

**KELER Depository Announcement -  
No. 9-05.**  
on the detailed rules of the Trade Reporting  
services

**Effective from: 17 December 2020**

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## 1. Introduction

This Depository Announcement provides information on KELER Zrt.'s (KELER) services relating to transaction reporting and disclosure obligations under the following regulations.

- Transmission of data specified by Article 9 EMIR<sup>1</sup> to the trade repository
- Transmission of data specified by Article 8 REMIT<sup>2</sup> to the Agency
- Disclosure of data under Articles 20-21 MIFIR<sup>3</sup> (APA)
- Transmission of data specified by Article 26 MIFIR to the relevant authorities (ARM)
- Transmission of the data of securities financing transactions specified by Article 4 SFTR<sup>4</sup> to the trade repository

The Depository Announcement provides details on the various elements of these services. It presents the essential steps of the reporting process and specifies the formal requirements of reports that can be submitted and the operating time of the system.

## 2. General information about Trade Reporting services

### 2.1. The Trade Reporting system

The Trade Reporting system operated by KELER is an IT application that helps capital and energy market players to comply with their reporting obligations specified by the EU Regulations listed above, send their data to the appropriate recipients, and follow up on the status of this data.

Some services provided via the Trade Reporting system can be utilised under a separate model agreement.

It is the Client's duty to ensure the basic conditions required for using the system (Internet, use of security certificate issued by KELER). It is also the Client's duty to comply with all the requirements (rules of use and security requirements) applicable to the correct use of the system.

The live Trade Reporting system can be accessed at: <https://traderepo.keler.hu/kelertr-web/>.

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<sup>1</sup> Regulation No 648/2012/EU of 4 July 2012 of the European Parliament and the Council on OTC derivatives, central counterparties and trade repositories (EMIR)

<sup>2</sup> Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency

<sup>3</sup> Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

<sup>4</sup> Regulation (EU) No 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012

## **2.2. Operating hours and BCP processes relating to the Trade Reporting service**

The web interface relating to the Trade Reporting service provided by KELER is available between 08:30 a.m. - 6:00 p.m. on banking days.

During those hours, reports can be transmitted to KELER manually or via the web service. Confirmations of uploaded and transmitted reports are also available during those hours, in accordance with the relating time limits for confirmation of receipt.

Outside the operating hours specified above, the KELER Trade Reporting system shall not be available, which means no new reports can be uploaded.

In the case of normal business operation (services related to the reporting process are available, processing and communication processes are running adequately), the confirmations on the result of formal check generated by KELER in connection with reports posted to the KELER Trade Reporting system and confirmations from the recipients shall be transmitted to the reporting partner no later than within 4 hours.

For manually uploaded reports, the confirmations can be accessed via the web interface of the Trade Reporting system.

In the case of abnormal operation (where there are technical and communication problems), KELER ensures that normal business operation shall be restored on that day no later than within 4 hours from the appearance of the problem.

In the case of abnormal operation, where there are problems that cannot be expected to be resolved during the operating hours of the KELER Trade Reporting system on that day, the BCP process set up by KELER shall be applied. This process is explained in the user manual published on the website.

In case of a malfunction of the KELER Trade Reporting system (whether it is a technical or a communication error) which causes Clients to be unable to send reports via the system, the KELER Service Desk department will immediately notify the affected Clients. The notification will state a description of the cause of error and expected repair time. If the error cannot be expected to be repaired within the operation hours of the KELER Trade Reporting system on that day, then the notification sent as part of the related BCP process will state a description of how the reports can be transmitted to KELER. The primary channel in such cases will be to send them by e-mail; Service Desk will send the e-mail address to use in such cases in the notification mentioned.

KELER processes any e-mails sent to it as part of the BCP process immediately and transmits them to the relevant recipients.

Where an error occurs in the communication between KELER and the recipient (trade repository, ACER, MNB, APA disclosure page), the Clients can transmit the reports to KELER as usual, and they shall be processed according to the BCP process set up between KELER and the recipients.

KELER accepts no responsibility for any delays caused by errors occurring at the recipient.

### **2.3. Contact information**

Clients can send their questions and report their problems relating to the Trade Reporting service using the following contact information:

- daily operational matters: [tradereporting@keler.hu](mailto:tradereporting@keler.hu)
- error reporting, technical issues: [servicedesk@keler.hu](mailto:servicedesk@keler.hu)
- contract-related matters: [clientservice@keler.hu](mailto:clientservice@keler.hu)

## **3. Detailed rules on the EMIR data reporting activity**

Under Article 9(1) EMIR, KELER performs a data reporting activity for which it enters into a contract with the trade repository registered by the ESMA. To perform the data reporting activity, KELER signs a contract with parties (Clients) who have reporting obligations under the EMIR regulation.

