Depository Announcement – No. 22/2015

Handling of dematerialised securities

Effective from: 1. December 2015

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Introduction

This Depository Announcement provides information on the services related to the first issuance of dematerialised securities (hereinafter: demat securities or demat securities series) by KELER Central Depository Ltd. (hereinafter: KELER) and to changes in the data of the demat securities. It details the services related to demat securities, the options and conditions of executing demat events and the related practices, the documents and formal requirements supporting the legal basis of issuances and data modifications, the form of submission of the issuer instruction and the related documents, the deadlines and acceptance of the order and the issuer instruction, the rules of invalidating the certificate issued on dematerialised securities (hereinafter: Certificate) and the terms and conditions of fee payment. It also collects the provisions of the legal regulations pertaining to dematerialised securities.

1   General information

As a central securities depository, KELER is obliged and entitled to produce all dematerialised securities publicly or privately issued in Hungary in compliance with the applicable laws and regulations and to credit and manage them on central securities accounts (modification, cancellation). KELER produces, modifies and cancels dematerialised securities in compliance with the provisions of Government Decree 284/2001 (XII. 26.) on the method of production and forwarding of and security regulations for dematerialised securities and on the rules of opening and maintaining the securities account, the central securities account and client account (hereinafter: Demat Decree), in line with the agreement signed with the Issuer (hereinafter: Issuer) and the Issuer's instructions. As in the case of any securities issued in Hungary, the securities identification code (hereinafter: ISIN code) of demat securities is also requested from KELER by the Issuer. The data required for identification are defined in MNB Decree 20/2014 (VI.3.) on the ISIN code. The information related to the application of an ISIN code and the rules of application are contained in the KELER Depository Announcement11/2014 (ISIN Depository Announcement).

This Depository Announcement shall be interpreted together with the currently effective General Business Rules of KELER (hereinafter: GBR) and the definitions contained thereof.

2   General rules

The method of production of securities of the same securities series cannot be different. Securities can be issued physically in a printing press authorised to produce securities or in the form of dematerialised securities, based on the Demat Decree, with the involvement of KELER.

The Issuer may grant authorisation for the execution of a demat event

- on the List of authorised agents in the case of the users of the eDEMAT system,
- or on the form of "Signature card for managing demat securities" in the case of demat events to be executed in person (Form 1),

which shall be accepted by KELER in the original copy, duly signed by the Issuer.

That authorisation does not grant a right to the authorised agent to sign the Certificate.

The ISIN code identifies a securities series (not an issuance).

One securities series can only have one ISIN code.

Only one effective Certificate may be assigned to one demat securities series at a time.

The number of securities in a demat securities series can only be a positive whole number.

Simultaneously with the cancellation of the total quantity of demat securities on the central securities account, the ISIN code assigned to the securities series shall also be cancelled automatically.

Pursuant to Section 9(1) of Act CXX of 2001 on the Capital Market (hereinafter: Tpt.), the Issuer deposits the Certificate of the demat securities at KELER.

The Issuer shall send the contents of the Certificate (with .doc or .docx extension) electronically to kibo@keler.hu or submit them to KELER on a data carrier containing the account credit data. The Issuer submits to KELER the account credit data of first issuance, top uptop up, partial reductionreduction executed in the Issuer's presence saved on a data carrier in the format required by KELER (the description is included in Form 2) and shall simultaneously make available to KELER the accompanying "Accompanying list of the data carrier containing account credit data" (the template document is included in Form 3).

3 Services related to the generation of demat securities

3.1 First issuance

The first issuance includes the first issuance of a securities series, the production of a demat securities series as an electronic instrument and its crediting to central securities accounts. The Issuer of the demat securities issues a Certificate with the data of the demat securities series, containing the information specified in the legal regulation pertaining to the type of the particular securities.

3.2 Top upTop up

Top upTop up means an increase in the number of pieces of the demat securities series and in the aggregate series value of the series. The Issuer issues a new Certificate on the changed data of the demat securities series and deposits it at KELER.

In the case of any top uptop up in a particular securities series, the ISIN code of the series shall remain unchanged.

In the case of top uptop up, the Issuer specifies the number of pieces in the increase in the account credit data. Following the successful completion of the top up, KELER invalidates the Certificate issued earlier for the demat securities series and deposited with KELER based on the Issuer's instruction.

