on two scenarios (optimist, pessimist), to Management, the Board and the Shareholders' Meeting for decision making. The strategy is back-tested annually.
- Selling new products and services to clients and selecting and assessing the business services purchased by the Company.
- Creating the Company image.
- Keeping contact with clients, partners and other market participants.
- Maintaining client documents, performing tasks arising from Act III of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing in cooperation with Compliance.

Strategy and Client Relations supports the work of the Cabinet, including professional support to the preparation of Board and Shareholders' Meeting proposals, and edits and gives opinion on related written material, in cooperation with Cabinet.

#### Leadership:

Strategy and Client Relations is led by its Head.

Energy Market Relations, Capital Market Relations, Client Services and Business Development are directly led by the Head of Strategy and Client Relations.

#### **3.1.7.1 Business Development (Product Management and Marketing Department)**

##### *3.1.7.1.1 Product Management*

#### Tasks:

- Maintenance and continuous improvement of the existing services and products of the Company in order to retain and improve marketability and profitability.
- Defining new business opportunities, product development needs derived from market opportunities and client needs, in line with the strategy and medium and long-term plans of the Company. Exploring, collecting, managing new service, product development opportunities, from defining the business or other need, including planning with the participation of all relevant units, and implementation until product profitability monitoring and future improvements. Finalizing product programs, development proposals and managing related approval processes, monitoring and back testing product deployment.

- Maintenance and continuous control and improvement of the products and services of the Company. Responsibility for the marketability, profitability of products, related legal, accounting, tax compliance in order to ensure that products reach their full potential in a prudent manner. Launching, managing product developments and the definition of service fees.
- Finalization and maintenance of procedures, methodology and documents related to product development. Operation and supervision of the product management processes of the Company based on methodology.
- Continuous development of the international services of the Company, monitoring international trends.

#### *3.1.7.1.2. Marketing*

##### Tasks:

- Management, development of the corporate identity of the Company, organization and coordination of the public appearances, publications, events of the Company.
- Making preparations for presentations in Hungary and abroad. Preparing the individual subject matter writings to be published, related coordination. Management of press relations, coordination of press releases.
- Operative tasks related to advertising and gifts, deciding on the corporate identity, type, quality and quantity.
- Coordination of the events involving the partners of the Company.
- Maintenance of the internal communication strategy of the Company, related operative tasks.
- Continuous maintenance, monitoring of the Internet and Intranet sites of the Company, overall management of related development processes, creation, optimization and controlling the process of content management, keeping contact with service providers in charge of operation/operators.

#### *3.1.7.1.3. Trade Reporting*

Operation of the business service provided by the Company related to the obligation of trade reporting and publication, in co-operation with Product Management, to exploit market potential.

##### Tasks:

- Meeting client needs based on the centrally managed data asset, as part of value-added service provision, in co-operation with the areas involved in the sales process.
- Operation of the trade reporting service with the Trade Reporting system to manage client orders, performing related operative tasks.

#### **3.1.7.2 Capital Market and Energy Market Relations, Sales**

The department consists of two areas. It is in charge of serving capital market and energy market clients (the Company provides service) and partners (the Company purchases service), and representing the Company in the industry, and the sale of the products of the Company.

