

**KELER Depository Announcement -
No. 9-28**
on the Rules for the Custody of
Physical Securities

Effective from: 22 December 2023

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1. Definitions

Depository	A securities depository contracted by KELER to provide a depository service for physical securities.
Endorsement	a written statement, signed by the transferor, on the printed security or on a sheet of paper annexed thereto (hereinafter: 'rider'), expressing the intention to transfer the security
Central Securities Account	The collective term for the securities accounts that KELER maintains for the Account Holder in respect of the physical and dematerialised securities that are owned by the Account Holder and the Clients of the Account Holder, as well as for the Issuer's dematerialised securities.
Form Contract	A document containing the provisions laid down by KELER, as a self-regulatory body, in relation to its services, that represent rights, obligations or information for the Client. The Form Contracts are available on the KELER website.

The terms used in the Depository Announcement, other than those defined above, shall have the same meaning as defined in the GBR.

2. Introduction

This Depository Announcement provides information in connection with the acceptance and registration of securities for fungible and individual custody by KELER Central Depository Ltd. (hereinafter: 'KELER' or 'Central Depository') and the account operations and issuer services that may be performed with the securities accepted into custody.

It details the acceptance deadlines and the rules for the cancellation of physical securities. It also collects the provisions of the legal regulations pertaining to physical securities.

3. General information

3.1. Fungible custody

For fungible custody, KELER accepts domestically issued, privately traded, physical securities, for which the Issuer and KELER have agreed in writing to provide ongoing reporting on the securities issued. In case of fungible safekeeping KELER segregates and records securities only by series.

In the case of a security registered in the central securities account in fungible custody, the Account Holder has no entitlement to the specific denomination and serial number of the securities registered in the account, and its claim is limited to the quantity of the number of units specified in

the base denomination. Regarding fungible custody, KELER undertakes safekeeping of securities only that bear an uninterrupted chain of endorsements and have blank endorsement.

3.2. Individual custody

For individual custody, upon the Account Holder's request, KELER accepts privately issued domestic securities identified by an ISIN code or physical securities without an ISIN code, as well as non-marketable securities, the Issuer of which has not been mandated to act as a fungible custodian. Securities held in individual custody may only be held in an Individual Securities Custody Account which are registered by denomination and serial number and the Account Holder is entitled to hold only the securities with the denomination and serial number registered to it. Lacking an ISIN code, or securities unsuitable for registration with ISIN codes are equipped and registered by KELER with a technical ISIN code.

3.3. Individual Securities Custody Account

KELER opens the Central Individual Securities Depository Account for the Account Holders following the entry into force of the form agreement No. 43, i.e. [the Central Securities Account Management Agreement](#) for the individual securities depository register, and maintains records of the denominations and serial numbers of the securities held in the Individual Securities Custody Account, which are managed as individual deposits in own and agent breakdown. The conditions for opening an Individual Securities Custody Account are set out in Depository Announcement 9-22 on the Detailed Rules for Account Management.

4. Criteria for the acceptance of securities into the custody of KELER

4.1. Acceptance to fungible custody

The use of the KELER fungible custody acceptance service may be initiated by the Issuer of the relevant marketable physical securities. The use of this service is subject to the conclusion of a Form Contract between KELER and the Issuer.

For the contract to come into force, the Issuer must provide KELER with all documents necessary for the acceptance of the securities and the series must have been printed in accordance with the provisions of Government Decree 98/1995 (24 August) on the Security Rules Related to the Production, Handling and Physical Destruction of Certain Securities.

Scope and format of documents to be submitted for the onboarding procedure:

- The original or a certified copy of the Issuer's current Articles of Association, or an electronic copy duly signed by the countersigning attorney-at-law;
- The originals of the specimen signatures/sample signatures of the persons duly signing for KELER, certified copies thereof, or their duly signed electronic copies;
- 2 original copies of the Form Contract related to the service, duly signed by the Issuer;

- Issuer's declaration to provide billing details for the fees associated with the service;
- 1 original sample of each of the securities in the denominations issued in the series to be accepted, if they are not available, then one colour photocopy of each denomination;
- A duly signed detailed list of the denominations issued, serial numbers and physical quantities of the series to be accepted;
- A duly signed detailed list of the denominations, serial numbers and physical quantities of the series to be accepted which have been blocked, declared invalid or otherwise withdrawn;
- Sanctional KYC Declaration.