3.3 Partial reduction

Partial reduction means a reduction in the quantity of the demat securities series recorded on central securities accounts and a reduction in the aggregate face value of the series (withdrawal).

The Issuer issues a new Certificate for the changed data of the demat securities series and deposits it at KELER.

With partial reduction the ISIN code of the securities series does not change.

Partial reduction can only be executed if

- the Issuer defines the quantity of securities to be withdrawn and specifies the securities account of the account manager to be used for the transaction (main account and subaccount)

- the respective securities account managers cooperate in the execution of partial reduction.

Following the successful execution of the partial reduction, KELER will invalidate the Certificate issued earlier for the demat securities series and deposited with KELER.

KELER performs the partial reduction of demat securities with the personal involvement of the issuer.

3.4 Full cancellation

Full cancellation means the cancellation of a complete demat securities series on central securities accounts, i.e. the termination of the demat securities as an electronic instrument.

Following the successful completion of the full cancellation, KELER invalidates the Certificate issued earlier about the demat securities series and deposited with KELER based on the Issuer's instruction. The ISIN code assigned to the terminated series shall also be automatically cancelled.

3.5 Change of Certificate

The change of the Certificate is a demat event with no change to the quantity of securities in the central securities account that may be the result of the change of the data of the securities series (e.g. term; security name; interest rate; yield payment; limitation on transfer), the changes in the data of the Issuer (e.g. name, registered office), or other reasons (e.g. reflection of the change in one securities series in the Certificates of the other securities series of the same Issuer who has multiple series) which are described in detail in the GBR. The Issuer must issue a new Certificate of the demat securities series with the changed data of the demat securities series. Following the successful completion of the change of the Certificate, KELER invalidates the Certificate issued earlier about the demat securities series and deposited with KELER based on the Issuer's instruction.

3.6 Conversion

(exception: conversion of a closed-end investment unit into an open-end investment unit without any change in the face value)

Conversion is the first issuance of a demat securities series or top up in an existing demat securities series which relates to the termination of a dematerialised securities series already registered in a central securities account, or physical securities series in custody with KELER (hereinafter: legal predecessor series), and involves the cancellation of the legal predecessor securities series. The

credit on the securities account of the legal successor series must be initiated according to the closing securities account status of the legal predecessor series involved in the conversion on the record date as specified in the Issuer's decision (with the exception of the physical conversion of dematerialised share series). The value date of cancellation of the legal predecessor series on the central securities accounts is the same as the date when the legal successor series is credited on the securities accounts. The ISIN code of the legal predecessor series shall be cancelled automatically.

3.7 Conversion of demat share series into physical share series

The conversion means the cancellation of an existing demat share series (hereinafter: legal predecessor series) in the central securities account whereby the cancelled demat share series is replaced by a physical share series of the Issuer, representing identical rights (hereinafter: legal successor series). The Issuer initiates the cancellation of the legal predecessor series at KELER for conversion, and simultaneously may also issue a declaration on the use of the related services provided by KELER. Simultaneously with the order of the demat event, the Issuer applies for an ISIN code for the legal successor share series. On the value date of cancellation of the legal predecessor series on the central securities accounts, the Issuer makes available the legal successor shares to the beneficiaries. The ISIN code of the legal predecessor series shall be cancelled automatically.

3.8 Squeeze out

Squeeze out is a demat event related to the securities if subject to the provisions of the Tpt. on the acquisition of controlling interest a successful purchase offer is made for the publicly issued securities series. The procedure to be applied in the course of squeezing out and the related documents are defined in the individual procedure specified in the agreement between the Issuer and KELER.

4 Execution of demat events

If the Issuer does not wish to use the eDEMAT system, then the envisaged mode of execution of the demat event is defined on the demat event order form (Form 4.)

4.1 Personally managed demat event

It is a demat event executed at the head office of KELER, in the personal presence of the Issuer, with previously provided printed or electronically produced documents, at a pre-agreed date, in a manner specified by law, on the basis of a printed Issuer instruction duly signed by the Issuer, by a committee formed by KELER and the Issuer.