In connection with the reports sent to it, KELER performs a first-level formal check of the transactions reported. KELER allows its Clients to send the reports via the web service and to upload files on the webpage. EMIR reports can be sent to KELER in XML and CSV format. In each case, KELER transmits these reports to the trade repository in the XML format specified by the standard required by the recipient.

Several transactions can be reported in EMIR reports sent to KELER. In each case, KELER checks these reports, and only the formally correct reports shall be transmitted to the trade repository, while erroneous reports shall be rejected. If the KELER Trade Reporting system finds an error during the formal check, it will reject the whole package and shall not transmit any item to the trade repository.

KELER accepts no responsibility for the content of data transmitted to the trade repository.

The status of reports sent to KELER can be checked at all times during operating hours in the KELER Trade Reporting system, which means one can follow up on whether the reports have been accepted by the trade repository. In the case of erroneous reports the confirmations will state the exact cause of the error.

### **3.1. Formal and content requirements for the EMIR report files**

The formal and content requirements for the report files are stated in the specifications documents specified by KELER, which will be sent to our Clients upon request.

### **3.2. How to send EMIR reports**

The Client can send the reports to KELER as follows:

- By uploading them manually in the Trade Reporting system. In this case, the result of the formal check performed by KELER can be seen immediately during the upload and the status of transmission to the trade repository can be accessed once the processing has been completed, also on the website.

- By calling the web service provided by KELER. In this case, the results of the formal check performed by KELER and of the processing by the trade repository can be seen in the reply to the web service call.

In addition to uploading reports on the website, the KELER Trade Reporting system allows Clients to use the report receipt web service published as part of the solution, based on a separate request. The web service functionality ensures the automatic posting of the Clients' reports and the possibility to query their status. But in addition to all that, the web interface and the monitoring and query functions available on it are required for understanding the various formal and content error incidents relating to the reports.

Clients can notify their requests relating to the web service on the Datasheet that pertains to the Trade Reporting contract. KELER receives these requests and makes arrangements so that the Client can use the service as soon as possible.

The reports sent to the KELER Trade Reporting system are transmitted to the trade repository immediately after they have been received.

KELER deems the Client's report accepted if it has been successfully received electronically and the order has not been rejected for any formal or authentication reason.

The EMIR reporting obligation has been fulfilled if it has been accepted by the trade repository and the trade repository has sent the related confirmation.

### **3.3. Impact of BREXIT on EMIR reports**

Upon the exit of the United Kingdom from the European Union, the British counterparties participating in derivative transactions no longer have EMIR reporting obligations to the ESMA. In parallel with this, the derivative transactions where the entity with the reporting obligation is British must be reported to the trade repository supervised by the UK Financial Conduct Authority.

KELER performs no EMIR reporting activities to entities that are supervised by the UK Financial Conduct Authority, because it has no contract for data transmission with any of the trade repositories that fall within the scope of British regulation.

As a result, the delegated reporting via KELER is not possible for transactions where the reporting party is seated in the EU but its counterparty is a British resident. In such cases, only the part of the derivative transaction with EU-UK relevance can be sent to the KELER Trade Reporting system and that shall be transmitted to the ESMA-authorized EU trade repository.

### **3.4. Correcting and modifying EMIR reports**

It is not possible to unsend reports that have incorrect content or were sent accidentally. However, they can either be modified or cancelled by sending a new report (Modification, TradereportCancellation).

Only reports already successfully confirmed by the trade repository can be modified, corrected, or cancelled.

The process and steps for correction and modifying reports are stated in the business specification.

#### **4. Detailed rules on the REMIT data reporting activity**

Under Article 8 REMIT, KELER as a RRM (Registered Reporting Mechanism) performs data reporting. As part of this, it transmits the Clients' reports to the ACER - Agency for the Cooperation of Energy Regulators. To do this, KELER signs a contract with parties (Clients) who have reporting obligations under the REMIT regulation.

In connection with the reports sent to it, KELER performs a first-level formal check of the transactions reported. KELER allows its Clients to send the reports via the web service, to upload files on the webpage, or to enter data directly. If they want to send them via the web service, Clients must notify this separately via the Service Desk. REMIT reports can be sent to KELER in XML format. In each case, KELER transmits these reports to ACER in the XML format specified by the standard required by the recipient.