After examining the documents available to it, if the result of the examination is that the series proposed for acceptance is eligible for fungible custody, KELER shall register the denominations and serial numbers of the securities issued, blocked, declared invalid and admitted, and issue a declaration of acceptance within 20 working days regarding the acceptance of the physical securities into fungible custody. KELER will update the list of 'Securities accepted for fungible custody' and publish it on the KID system and on the KELER website. As of that date, KELER will ensure to both the Issuer and the Account Holder that investors can initiate, through their securities account manager, the deposit of their securities in the Central Depository, as well as the crediting and safeguarding of type 'A' and 'B' Central Securities Accounts.

4.2. Security registering in individual custody

Only an Account Holder who has an Individual Custody Account and an active Form Contract relating to individual custody may initiate the placement of securities in the Individual Custody of KELER.

With the delivery request defined in point 5 of this present regulation, the Account Holder specifies the data of the security to be delivered on the Delivery Note: ISIN code, base denomination unit, nominal value, serial number. KELER registers the securities data provided on the Delivery Note.

If the data of the securities to be delivered as specified in the delivery note

- are not in accordance with the data of the Central Securities Register maintained by KELER (e.g. the ISIN code, the base denomination unit or the nominal value is different, or the security is no longer marketable according to the register and its ISIN identifier is recorded as inactive by KELER),
- show that it is already held in custody by KELER, i.e. it is registered in the Central Depository with the same ISIN, denomination and serial number,

then the securities to be delivered shall be accepted by KELER in accordance with Section '4.2.' of this Depository Announcement.

The duly completed delivery note required for the registration of the securities data in the Individual Custody Account must be made available to KELER by 14:00 on the day preceding the planned delivery.

KELER will not accept into individual custody any non-marketable security which is marked as invalid (punched).

4.2.1. Handling of securities without an ISIN identifier

For securities to be delivered which have been printed before the ISIN regulation was issued and which do not have an ISIN identifier, KELER will generate and record a technical ISIN identifier¹ for the series of securities to be delivered and will use this ISIN identifier to confirm the individual deposit after delivery.

For a series of securities which already has an ISIN identifier and which is indicated on the physical security but cannot be accepted into the Depository with that ISIN identifier (e.g. changed nominal value, ISIN registered by KELER as inactive, security declared invalid by the Issuer), KELER will generate and register a technical ISIN identifier and confirm the individual deposit with this ISIN identifier after delivery. The Account Holder shall initiate transactions with this technical ISIN code.

5. Delivery of securities

5.1. General rules for the delivery of securities

The Account Holder must submit its request for delivery of securities on a delivery note² to the KELER Account Management Department no later than 14:00 on the business day prior to the delivery date (T-1), either in an original copy (stamped if registered) with the handwritten signature matching the signature sheet or with an electronic signature, sent to szamlavezetes@keler.hu.

If the Account Holder also uses KELER's securities delivery service, this must be indicated on the delivery note by the person requesting the delivery. The securities are delivered by a securities delivery company contracted with the Central Depository to all municipalities in Hungary.

If the Account Holder does not require delivery, it shall deliver the securities directly to the Depository at a time agreed in advance with KELER.

¹ The ISIN identifier issued pursuant to Depository Announcement 9-19 on the Issue and Deletion of ISINs and on the Central Securities Register.

² NOTE REQUESTING DELIVERY OF SECURITIES

5.2. Delivery of the securities

Securities can be delivered to the Depository in a package properly sealed. A package properly sealed means an envelope of the delivering party closed with a seal or any other wrapping material equivalent to it in terms of quality and safety (e.g. disposable plastic safety bag specifically created for delivering securities).

The Depository will sign and stamp the delivery note attached to the package to acknowledge receipt of the securities in a properly sealed package with alleged content.

5.3. Registration of receipt of securities

KELER will credit the securities received by the Depository to the central securities account only after a detailed verification (see points 5.4.1 and 5.4.2). The detailed verification is completed by a Committee authorized for this purpose.

The Committee opens and checks one by one the content of the package properly sealed. The Account Holder is obliged to accept the result of the receipt by the Committee.

Securities that are not suitable for receipt, except for the securities subject to verification by a document expert or damaged securities delivered for replacement will be returned in a sealed package, with delivery note by the Depository to the delivering party.