#### Tasks:

- Finalizing sales plans in line with the prevailing strategy.
- Introduction and sales of all the products and services of the Company with appropriate depth and in appropriate format.
- Management of client “due diligence” visit.
- Preparation and coordination of professional material for the clients of the Company.
- Maximizing income from clients, price negotiations, finalization of pricing.
- Initiation and implementation of business development and sales processes based on client needs and business strategy, assessment of the operation, business opportunities and risks of new markets, assessment, documentation and evaluation of the infrastructures given, market participants’ products, services.
- Representing the Company at relevant professional forums, conferences.
- Management of the domestic and international capital market (bank and depository) and energy market relations of the Company, and the creation of new relations.
- Participation in the creation of the Central Eastern European depository network stated as a target in the KELER strategy (relationship with regional depositories and other market institutions (commercial banks, central banks, etc.), creation of account management relationships.
- Tendering and selection: finalizing the terms of tendering, execution of tendering and selection with the involvement of the Maintenance and Purchasing Department.
- Negotiating contracts, creation of Service Level Agreements with the involvement of the appropriate units within the Company.
- Starting developments, support to testing and implementation in harmony with the possibilities of the market and partner concerned.
- Maintenance of account relationships: keeping contact with partners, regular due diligence visits and due diligence process organization in line with the applicable international requirements.
- Providing information related to partners: based on information provided by the partners (e.g. in case of changes to services and fees), preparation and coordination of information to clients, for the client relationship unit, e.g. Market Watch, Market Profile, informing the units concerned on any changes.
- Other: assessment of quality and costs, investigation and analysis of costs, preparation of decisions, resolution of problems related to account relationships, controlling the fees paid, maintenance of contracts.
- Continuous exchange of information with other units (product, client, operation, risk, Legal and Compliance Department, IT) to ensure that the services and procedures of KELER improve in line with the possibilities of the account relationships, and the creation of account relationships supports client needs and services.
- Representation of Company interests in Hungarian and international regulatory and harmonization processes involving the industry, the Company and its activity, in line with the applicable internal regulatory document of the Company.
- Representation of the interests of the Company and the Hungarian capital market in the international, primarily European integration of capital markets.
- Undertaking non-legal operative tasks arising from domestic and international regulatory, harmonization and integration processes.

### 3.1.7.3 Client Service

#### Tasks:

- Giving information on account management and other services, sending form contracts and forms. Receiving and controlling the incoming form contracts, forms and documents. Cooperation related to the account opening process and other services with other units..
- Keeping contact with the clients of the company, input and amendment of client data in systems.
- Performing tasks arising during the management of demat securities that securities account managers cannot identify. Management of form contracts of the clients of the company and related documents, input of signature rights and rights required for the use of KID system, input of changes.
- Activities in line with the Finality Act on Settlement Finality in Payment and Securities Settlement Systems , in co-operation with Compliance.
- Comprehensive client identification in line with the provisions of the AML Act on the Prevention of Anti-money Laundering and Terrorism Financing, in co-operation with Compliance.
- Tasks to be performed in line with Regulation EU No 2015/2365 on transparency of securities financing transactions and of reuse (Securities Financing Transaction Regulation hereinafter: SFTR).
- Tasks to be performed based on the FATCA (Foreign Account Tax Compliance Act) Act (hereinafter: FATCA).
- Management, archiving the documents of partners that cease to be the clients of the Company.
- Preparing reports, monthly, quarterly and annual statistics, reporting.
- Electronic, paper-based client communication in the course of collection activities of the Company. Performing the tasks stated in the complaint management regulation of the Company valid from time to time.
- Management of the records related to the KELER Trade Reporting service.
- Management of the e-invoice records of fee invoices related to KELER services.
- Management of other documents and providing them to clients. .Giving inputs required for the development of the Company.

## 3.2 Banking Operations Directorate

Unit name: Banking Operations Directorate

The main task of Banking Operations Directorate is the daily operation of the business services of the Company, maintaining the high quality and ensuring the continuous improvement of the products and services of the Company.

The Company concludes form contracts, in certain cases individual agreements with the clients that use the services of the Company. The Company collects fees for the use of services. Interest is credited to the Forint and foreign currency accounts in line with the List of Conditions of Interest Rates.

The Banking Operations Directorate performs the case by case data and information reporting tasks towards authorities, official organizations arising and prepares statistical reports related to its activity.

As part of the activity undertaken, the Banking Operations Directorate performs tasks stated in the provisions of Act XXIII of 2003 on Settlement Finality in Payment and Securities Clearing Systems and arising from the provisions of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing, and is considered the manager of investment services activity in line with the Bszt.

### **3.2.1 Account Management Department**

#### Tasks and authorities:

Managing securities accounts, Forint and foreign currency accounts, subaccounts.

Managing yield and deposit subaccounts.

Receiving and executing account related orders, priority and queue management.

Securities related account transfers (FoP) and DVP transaction settlement.

Performing blocking transactions (joint, unilateral, KELER and other beneficiary).

Executing limit management related securities blocking and unblocking.

Settling DVD transactions.

Settling stock exchange transactions guaranteed by KELER CCP (multinet securities and cash transactions, FISZER transactions)

Settling non-guaranteed stock exchange transactions (fix price, auction trades) on a gross basis.

Settling primary market trades.

Preparing the report on power market margin requirement fulfilment.

Providing power and gas market trade related account management services.