Several transactions can be reported in REMIT reports sent to KELER. In each case, KELER checks these reports, and only the formally correct reports shall be transmitted to ACER, while erroneous reports shall be rejected. If the KELER Trade Reporting system finds an error during the formal check, it will reject the whole package and shall not transmit any item to ACER.

KELER accepts no responsibility for the content of data transmitted to ACER.

##### **4.1. Formal and content requirements for the REMIT report files**

The formal and content requirements for the report files are stated in the specifications documents specified by KELER, which will be sent to our Clients upon request.

##### **4.2. How to send REMIT reports**

The Client can send the reports to KELER as follows:

- By uploading them manually in the KELER Trade Reporting system. In this case, the result of the formal check performed by KELER can be seen immediately during the upload and the status of transmission to ACER can be accessed once the processing has been completed, also on the website.
- By manually entering them in the KELER Trade Reporting system. In this case, the appropriate xml can be created by filling in the template displayed on the interface, and it can be transmitted directly to ACER. The status of these reports can be checked on the website as usual.
- By calling the web service provided by KELER. In this case, the results of the formal check performed by KELER and of the processing by ACER can be seen in the reply to the web service call.

The reports sent to the KELER Trade Reporting system are transmitted to ACER immediately after they have been received.

KELER deems the Client's report accepted if it has been successfully received electronically and the order has not been rejected for any formal reason.

The REMIT reporting obligation has been fulfilled if it has been accepted by the Agency for the Cooperation of Energy Regulators and it has sent the related confirmation.

### **4.3. Correcting and modifying REMIT reports**

It is not possible to unsend reports that have incorrect content or were sent accidentally. However, they can either be modified or cancelled by sending a new report.

Modify report (action type "M"): it is used where the Client or the trading venue acting on its behalf has made a modification to the transaction.

Cancel report (action type "C"): it is used where the Client or the trading venue has removed the transaction order from the trading, or the transaction is closed before the original term.

Error report (action type "E"): it is used where the transaction report was sent erroneously. In this case, following the cancellation a New message must be sent with a different unique trade ID than the previous one.

Only reports already successfully confirmed by ACER can be modified, corrected, or cancelled.

## **5. Rules applicable to the ARM role – Transaction reporting process**

KELER performs the transmission of transaction reports under Article 26 MiFIR (ARM reporting) to MNB as a service to its clients.

In connection with the reports sent to it, KELER performs a first-level formal check of the transactions reported. ARM reports can be sent to the KELER in XML format. In each case, KELER transmits the reports that were sent to it to MNB in XML format compliant with the ISO 20022 standard.

Several transactions can be reported in ARM reports sent to KELER. In each case, KELER checks these reports, and only the formally correct reports shall be transmitted to MNB, while erroneous reports shall be rejected. If the KELER Trade Reporting system finds an error during the formal check, it will reject the whole package and shall not transmit any item to MNB.

KELER accepts no responsibility for the content of data transmitted to MNB.

### **5.1. Formal and content requirements for the ARM report files**

The formal and content requirements for the report files are stated in the specifications documents specified by KELER, which will be sent to our Clients upon request.

### **5.2. How to send transaction reports**

The Client can send the reports to KELER as follows:

- By uploading them manually in the Trade Reporting system. In this case, the result of the formal check performed by KELER can be seen immediately during the upload and the status of transmission to MNB can be accessed once the processing has been completed, also on the website.
- By calling the web service provided by KELER. In this case, the results of the formal check performed by KELER and of the processing by the trade repository can be seen in the reply to the web service call.

In addition to uploading reports on the website, the KELER Trade Reporting system allows Clients to use the report receipt web service published as part of the solution, based on a separate request. The web service functionality ensures the automatic posting of the Clients' reports and the possibility to query their status. But in addition to all that, the web interface and the monitoring and query functions available on it are required for understanding the various formal and content error incidents relating to the reports.