The Client handing over the package shall be liable for forged or falsified securities.

5.4. Verification of securities

5.4.1. Control of securities accepted into fungible custody at the time of delivery

All securities are subject to verification as follows:

- securities are complete and not damaged formally,
- securities are suitable for storing,
- the rider is an inseparable part of the securities,
- the serial number of the securities is valid (it is included in the serial numbers given by the Issuer, furthermore it is not prohibited or declared null and void by a notary public),
- the blank endorsement of the securities is in line with regulations and the chain of the preceding endorsements is without errors and complete formally.

5.4.2. Control of securities accepted into individual custody at the time of delivery

In case of delivery of a registered security in an individual custody account, KELER will not perform a serial number check on the serial numbers issued, will not check the uninterrupted chain in the endorsement of the security, and will not endorse securities either.

5.5. Crediting of delivered securities

Securities physically received by the Depository and accepted by the Committee as marketable are credited by KELER as delivery on the day of receipt to the securities account specified in the receipt.

The delivery to the Depository will be legally effective when securities are credited to the central securities account.

KELER informs the concerned Account Holder about the crediting of the securities account in a transaction report.

5.6. Procedure in case of securities suspected to be falsified

If - in case of fungible custody - during registration of the securities received the Committee finds securities suspected to be falsified, KELER will immediately notify the Issuer, the Client delivering the securities and the Account Holder affected by the credit

KELER will not credit any securities suspected to be falsified to central securities accounts, such securities will be returned to the sender on the settlement day following receipt in a sealed package and with a delivery note.

The Issuer is obliged to take measures to investigate the validity of the securities suspected to be falsified (investigation by a document expert).

5.7. Procedure for handling documents attached to securities

KELER does not deal with any power of attorney, deed, decree, sentence, license by the guardianship court etc. attached to the securities. Such documents will be returned by the Depository to the sender without delay.

6. Issuance and delivery of securities

6.1. Request for the issue and delivery of securities

The Account Holder must submit its **delivery request** on a securities delivery **certificate**³ no later than 14:00 on the working day before the delivery day (T-1) in electronic form to the KELER Account Management Department with an electronic signature to the email address szamlavezetes@keler.hu, or in an original copy (stamped if registered) with the handwritten signature matching the signature sheet.

³ NOTE REQUESTING DELIVERY OF SECURITIES

If the Account Holder also uses KELER's securities delivery service, this must be indicated on the delivery note by the person requesting the delivery. The securities are delivered by a securities delivery company contracted with the Central Depository to all municipalities in Hungary. If the client does not require delivery, it shall deliver the securities directly from the Depository at a time agreed in advance with KELER.

Upon receipt of a delivery request for a **fungible security**, KELER blocks the quantity of the relevant security until the delivery date.

If the Account Holder wishes to deliver a specific denomination combination, KELER examines the possibility of this and decides on the denomination composition of the securities to be delivered. If the issue according to the requested denomination cannot be fulfilled, KELER will notify the person requesting the issue before delivery. The Account Holder is obliged to accept the securities with denominations and serial numbers delivered by its Commission. In all cases, KELER tries to issue the smallest possible physical number of securities from the available denominations.

No issuance of securities may be requested for immobilised securities.

A delivery request for a security registered on an **individual account** is only possible for the denominations and serial number intervals in which the Account Holder previously delivered it to the Depository.

If the securities are delivered with a securities delivery company, the Depository hands over the relevant securities in a bank-sealed package to the securities delivery company, who places the package in a single-use security plastic bag specially designed for securities delivery, seals it with a seal, and takes it over from KELER with a delivery note. The delivery company delivers the package to the address specified on the delivery receipt and to the receiving person specified on the receipt, together with the delivery note, on which the recipient must confirm the fact of receipt.

KELER informs the relevant Account Holder about the debiting of the securities account in a transaction report.

6.2. Transfer between individual deposit accounts

The Account Holder submits the request for the transfer of securities on individual securities deposit accounts in a corresponding free-format letter (signed according to the signature sheet) as an email attachment no later than 14:00 on the working day before the transfer day (T-1) in electronic format to the KELER Account Management Department with an electronic signature to the email address szamlavezetes@keler.hu, or in paper format according to the valid signature form to be delivered in a signed original copy (sealed if registered).

KELER informs the concerned Account Holder(s) about the crediting and debiting of the securities account in a transaction report.