Derivative, power and gas market transactions financial settlement.

Managing and settling pending accounts, investigation in case of reconciliation differences with the involvement of sub-custodians and nostro account managers, in cooperation with the Business Support and Data Reconciliation Department.

Performing GIRO, VIBER, internal financial settlement.

Management of outgoing and incoming foreign currency transactions.



FX service.

Recording bank guarantee.

Performing Treasury back office activity:

Recording the securities kept in the Depository in the securities account, performing tasks related to physical deliveries in and out.

Taking part in controlling the activity of the service provider safekeeping physical securities accepted by the Company.

Settlement and custody services for international securities through securities accounts opened by the Company with other custodians (cross border settlements):

Management of the securities accounts of domestic/international clearing houses and other foreign entities opened with the Company, settlement services:

- a) performing OTC settlement,
- b) keeping contact with clients, management of general issues and claims involving foreign counterparties.

Settlement of transactions in investment fund units and performing tasks related to the WARP system:

- Management of transactions to be settled in T2S
- Making proposals on the revision, maintenance of contracts, operational procedures.

Participation in product development related to account management.

### **3.2.2 Corporate Actions and Issuer Services Department**

Tasks and authorities:

Coordinating the relationship of the Company with issuers, selling the issuer services of the Company.

Issuing ISIN (securities code) for securities issued in Hungary; reporting ISINs.

Central securities records on securities with ISIN.

Recording the issuer master data provided by issuers.

Informing capital market participants on the corporate actions announced by issuers related to securities series and ordered from the Company, on the order of event execution.

At the request of the issuers, disclosure of the personal data of the holder related to events with or without distributions and/or making payment orders.

For events with disclosure of the personal data of the holder, summarizing the shareholder data received from account managers and providing it to the issuers.

Accepting physical securities issued in Hungary, recording and managing related basic data: in fungible custody account at the request of the issuer, in individual custody account at the request of the KELER account manager.

Performing custody related activities (as instructed, coupon cutting, annulment and destruction of securities and coupons).

Creating dematerialized securities issued in Hungary in the central securities account, receiving, recording, amending, and cancelling the securities at the instruction of the issuer.

Informing account managers on dematerialized securities creation and cancellation.

Keeping central securities accounts.

Entering trades into the settlement and depository system of the Company and master data amendment in the central securities register when trades in international securities series made on the BÉTa Market of the Budapest Stock Exchange are accepted for settlement.

Custody services for international securities through securities accounts opened by the Company with other custodians:

- a) management of corporate actions of international securities with distributions,
- b) informing clients on corporate actions,
- c) management of special corporate actions without distributions,
- d) management of foreign tax deductions, reclaims, tax certificates.

Execution of corporate actions related to the management of the securities accounts of national/international depositories and other foreign institutions opened with the Company:

- a) management of corporate actions in Hungarian securities, sending advices, confirming actions,
- b) participation at general meetings, other events as requested and based on power of attorney (proxy voting),
- c) management of tax issues in Hungary for foreign partners.

Paying agent services to ÁKK.

Cooperation in the product development of issuer services at the Company.

Keeping share registry at the request of issuers, keeping the share registry of the Company.

Share registry preparation monthly, upon corporate actions, at the request of the issuer.

Based on individual agreements concluded with issuers, making, amending share registry records at the request of the issuer, the main account holder or the client, or in a probate action based on the advice the notary public.

Finalizing the share registry at any point in time - at least down to the level of custodians (with the allocation of serial numbers).

Providing the services requested by the issuer related to the share registry.

Professional consultation related to the execution of corporate actions.

Calculation of ownership structure indicators based on the share registry, at the request of the issuer (e.g. cooperation in the provision of mandatory and extraordinary information).

Organizing shareholders' meetings in line with the applicable contacts.

Cooperation in dividend payment.

Paying agency, payment of the counter value of dematerialized shares and provision of ancillary services related to dematerialization (preparing detailed dematerialization process timeline; reviewing resolutions, notices related to transformation; etc.), annulment and keeping physical securities collected due to dematerialization.

Preparation and sales of offer system and related high-level coordination for issuers (from ISIN issuance to share registry).

Advisory services to issuers.

Making proposals on the revision, maintenance of contracts, operational procedures.

Participation in the product development related to issuer services, corporate action management.