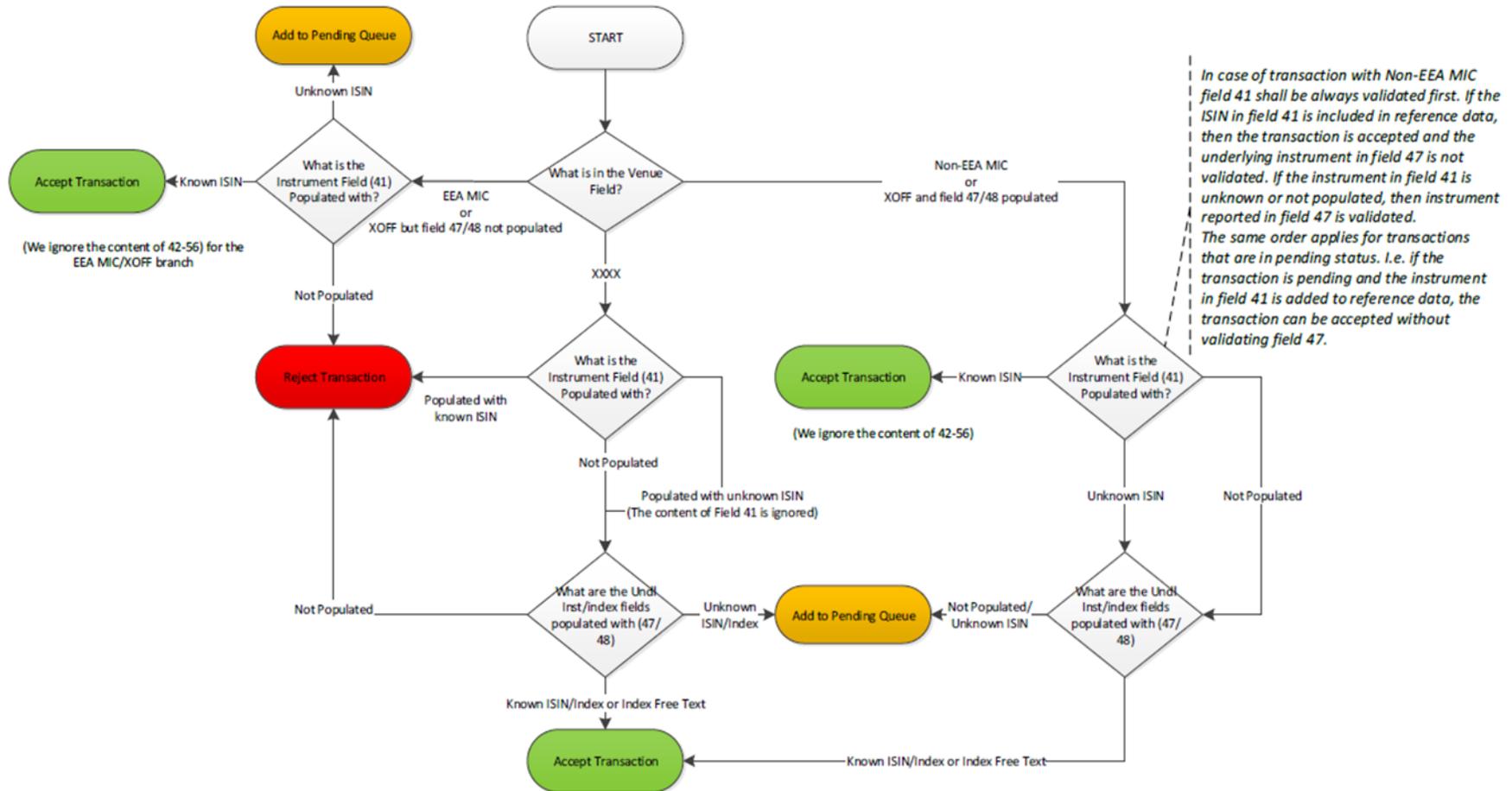
Clients can notify their requests relating to the web service on the Datasheet that pertains to the Trade Reporting contract. KELER receives these requests and makes arrangements so that the Client can use the service as soon as possible.

The reports sent to the KELER Trade Reporting system are transmitted to MNB after they have been received, following a schedule (every 3 hours, 4 times a day).

KELER deems the Client's report accepted if it has been successfully received electronically and the order has not been rejected for any formal or authentication reason.

MNB sends a confirmation of the reports it has received at 9:00 on the day following the day when they were submitted. Reports where the instrument identification ISIN code indicated is not yet included in the FIRDS database maintained by ESMA are not rejected immediately. In such cases, in the 7 days following submission, MNB continuously queries the FIRDS system on the ISIN status, and if the instrument ID is shown there, the report will be accepted. However, if this does not happen within the 7 days, the report will be rejected.

The above process is illustrated by the following diagram issued by ESMA:



The ARM reporting obligation has been fulfilled if it has been accepted by the MNB and MNB has sent the related confirmation.

### **5.3. Correcting and modifying transaction reports**

It is not possible to unsend reports that have incorrect content or were sent accidentally. However, they can either be modified or cancelled by sending a new report. Only reports already successfully confirmed by MNB can be modified, corrected, or cancelled.