7. Handling of securities declared invalid by the Issuer

The Issuer of fungible securities held by KELER is obliged to send without delay its decision to KELER to declare the securities invalid pursuant to its obligations under the Form Contract and to separate the invalidated securities, i.e. the non-marketable securities, from the marketable securities as soon as possible.

The Issuer may decide to declare a series or tranche of a series invalid, which may involve a change in the registration details (e.g. series termination, conversion) or no change in the registration details (e.g. coupons run out and the securities need to be reprinted, etc.).

On the basis of the issuer's decision, KELER consults with the Issuer on the services the Issuer will use in connection with the declaration of invalidity and the documents the Issuer will have to provide to KELER.

At the time agreed with the Issuer, KELER shall inform the Account Holders of the date and reason for the debit of the Central Securities Account of the series or tranche of securities held on a batch basis and the details of the event via the KID system. KELER shall transfer the invalidated denominations and serial numbers in its records to ensure that the security declared invalid by the Issuer cannot be subsequently delivered to the Central Depository for fungible custody.

7.1. Invalidation of securities declared invalid

The Issuer shall notify KELER of its instructions to invalidate by means of the Form provided for this purpose. On the basis of the Issuer's instruction, KELER shall effect the invalidation by punching a hole in the surface and the coupon of the physical security.

7.2. Issue of invalidated securities

The Issuer may request the issuance or removal of the invalidated security from the Central Depository if it does not wish to use KELER's custody service for invalid securities. After the release, the Issuer is responsible for the further handling of the invalidated security.

7.3. Safekeeping of invalidated securities

The Issuer may arrange for the invalidated security to be transferred to the Individual Custody Account, within which to the non-marketable securities account, opened in the name of the Issuer with KELER and held by KELER for the period of time specified in the legislation. The conditions for opening an individual custody account to record invalidated securities held in custody by KELER are set out in Depository Announcement 9-22 on the Detailed Rules for Account Management.

The Issuer is obliged to pay the safekeeping fee for invalidated securities for as long as it holds securities in its account. After the statutory period, KELER will safeguard and hold the security in the issuer's individual security custody account until the date of destruction as specified by KELER.

7.4. Destruction of invalidated securities

The Issuer may arrange, on the Form provided for this purpose, for the destruction of the invalidated securities in the presence of the Issuer's representative after the expiry of the statutory safekeeping period, to be arranged by KELER against the fees set out in its current Fee Schedule.

KELER shall ensure the participation of a notary for the destruction, the transport of the invalidated securities from its depository and the place of destruction. The date of destruction is determined by the KELER.

KELER verifies the fact of the destruction of the securities - in addition to the fact that the representative of the Issuer was a member of the destruction committee during the destruction - on the one hand, with a transaction report containing the delivery of securities from the non-marketable securities registration account opened in the name of the Issuer, and with an extract of the notary's order certifying the authenticity of the destruction.

KELER records the denominations and serial numbers of the destroyed securities.

8. Coupon management of securities held in custody of KELER

If the Issuer of a security held in fungible custody has decided on a corporate event involving ex-coupons for a security deposited with KELER, it may issue a written mandate for the management of the coupon, which must apply to all securities held in the account of the Account Holder. The order given by the Issuer on the Form for Coupon Management shall specify the priority dates of coupon management (e.g. dividend payment date, coupon record date, ex-coupon date) and the process for handling the securities in case of delivery by coupon after the ex-coupon date, which information shall be published on the KELER website and through the KID system.

With regard to the coupon management of securities in individual custody, the Account Holder can only give KELER a written order by denomination and serial number to cut the coupons of the securities deposited by him (but not to invalidate them) or to issue them to a specified person or to deliver them in accordance with the rules for the delivery of securities detailed in chapter 6.1. In this case, KELER verifies the fact of cutting the section by handing over the sections to the Account Holder.

9. Management of the securities of companies removed from the Company Register

9.1. Management of securities held in fungible custody for companies dissolved without succession

If KELER becomes aware that the Issuer of a security held on a batch basis has been deleted from

the Company Register without legal succession, without the Issuer or the liquidating commissioner having issued an order for the deletion of the fungible securities in the Central Depository, KELER shall, at its own discretion, arrange the destruction of the invalid physical securities issued by a deleted Issuer and registered in the central securities accounts.