Investigation in case of reconciliation differences with the involvement of sub-custodians and nostro account managers, in cooperation with the Business Support and Data Reconciliation Department.

### **3.2.3 Business Support and Data Reconciliation Department**

Performing reconciliation and tasks supporting the operation, services of the Banking Operations Directorate and the efficiency of work.

Opening, terminating and suspending securities accounts, Forint and foreign currency accounts and sub-accounts.

Reporting to the Court of Registration the cash accounts of the Company.

Tasks related to collateral management:

- a) setting haircuts and valuation prices by beneficiary legal grounds, instruments and instrument groups,
- b) setting concentration limit,
- c) instrument revaluation.

Net asset value calculation daily, weekly, monthly.

Calculating and invoicing securities and cash account management, transaction, settlement, issuance fees, and interest, financial transaction duty.

Management of complaints and issues related to accounts.

Monitoring pending accounts.

Daily reconciliation and matching with the general ledger of securities and cash nostro accounts and central securities accounts.

Informing the areas concerned in case of reconciliation differences.

Performing tasks related to annual inventory taking, teller check, and depository reconciliation.

Uploading prices provided by BAMOSZ, ÁKK, Treasury, MNB mid-rates, and international security prices.

General calendar and operating hours setting.

Monitoring clients in bankruptcy in e-cégjegyzék, managing related tasks.

Accepting for settlement the trades in international securities series made on the BÉT Market of the Budapest Stock Exchange, management of related documents, issuing the acceptance statement.

Performing tasks related to reporting and bank information:

- a) management of audit letters, authorization letters,
- b) management of inquiries by authorities,
- c) preparation of physical account statements, statements of holdings, transaction statements,
- d) tasks related to daily, weekly, monthly and annual reporting,
- e) preparation of statistics.

Issuing the Legal Entity Identifier (LEI).

Cooperation in the application for, extension and porting of LEI to identify counterparties, required for derivative reporting under EMIR, more specifically:

- a) checking data submitted electronically by the clients with the data stated in the certificate of incorporation,
- b) forwarding client applications to WM Datenservice, the contracted LEI code issuer of KELER,
- c) forwarding to applicants the LEI codes sent by WM Datenservice,
- d) managing the invoices issued by WM Datenservice and KELER, and
- e) ad hoc and annual review of the underlying data of LEI codes (certificates of incorporation).

### 3.3 IT Directorate

Unit name: IT Directorate

The IT Directorate is in charge of providing IT support to the operation of the Company, the development of IT solutions in line with business and security needs and the applicable regulations, recommendations by authorities and the cost efficiency and client focus requirements of shareholders. The IT Directorate performs the technology function stated in the CSDR.

#### Tasks and authorities:

The IT Directorate is in charge of the following tasks:

- ensuring the continuous operation of IT systems,
- completing the IT development of support systems in line with business needs,
- in order to ensure the expected level of operational security:
- executing IT investments,
- creation of operating processes in cooperation with Security Management, in line with the distribution of tasks stated in the IT Directorate regulation,
- developing IT services to improve the efficiency of business processes,
- keeping contact with IT experts and suppliers,
- providing IT support to the decisions of the Company,
- setting the direction of IT strategy, the IT strategy to support the strategic objectives stated in the business strategy, and the business processes and their sustainability,
- implementing the functions determined in valid legislation and keeping records.

The following units operate within the IT Directorate in close cooperation:

- a) IT Operations Department,
- b) System Operation Team
- c) Application Development Department,
- d) Architecture Analysis Department,
- e) Service Desk Team,
- f) Application Programming Team,
- g) IT Management Support Team.

#### 3.3.1 Tasks of IT Operations Department

IT Operations Department is responsible for creating processes and operational order to ensure the continuous operation of the elements of the IT system as expected under the SLAs, compliance with legislation, and maintenance of operations documents and professional operation of the following system elements:

- a) communication tools and lines,
- b) operations and middleware systems,
- c) hardware components, hosts,
- d) environmental infrastructure,

- e) databases.

It enforces the joint objectives of quality, timeliness and cost efficiency related to its tasks and authorities.

Acting within the scope of authorities, in order to ensure the reasonably expected continuous operation, IT Operations Department tests regularly and keeps up to date the disaster recovery plan of the Company and prepares to be ready and able to apply the plan.