## **6. Rules applicable to the APA role – reporting process**

As part of the service, KELER as APA service provider helps in complying with the following obligations:

1. compliance with pre-trade disclosure obligations;
2. compliance with post-trade disclosure obligations;

As part of pre-trade disclosure, investment firms that are deemed to be systematic internalisers (SI)<sup>5</sup> must regularly and continuously disclose their binding subscriptions during regular trading hours. KELER publishes the checked reports within 10 minutes. KELER's service does not extend to the disclosure obligation under Article 18(2) MiFIR.

In the case of post-trade disclosures, a distinction must be made between transactions related to equity-like and non-equity like financial instruments. In the first case, transaction data must be disclosed within 1 minute of the conclusion of the transaction, while this time limit for the other product range is 15 minutes. There are differences in the fields to be entered for the various product types.

### **6.1. Data to be disclosed as the part of the disclosure obligation**

Commission Delegated Regulations (EU) 2017/583 and (EU) 2017/587 summarise the data to be transmitted to and disclosed by APAs. In terms of data content to be disclosed, a distinction must be made between pre-trade reports and post-trade reports, and in particular, equity-like and non-equity like products. However, KELER has set up a report template so that our Clients can use the same template format for disclosing the data of every report or product category. The KELER system checks the reports to see whether the required fields have been filled in for the relevant

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<sup>5</sup> According to the definition of MiFID II, “systematic internaliser” means an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, multilateral trading facility or organised trading facility without operating a multilateral system.

The definition of a systematic internaliser shall apply to an investment firm only where the pre-set limits for a frequent and systematic basis and for a substantial basis are both crossed or where an investment firm chooses to opt-in under the systematic internaliser regime.

products. If this is not the case, KELER rejects the subscription or transaction report and sends an error message stating the exact cause of rejection.

As for post-trade disclosures, the KELER report template and request for detailed message descriptions are sent to Clients.

## **6.2. Filling in the reports**

### **6.2.1. Using the “action type” field – Status management**

In every report sent for the first time, the “action type” value can only be N.

KELER performs a formal check of the reports sent. The KELER system only accepts (and publishes) reports that have been validated by the checks.

Following acceptance, the system publishes the report and following publication, it makes status query accessible to Clients (via the web service and also via the Trade Reporting system interface). Status messages sent by KELER always include all the data entered by the Client, supplemented by the TIC (KELER-given unique ID) generated by KELER and the date of publication.

The investment firm’s disclosure obligations for post-trade reporting has been fulfilled when the investment firm has received confirmation from APA with all the data it has submitted, including the APA-generated TIC ID and publication date. If the system rejects the report during the check, the TIC code is not generated and, as a reply, the reporting party shall receive an error message. In the case of erroneous reports, we confirm all the errors found in the report.

## **6.3. Modifying or cancelling published reports**

Only a successfully published report (*that is one where the Client has received the relevant confirmation stating both the TIC code and publication date*) can be modified or cancelled.

In the case of a message to be cancelled, a new message must be sent which must contain all the fields previously filled in, as well as the publication date and TIC code sent by the APA confirmation that has been generated in the meantime. In this case, the value of the “action type” field shall be “C” (instead of an “N”). KELER publishes the cancellation message, indicating in the publication “CANC” as the value of the FLAG field.

In the case of a cancel message (“C”), we will not generate a new TIC code, but the TIC code received in the previous report must be indicated.

A previously reported and published subscription or transaction can be modified, as well (“M” message). In this case, the reporting party must first send a cancel (“C”) message.

APA publishes this as described above. Following this, the modifying message can be submitted, which must contain all the data previously entered, as well as the required corrections. In this case, a field that previously had a value may well remain empty due to the correction. This will not show

up as an error in the checks if it otherwise meets the rules. In publishing the amending message, KELER indicates “AMND” as the value of the “FLAG” field.

It is important that by default we do not generate a new TIC code for any new messages (“C” then “M”) that were sent due to modification. This means that the sender must indicate the originally given TIC code both in the “C” and the “M” message.

There is one exception to this rule: where the value of the “Instrument Identifier” field is changed in the modification. In this case, the previous report must be cancelled by sending a “C” message, then, after it has been published, a new “N” type message must be submitted. The sender must leave the TIC code field empty - just as in the case of all “N” messages - and KELER will generate a new TIC code for the report and it will appear in the system as a report independent of the previous, corrected report.