The value date of transfer of the invalid physical security is published by KELER on its website and via a KID notice.

The destruction of invalid securities shall be safeguarded and held by KELER until the destruction date specified by KELER, which shall be managed by KELER as the executing organisation. It shall participate in the destruction as the custodian of the invalid security.

9.2. Management of securities held in individual custody for companies dissolved without succession

For physical securities registered on an individual custody account of the Account Holder, previously issued by a terminated Issuer without legal successor, an order for cancellation and destruction of the securities may be issued on the Form⁴ provided for this purpose, specifying the security to be cancelled, the Issuer, the denominations and serial numbers of the security and a copy of the company registration document of the Issuer, which indicates the company law status of the Issuer and, in the case of a terminated issuer, the details of the succession.

For physical securities in an individual custody account previously issued by a terminated Issuer, where

- the Issuer had a legal successor but the successor company was terminated without a legal successor, segregation (own/agent) shall apply as described above,
- the Issuer has a current legal successor, the original certificate of the successor company is required in order for KELER to perform the invalidation and destruction of the securities issued, which are registered in the Account Holder's individual custody account with KELER.
- the Issuer declared the series of securities invalid on the basis of an active previous decision but has failed to submit it for the relevant corporate event, the original certificate of the Issuer is required in order for KELER to perform the invalidation and destruction of the securities issued, which are registered in the Account Holder's individual custody account with KELER.
- the Issuer has given instructions or power of attorney to a third party (that is, other than to KELER or the Account Holder) for the case of termination without a legal successor for the physical destruction of the securities, and informed KELER accordingly prior to its termination, in this case the instruction from the Account Holder or the last beneficiary (i.e the client of the Account Holder) for the invalidation and destruction must be accompanied by a power of attorney to the agent(s) in writing is necessary.

If the Account Holder

⁴ Name of the form: Authorisation for the invalidation, further safekeeping and destruction of physical securities registered in an individual custody account

- is also the last beneficiary of the security, i.e. the segregation of the relevant individual custody sub-account is 'own', it must initiate the invalidation and destruction for the full quantity recorded on the account.
- is not the last beneficiary of the security, i.e. the segregation of the relevant individual custody sub-account is 'agent', in addition to the above, the depositor must prove to KELER the legitimacy of the instruction to invalidate the securities to be invalidated by means of a declaration from the last holder.

10. Procedure in case of securities subject to 'declaration to null and void" by a notary public

If KELER receives a notarial decree for the destruction, blocking or invalidation of a security accepted to fungible custody, it will register the blocking or invalidation as soon as it becomes aware of it. As of that date, no securities of the denomination and serial number specified in the notarial decree may be deposited in the Depository for fungible custody.

If a notarial decree is received in respect of a security that is to be delivered to the Depository for fungible custody but has not yet been credited to the Central securities account, the securities of the denomination and serial number that have been blocked or invalidated shall be returned immediately to the transferring Account Holder.

If a notarial decree is received in respect of a security deposited in the Depository in fungible custody and credited to a Central securities account, KELER shall immediately notify the acting notary public, the Issuer and the Account Holder who delivered the security in the Depository.

If the segregation of the blocked or invalidated security in the Central securities account can be performed in the account of the delivering Account Holder, KELER shall notify the Account Holder in writing that, within ten settlement days,

- it should request the free release of the securities subject to the procedure from the Depository, or
- it should grant KELER an exemption from the obligation of securities secrecy pursuant to Section 118 (2) of the Bszt. (i.e. authorise KELER to disclose the Account Holder's details to the notary who issued the decree in order to remove the blocking).

Should the above deadline pass without any result, i.e. the Account Holder fails to comply with KELER's notification, KELER shall deliver the securities concerned to the Account Holder at the Account Holder's expense.

If the securities provided to the delivering Account Holder can no longer be delivered due to a lack of balance, or if the delivering Account Holder is no longer an active client of KELER, KELER will notify the acting notary public of the date of delivery of the securities subject to the 'declaration to null and void' procedure to the Securities Depository and the details of the delivering Account Holder for further action.

If the notary's decree for the securities subject to a notarial 'declaration to null and void' procedure

is repealed by the notary public, KELER shall

- return the segregated securities to the Account Holder's central securities account, and
- record the relevant securities in its register as eligible for further acceptance by denomination and serial number.

Budapest, 22 December 2023

KELER Ltd.