IT Operations Department staff takes part in:

- a) troubleshooting under the direction of Service Desk Team,
- b) the implementation of development tasks planned, consulted by Application Development Department,
- c) the operation of the controlling environment to measure the requirements stated in SLAs, performing the necessary monitoring activities.

### **3.3.2 Tasks of System Operation Team**

The Team is in charge of the operating tasks of applications linked to the IT system supporting business services, cooperates in their launch, changes, and supports testing, operates the test environments, participates in BCP/DRP updating, testing, executes necessary validations, manages the warnings and alerts generated by the supervisory system, and cooperates and keeps contact with the suppliers of IT equipment.

### **3.3.3 Tasks of Application Development Department**

IT Development Department is in charge of planning and implementing the developments of the IT system due to business requirements and to ensure continuous operation, providing user support to business systems, planning and implementing the infrastructural developments due to business requirements and in order to ensure continuous operation.

In order to perform the above duties, IT Development Department:

- a) prepares subject matter expert documents and material to support decision making,
- b) plans and organizes the performance of development tasks assigned to IT Development,
- c) takes part in finalizing the annual IT development and investment plan, states the expected cost of developments,
- d) develops the methodology of application development, project methodology,
- e) provides the appropriate number and quality of experts to ensure successful project delivery,
- f) has special responsibility for compliance with non-functional requirements during the implementation of development tasks,
- g) maintains the methodology of application development; ensures compliance and complies with the requirements therein stated subject to the scope of activities and authorities,
- h) takes part in the creation of the disaster recovery plan of the Company to ensure the plan is in line with the business requirements related to business continuity,
- i) makes strategic recommendations on standardization and technology directions,

- j) meets the requirements of quality, timeliness and cost efficiency in its scope of activities and authorities,
- k) manages the agreements related to developments,
- l) is in charge of release management.

Application Development Department staff takes part in:

- a) troubleshooting under the direction of Service Desk,
- b) the end-to-end process of IT system testing.

### **3.3.4 Tasks of Architecture Analysis Department**

In the preparation phase of application development it takes part in exploring business and IT system connections, the identification and detailing of business needs. In the process of application development it cooperates with the units involved, and the project manager and the owner of the task, and provides professional assistance to business in preparing the related documents, in the validation of documents, and performs validation tasks related to products also. It works to ensure that efforts focus on the implementation of the goal accepted in the decision of the Portfolio Council. As a competence center, it ensures business data quality and data integrity for the efficient operation of the data warehouse.

### **3.3.5 Tasks of Service Desk Team**

Acting as the central IT client service, Service Desk Team receives reports from internal and external parties related to IT services, organizes and directs troubleshooting, acquires and provides to clients the security certificates required to access online systems (e.g. WARP), monitors the performance of activities related to reports related to issues other than troubleshooting. It informs reporting parties regularly on the reports made and keeps related records.

In line with the Complaint Management Regulation of the Company, the Team manages complaints reported on the phone, and checks every second week that the complaints recorded in the complaint register are up to date.

It makes recommendations and completes analyses related to reports to the IT client service and the prevention of breakdowns.

It monitors regularly that the requirements stated in service level agreements (SLA) are met and performs related controlling tasks.

It determines availability indicators and complies with the reporting requirements of overseers.

### **3.3.6 Task of the Application Programming Team**

The primary goal of its activity is to finalize with programming the applications in line with the specifications completed in the development planning phase. Additionally, it participates in the creation and customization of the development methodology applied, in planning the development and test environments, in the professional planning and preparation of developments, in finalizing

the related documents and the development testing of applications. If needed, it also takes part in fixing disruptions in its scope of competence.

### **3.3.7 Tasks of the IT Management Support Team**

The Team participates in the creation of the IT strategy and the annual development plan, the definition of the documentation order of secure operation complying with legal requirements, the definition of the internal operating rules of the IT Directorate. Its responsibilities include the measurement, correction of the internal operating processes of the IT Directorate and the mitigation of operating risks, coordination of the tasks of the Directorate related to the change of the internal regulatory system of the KELER Group, coordination across organizational units, registering tasks of compliance nature, coordination of the execution of such tasks with Compliance. Responsibilities include oversight, administration of the change management process, management of source codes and execution of custodian tasks of source codes owned by KELER, regular checking of applications installed on computers, detection of illegal applications, registration and management of licenses.