Possible cases:

Event	Value of field Action type	Value of field FLAG published	TIC is required	Note
Submitting a new report	N	blank	No	
Cancellation of a report published earlier	C	CANC	Yes	Condition: an earlier published new report must exist, publication means the client received PUBLISHED status and time of publication from KELER.
Modification of a report published earlier (Instrument ID field does not change)	M	AMND	Yes	Condition: a cancellation message for the trade concerned (based on TIC) must exist. Client received CANCELLED status.
Modification of a report published earlier (Instrument ID field changes)	N	blank	No	If the Instrument ID changes, it is not an amendment but a new trade: first report to be corrected is to be cancelled with a “C” message (which cancellation has to be published)

#### 6.4. Distinguishing pre-trade reports

Pre-trade reports must be submitted via the KELER Trade Reporting system in the same way as post-trade reports. Pre-trade reports differ from other reports in terms of the value of the Counterparty ID field: in the case of these reports, “PRE-TRADE” must be entered as the value of this field.

#### 6.5. Post-deadline reporting of post-trade details vs. deferred reporting

APA providers are expected to publish received reports as soon as possible. According to statutory requirements, APAs are given a time limit of 1 minute following transaction closing to disclose the data of equity-like transactions, while in the case of non-equity like transactions this time limit is 15 minutes.

KELER does not reject any report and does not attach any negative FLAG to them because of exceeding the time limit; in every required case it will publish these reports, as well.

Applicable regulations allow post-deadline publication in some cases, which requires prior approval of the supervisory authority with jurisdiction. KELER discloses every report received, without examining whether deferred disclosure has been authorised for that transaction.

The “Trade Publication indicator” field allows Clients to notify their intention of deferred disclosure, at the time of sending the report to KELER.

## **6.6. Data modification by APA**

In connection with reports already published it is a legal requirement that APA providers can modify their content upon the Clients’ request. Therefore the system of authorisations has been set up in a way to allow KELER to cancel/modify reports already submitted and published, at the Clients’ request and in their name, of course only in justified cases where the Client is unable to do this himself.

This is the basis for the BCP process, as part of which, where there is any communication breakdown between the KELER Trade Reporting system and the Client, reports sent by the Client by e-mail can be modified.

## **6.7. How to send reports**

There are two ways to send pre-trade and post-trade transparency reports to KELER:

1. by manually uploading the report sent in the required XML or XLSX format in the KELER Trade Reporting system;
2. uploading the report automatically via the web service.

Taking into account the required time limits for the publication of reports (1 and 15 minutes), the best solution is to send the reports via the web service, which means setting up an automatic communication solution between KELER and the Client.

It is KELER’s own requirement, based on an interpretation of the law, that the reporting party reports separately every subscription, quotation, transaction to which trading disclosure applies. The main reason for this is the short time available for publication. Indeed, delays might occur if Clients report multiple quotations given or transactions concluded at different times in the same report (excepted are the rules applicable to aggregation). Moreover, KELER as APA must run several checks before publishing these reports, also within the same time limit.

## **6.8. Outsourcing**

The APA service of KELER means the outsourcing of the important operative function of the Client according to applicable legal regulations, therefore KELER and the Client have an obligation to comply with the statutory obligations. These obligations are stated in Article 31 of Regulation (EU)

2017/565, and Articles 79-81 of Act CXXXVIII of 2007 (Investment Firms Act, “Bsz.”), with the mention that the latter statutory obligations only apply to our Clients who are resident in Hungary.

KELER does not outsource the APA service described in this Depository Announcement to any other service provider. Excepted from this rule is the outsourcing of the disclosure process to Budapest Stock Exchange Ltd. in connection with the obligations under Articles 20-21 MiFIR.

KELER undertakes to protect the confidentiality of confidential information pertaining to the Client and its clients.

The Client understands that outsourcing shall not result in a transfer of liability in respect of the Client and its clients, the issuance and maintenance of its licence from the supervisory authority, and shall not result in a transfer of the powers of the Client’s senior executives.

KELER represent that

- a) it has the adequate abilities, capacity, sufficient resources, an adequate organizational structure supporting the performance of the outsourced functions, and the statutory licence for performing the outsourced functions at a reliable and professional level;
- b) it performs the outsourced services efficiently and in accordance with applicable laws and regulatory requirements;
- c) it adequately supervises the performance of the outsourced functions and manages outsourcing-related risks satisfactorily;
- d) it informs the Client of any development that may have a material impact on its ability to perform the outsourced services efficiently and in accordance with applicable laws and regulatory requirements.

### **6.8.1. Audit of outsourcing**

The Client has a right to audit the outsourcing. As part of the audit, it has a right to request data from KELER and to conduct an on-site audit. The Client has a right to exercise its right to request data and conduct on-site audit once a year, except where it has good reason to do otherwise.

