

# **KELER Ltd.'s conditions of acceptance of securities and currencies collateral**

**Effective from: 1 August 2017**

KELER Ltd. accepts only currencies and securities listed below as a financial collateral.

**Securities denominated in HUF<sup>1</sup>:**

- Government securities that are listed or shall be listed on the MTS Hungary under the agreement between EuroMTS and the State Debt Management Agency Ltd. (ÁKK),
- Discount T-Bills and Treasury Notes without reference to listing on MTS Hungary,

**Shares denominated in HUF:**

- Equity securities listed on the BSE and included in the BUX-basket:
  - OTP, MOL, MTELEKOM, RICHTER.

**Financial instruments:**

KELER Ltd. accepts the following currencies in cash as collateral: HUF, EUR, GBP and USD.

Collateral values of securities and currencies accepted as financial collateral are valued daily at the end of settlement day, after KELER Ltd. has fixed the daily re-valuation rate for the next settlement day as well as the freezing rate for the next settlement day which is equal to the next settlement day's rate for all securities and currencies (acceptance rate).

**Calculation of acceptance rate:**

Calculation of acceptance rate in case of securities and currencies is as follows:

$\text{Acceptance rate} = \text{Base valuation price} * (1 - \text{haircut} \%)$
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**Base valuation price:** price reflecting the market value of the security or currency that is fixed by KELER Ltd. daily with reference to market information for each security and currency.

**Haircut:**

The **haircut** is the given percentage value that reflects the accepted collateral asset's risk.

**Limit management:**

Under present conditions the acceptance of certain assets are limited so during the occasion of blocking KELER could refuse them.

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<sup>1</sup> 2 days before maturity KELER does not accept government bonds denominated in HUF

Applied conditions of acceptance for security categories (base valuation price, haircut):

Category of securities		Base valuation price	Haircut	Concentration limits
Hungarian Government Bonds	<1 year	price calculated from ÁKK's reference yields	2%	Unlimited
	1-3 years		5%	Unlimited
	3-10 years		8%	Unlimited
	>10 years		12%	Unlimited
T-bills			2%	Unlimited
Listed securities	OTP	last BSE closing price	24%	HUF 9bn
	MOL		20%	HUF 3bn
	RICHTER		15%	HUF 4bn
	MTELEKOM		15%	HUF 1bn

Applied conditions of acceptance for individual currencies:

Acceptable currencies	Base valuation price	Haircut	Concentration limits
HUF	Nominal value	0%	Unlimited
EUR	CBH's official HUF exchange middle rate	7%	Unlimited
GBP		7%	Unlimited
USD		9%	Unlimited

#### Public acceptance rates:

Actual acceptance rates for securities and currencies are published daily via the KID terminal, following the daily valuation. Published prices are always valid until the next valuation.

#### Restrictions on own issued securities:

KELER Ltd. does not accept from its partners those securities as a financial collateral which are issued by the partner or by enterprises connected to the partner by direct or indirect ownership. Exceptions to the rule are securities issued by central banks or sovereign state.

#### Special process:

In case of changes in the market circumstances KELER Ltd. reserves the right to promptly change its acceptance conditions regarding valuation of acceptable securities and currencies.

**Public disclosure:**

Operate terms of conditions can be viewed at the KID terminal and at KELER Ltd.'s official website ([www.keler.hu](http://www.keler.hu)). KELER Ltd. publishes changes at the [www.kozzetetek.hu](http://www.kozzetetek.hu) website operated by the HFSA.

1 August 2017

KELER Ltd.