#### Leadership:

The IT Directorate is led by a Director (Chief Technology Officer). The operation and organizational structure of the IT Directorate is governed by the applicable director order.

## **3.4 Finance Directorate**

Unit name: Finance Directorate

### **3.4.1 Finance, Accounting and Reporting Department**

#### Tasks and authorities of the Finance and Accounting Team:

- Performance of tasks related to the business activity of the Company, keeping business books.
- Creation of the financial, accounting rules and policies of the Company. Participation in the creation of the annual business plan, budget and back testing. Preparation of the financial statements and the consolidated financial statements (balance sheet, profit and loss statement) of the Company.
- Preparing monthly reports for the owners of the Company.
- Creation of internal finance rules, meeting the financial obligations related to operation, investments and operations.
- Recording, amortizing tangibles and intangibles.
- Keeping records on contracts with financial commitments entered by the Company.
- Performance of tasks related to business trips by Company employees, including related financial tasks.
- Performing tax, tax planning tasks at the Company.
- Representing the Company at the tax authority and other supervisory bodies.
- Keeping contact with the auditor of the Company.



#### Tasks and authorities of the Reporting Team:

The goal is to use the data asset of the Company primarily for reporting purposes, meeting the mandatory reporting obligations of the Company.

In the interest of meeting the arising data need, the data warehouse and the data asset define the group of data required to meet the need, the business processes applied and the structure of data.

#### Tasks:

- a) Supporting the reporting activity required by regulations and authorities, supporting reporting as an activity, facilitating the preparation of mandatory reports defined in regulations, reporting and statistics related to ISINs.
- b) Creating the internal management information system, supporting, improving decision making processes, finalizing display tools, creation and management of uniform data dictionary, with the use of the data management systems of the Company.
- c) Handling the ERA system related to data management, in cooperation with the Cabinet.
- d) Supporting the creation and operation of the process-based corporate operating model.
- e) Meeting internal report needs with the use of business intelligence, incorporating it in daily operation, corporate culture.

The unit is led by the Finance Deputy Director.

### **3.4.2 Controlling and Treasury Department**

#### Tasks and authorities of the Controlling Team:

- Annual and medium term business planning in line with the business strategy of the Company. Coordination, support to various units related to planning.
- Controlling, financial planning and analysis in line with the strategy and business policy of the Company.
- Preparing the business plan of the Company, related back testing, and preparation of quarterly business reports.
- Participation in the creation and operation of the financial reporting system.
- Preparing regular and case by case reports, analyses to shareholders and management.
- Continuous validation and development of the business and general ledger system controlling functions.
- Theoretical support to the performance of the tasks of the finance and accounting field.
- Contribution to the improvement of efficiency and profitability, participation in the creation and revisions of procedures, recommendations, processes. Participation in the creation and continuous development of the regulatory environment.
- Participation in the compilation of information required by the auditor.
- Annual preparation of cost price calculation, creation and regular review of the related regulation. Making recommendations and action plans based on the result of cost price calculation.
- Participation in transfer pricing related tasks.
- Reviewing regulations from the point of view of controlling, making related recommendations.

- Performing tasks related to project controlling.
- Participation in the creation and operation of the management information system.

#### Tasks and authorities of the Treasury Team:

- Responsibility for maintaining the liquidity and solvency of the Company, management of the securities portfolio of the Company. Representing the Company on the interbank (Forint, foreign exchange and securities) market.
- Management of the liquidity position (related to money and securities) of the Company.
- Compliance with the limits stated and approved by the Board of Directors and the Assets and Liabilities Committee.
- Ensuring that the Company meets mandatory reserve obligation stated by the MNB.
- Concluding trades in Forint and foreign currency, on the money and capital markets, related to the liquidity management and investment activity of the Company.
- Monitoring the extent of outgoing and incoming GIRO turnover, ensuring cover by blocking securities if necessary.
- Daily matching of assets and liabilities, analysing data.
- Management and analysis of the securities portfolio of the Company.
- Taking part in the execution of compulsory measures pursuant to the GBR.
- Preparation of Assets and Liabilities Committee meetings. This activity includes the preparation of the liquidity plan and the monthly report, market analysis, preparation of decisions, the making of proposals.
- Taking part in the back testing of quarterly business results and in financial planning.
- Provision of FX services as needed.

The unit is led by the Head of Controlling and Treasury.