The process of on-site audit shall be as follows: the Client sends its request to this end to KELER in writing. Within thirty days from receipt of the request, KELER offers to the Client at least three one-hour time slots on working days between 9 a.m. and 5 p.m., of which the Client can select the time slot most suitable to it.

As part of the audit, solely in respect of KELER’s APA service may the Client request data and ascertain that KELER complies with the conditions specified by applicable regulations. Following the audit, the parties shall draw up a joint report of the audit. If the Client discovers any non-compliance, it has an obligation to state this in the report. KELER shall examine the objections stated in the report within 30 days, or within 8 days in urgent cases, and shall inform the Client about the measures planned by KELER.

If the authority with jurisdiction over the Client obligates the Client to report data on the outsourcing, and the Client calls upon KELER to report data in order to comply with such obligation, KELER shall provide the data report in the format agreed with the Client (in writing or by e-mail),

preferably in such manner as the Client should be able to comply with its reporting obligation within the deadline set by the authority with jurisdiction over it, but no later than within thirty days from the Client's request. KELER has an obligation to cooperate with the authority with jurisdiction over the Client in respect of the outsourced functions.

When exercising its above audit rights, the Client cannot have any access to the business, securities or banking secrets of any third party.

#### **6.8.2. Evaluation of the APA service**

KELER and the Client shall continuously monitor and evaluate compliance with the contract, with a view to supply the service at an adequate level of quality. KELER and the Client shall review service performance, its conditions, and processes annually. In addition to the regular review, the service may be reviewed also if essential changes occur that justify the amendment of the contract or its annexes. KELER and the Client shall cooperate in evaluating the service.

If in the continuous monitoring or review KELER and/or the Client find any non-compliance with the contract or any deficiency in the performance of the service, KELER and the Client shall cooperate, taking into account the interests and obligations of both KELER and the Client, and shall agree on the manner and procedure for resolving the non-compliance or deficiency.

#### **6.8.3. The Client's special termination rights**

Under Article 31(2)(g) of Regulation (EU) 565/2017, the Client has a right to terminate the services agreement where necessary, with immediate effect when this is in the interests of the Client. In such cases, the Client shall state an adequate reason in the termination notice.

If the Client falling within the scope of the Investment Firms Act finds that the terms of the outsourcing arrangement have been violated, and consultations are inefficient, the Client shall instruct KELER to comply with the contract, according to Section 81 of the Investment Firms Act, or, where the contractually compliant situation cannot be restored, the Client has a right to terminate the services agreement for the service described in this Depository Announcement.

#### **6.8.4. Compulsory notification of the outsourcing arrangement**

In accordance with Section 80(4) of Act CXXXVIII of 2007 on investment firms and commodity dealers, and on the regulations governing their activities, Clients seated in Hungary have an obligation to send the services agreement to the National Bank of Hungary within 3 days from its signing.

### **7. Rules on the SFTR data reporting activity**

Under Article 4(1) SFTR and taking into account paragraph (2) of the SFTR article, KELER performs a data reporting activity for which it enters into a contract with the trade repository registered by the ESMA. To perform the data reporting activity, KELER signs a contract with parties (Clients) who have reporting obligations under the SFTR regulation.

In connection with the reports sent to it, KELER performs a first-level formal check of the transactions reported. KELER allows its Clients to send the reports via the web service and to upload files on the webpage. SFTR reports can be sent to KELER only in XML format. In each case, KELER transmits these reports to the trade repository in XML format compliant with the ISO 20022 standard.

Several transactions can be reported in SFTR reports sent to KELER. In each case, KELER checks these reports, and only the formally correct reports shall be transmitted to the trade repository, while erroneous reports shall be rejected. If the KELER Trade Reporting system finds an error during the formal and authentication check, it will reject the whole package and shall not transmit any item to the trade repository.

KELER accepts no responsibility for the content of data transmitted to the trade repository.

The status of reports sent to KELER can be checked at all times in the KELER Trade Reporting system, which means one can follow up on whether the reports have been accepted by the trade repository. In the case of erroneous reports the confirmations will state the exact cause of the error.

### **7.1. Formal and content requirements for the report files**

The formal and content requirements for the report files are stated in the specifications documents specified by KELER, which will be sent to our Clients upon request.

### **7.2. How to send SFTR reports**

There are two ways to send securities financing reports to KELER:

- by manually uploading the report sent in the required XML format in the KELER Trade Reporting system;
- uploading the report automatically via the web service.