### **3.4.3 Project Management Office**

#### Tasks and authorities:

Coordination of all development needs at the Company, keeping the central register of needs, filtering and coordinating needs. It makes decisions at its own discretion on keeping or rejecting needs after the first level filtering of development needs. It categorizes and prioritizes development needs and related projects.

The unit is in charge of the following main tasks:

Creation of the Company development project portfolio with the involvement of respective business areas.

Creation and monitoring of the project portfolio resource plan, coordination of project interdependencies.

Regular maintenance, update of the project portfolio.

Performing the tasks of the Portfolio Council secretary.

Quality assurance of the projects in progress at the Company, in compliance with project standards. Quality assurance tasks are performed by the Project Management Office staff member. In case of any maladministration experienced in the performance of this activity, it can contact the Finance Director directly.

Supporting project managers, sponsors in the interest of efficient project operation.

As part of quality assurance, examining the project governance process (governance process and products) and the project products, analysing project processes to explore additional risks that put at risk project scope / timeline / budget, making proposals to avoid such risks.

Regular reporting to the Project Council and the Project Steering Committee (sponsor).

### **3.4.4 Maintenance and Purchasing Department**

#### Tasks and authorities:

##### a. Tasks of Mail Room

Putting into envelopes the account management statements related to the activity of the Company and the stock exchange settlement statements, addressing envelopes, delivery to the addressee on time by mail or courier.

Delivering the MNB statements, Treasury and other material received in the morning courier delivery to the appropriate units.

Mail box rental, postage payment, electronic delivery list services.

Finalizing the daily outgoing mail list, receipt and delivery for registration to the central Filing of items delivered by couriers, keeping contact with couriers (domestic, international).

Maintenance of the list of partners based on information received from the Central Master Data, monitoring and documenting changes.

##### b. Tasks of central Filing

Placing incoming items into the signature book, preparation for signature, delivery to units after signature.

Recording incoming documents and invoices in the ANDOC system.

Subscription to and distribution of dailies, magazines.

Document storage, destruction and archiving, keeping contact with the document storage company, checking their activity.

##### c. Organization tasks

Preparation for the Shareholders' meetings, Board meetings, Supervisory Board meetings based on the invitation provided by the CEO Secretariat.

Tasks related to mobile phone service and company cars.

Taking out and renewing property, liability, travel, car and other insurance policies, administration related to such insurances.

d. Operational tasks

Organization of the tasks related to the operation of the office building, with the involvement of a contracted service provider.

The service provider has the following duties:

- a) high voltage network related tasks, with special regard to the operation of the uninterrupted power supply equipment related to the areas of critical importance in terms of business, located at the registered offices of the Company and the operation of the diesel generator and the organization of the diesel duty,
- b) full-scale cleaning, facility management and related maintenance, troubleshooting tasks,
- c) fire protection and health and safety at work related tasks, e.g. elimination of the risk of accidents, replacement of fire extinguishing devices,
- d) undertaking standard review procedures, with the frequency stated in valid regulations (fire protection, protection against electric shock, protection against lightning, environmental reviews).

Organization of relocation, renovation, transport tasks, in-house and across the various premises of the Company, with the use of external service providers.

Keeping contact with the lessor of the premises, checking related costs and confirmation of invoices.

Organization of physical work to be performed on the premises of the Company by external service providers, making sure external parties and employees are aware of health and safety, fire protection requirements, retention of health and safety at work statements.

Completing the procedure to put into operation new or renovated work areas in terms of health and safety at work, before the areas are actually used. Making sure that documents, minutes required for the procedure are available.

Cooperation in the development of office infrastructure (except for IT).

Reviewing the health and safety at work and the fire protection activity undertaken by external parties that the CEO is personally responsible for in line with the valid legislation.

e. As part of the central purchasing activity of the Company

Market research, requesting offers, selection of the appropriate partner, product and/or service.

Management of contracts, orders, in cooperation with the Legal Department, recording contracts and orders in the Contract Recording System of the Company.

Fully documenting purchases and preparing the necessary reports.

Leadership:

The Finance Directorate is led by a Director.

The deputy of the Finance Director is the Finance Deputy Director who acts as general deputy in all matters in the competence of the Director, but only in the absence of the Director. In addition, the Finance Deputy Director leads the Finance, Accounting and Reporting Department.