### **7.3. Sending and filling in SFTR reports**

The statutory SFTR reports must state the data indicated in the tables below for the various transaction types:

Type of transaction	Table pertaining to the report
Repo transaction	Tables 1 and 2
Securities or commodities lending, and securities or commodities borrowing	Tables 1 and 2
Securities buy-sell back transaction or securities sell-buy back transaction	Tables 1 and 2

Type of transaction	Table pertaining to the report
Margin lending transaction (Credit in connection with the purchase, sale, carrying or trading of securities)	Tables 1 and 2
Margin data	Table 3
Reuse	Table 4

The relationships between transaction types and action types are shown in the table below:

Report type \ Action type	Action type									
	New	Modification	Error	Correction	Position component	Collateral update	Termination/Early termination	Valuation update	Margin update	Collateral reuse update
Repo transaction	X	X	X	X	X	X	X			
Securities or commodities lending, and securities or commodities borrowing	X	X	X	X	X	X	X	X		
Securities buy-sell back transaction or securities sell-buy back transaction	X	X	X	X	X	X	X			
Margin lending transaction (Credit in connection with the purchase, sale, carrying or trading of securities)	X	X	X	X		X	X			
Margin data	X		X	X					X	
Reuse	X		X	X						X

The use of the various action types is described in the business specifications.

KELER performs a formal check of the reports sent. The KELER system only accepts and forwards reports that have been validated by the checks.

Following acceptance, the system forwards the report and following that, it makes status query accessible to Clients (via the web service and also via the Trade Reporting system interface). Status messages sent by KELER always include all the data entered by the Client.

#### 7.4. Impact of BREXIT on SFTR reports

Upon the exit of the United Kingdom from the European Union, the British counterparties participating in securities financing transactions no longer have SFTR reporting obligations to the ESMA. In parallel with this, the securities financing transactions where the entity with the reporting obligation is British must be reported to the trade repository supervised by the UK Financial Conduct Authority.

KELER performs no SFTR reporting activities to entities that are supervised by the UK Financial Conduct Authority, because it has no contract for data transmission with any of the trade repositories that fall within the scope of British regulation.

As a result, the delegated reporting via KELER is not possible for transactions where the reporting party is seated in the EU but its counterparty is a British resident. In such cases, only the part of the securities financing transaction with EU-UK relevance can be sent to the KELER Trade Reporting system and that shall be transmitted to the ESMA-authorized EU trade repository.

### **7.5. Correcting and modifying SFTR reports**

The reports sent to the KELER Trade Reporting system are transmitted to the trade repository immediately after they have been received, unless they have been rejected.

KELER deems the Client's report accepted if it has been successfully received electronically and the order has not been rejected.

The SFTR reporting obligation has been fulfilled if it has been accepted by the trade repository and the trade repository has sent the related confirmation.

It is not possible to unsend reports that have incorrect content or were sent accidentally. However, they can either be modified or corrected by sending a new report.

Only reports already successfully confirmed by the trade repository can be modified, corrected, or cancelled.

Reports can be corrected or modified by using the following message types

- Modification (MODI) type report: Modification of a previously reported SFT, or an update to a previous report showing a position in order to reflect new trades included in that position.
- Error (EROR) type report: Cancellation due to wrong data report.
- Correction (CORR) type report: Correction of data fields that were submitted wrongly in a previous report.

### **7.6. Delegated reports**

Counterparties that have a reporting obligation may assign their securities financing reporting duties to a third party.

Where a financial counterparty concludes an SFT with a non-financial counterparty which on its balance sheet dates does not exceed the limits of at least two of the three criteria laid down in Article 3(3) of Directive 2013/34/EU of the European Parliament and of the Council, the financial counterparty shall be responsible for reporting on behalf of both counterparties.

As the trade repository checks whether the counterparty in the SFT transaction has delegated the reporting, KELER shall indicate this information to REGIS-TR in a separate report. Delegation must be indicated not only in respect of counterparties that have a contract with KELER for SFTR

reporting, but also for counterparties who have delegated reporting to KELER partners, that is, where delegation under Article 4(2) SFTR is voluntary, the Client must declare its partners from whom it assumes the reporting obligation under Article 4(1) SFTR.

Categories of data to be indicated for the list of delegating entities:

- Name of delegating entity
- LEI code
- Start date of delegation
- End date of delegation

The list of delegating entities must be sent to KELER both as an annex to the SFTR model agreement (Annex 1 to Model Agreement No. 35, and Annex 3 to Model Agreement No. 36), and electronically (in .xlsx format).

More details about delegated reports are stated in the business specifications.

KELER Ltd.