4.2 Demat event executed with the use of the KID system

It is an event executed without the personal presence of the Issuer, with previously provided printed or electronically produced documents, available for issuers with KID system access. The information on the related technical terms and conditions is available on KELER's website on the

"Information on the technical terms and conditions of DEMAT first issuance on KID" form, which provides a complete process and system description for the users. The Issuer can execute the demat event in a manner specified by law, with a printed Issuer instruction duly signed by the Issuer and a transaction submitted on the KID system.

4.3   Demat event executed with the use of the eDEMAT system

A demat event executed with the use of the eDEMAT system is a demat event executed without the personal presence of the Issuer, with electronic documents, and based on the data of the Issuer instruction, and the (printed or electronic) Certificate produced from the data thereof. Communication between KELER and the Issuer takes place on the "Message Board" interface of eDEMAT.

4.4 Remotely managed demat event

The remotely managed demat event is a demat event executed by KELER, without the personal presence of the Issuer, with previously provided printed or electronically produced documents, in a manner specified by law, , based on the printed Issuer instruction duly signed by the Issuer.

4.5 Summary table of the execution methods of demat events

Demat event	Personal	KID	eDEMAT	Remotely managed
First issuance	X	X*	X*	
Top up	X	X**	X**	
Partial reduction	X			
Full cancellation of a securities series	X	X***	X	X
Conversion of a securities series	X			
Conversion of closed-end investment unit into open-end investment unit, no change in face value	X			X
Squeezing out	X			
Change of Certificate *	X		X*	X
Events relating to "B" and "C" type securities series: • first issuance • top up • partial reduction	X			
Events relating to "B" and "C" type securities series: • full cancellation of entire series • change of certificate	X			X

* Not applicable to temporary investment units

** Not applicable to temporary or open-end investment units

*** Cancellation due to maturity can only be processed on the day of expiry, or, in the event that the expiry date falls on a public holiday, on the next business day. Subsequent cancellation can be implemented with the other execution methods.

5   Process of executing demat events

Task executed by	Task
Issuer	Application for an **ISIN code** for the demat securities series (only when a new series is issued).
Securities holder	Those securities holders may dispose of demat securities that have a **securities account** opened at an investment firm or a credit institution (hereinafter: Account Manager). It is a prerequisite of any demat event that involves a securities credit that all future securities holders must have a securities account.
Issuer	Order for the execution of a demat event (service) which may be requested through the • eDEMAT system and • on the demat event order form (Form 4). In both cases KELER considers the date of receipt of the order by KELER as the date of the order. Simultaneously with the order, the documents to be submitted in advance shall also be submitted to KELER in the required form. The list of documents to be supplied in advance and related format requirements are detailed below in this Depository Announcement. On the basis of the data of the order initiated in the eDEMAT system, the system automatically generated a List of Documents, into which the "Minimum required" documents must be uploaded before the order can be issued to KELER. The rules of cut-offs relating to the submission of an order are detailed below in this Depository Announcement.
KELER	KELER designates an officer for each ordered demat event, with whom daily contact may be maintained via email or, in the case of orders initiated on eDEMAT, through the message board designed for such purposes. In order to execute the demat event, • the officer checks the Issuer and the securities series to be issued/issued based on the documents, and in accordance with the nature of the ordered demat event; • if any document relating to the execution of the demat event is not in the required format or is missing, the Issuer is instructed to submit the missing document. • if all data and documents required for the execution of the demat event are found to be adequate, the officer defines the maximum value date (30th day from the positive conclusion of the checks) by which date the Issuer must execute the ordered demat event and ○ in the case of personally executed event, initiates the agreement on the value date with the Issuer, and, when requested, consults with the Issuer on the contents of the

	documents to be submitted to KELER in relation to the Issuer instruction or,
	o in the case of orders initiated in eDEMAT, the officer enters the key data of the demat event into the system, sets the maximum value date and changes the status of the order process to "Waiting for Issuer instruction to be submitted".
Issuer	Giving the Issuer instruction to KELER relating to the demat event The data and documents of the Issuer instruction are described in detail below in this Depository Announcement. In the case of order initiated in eDEMAT, the documents of the Issuer instruction must be created in the system and documents must be generated on the basis of the data specified therein. The templates of the Issuer instruction documents relating to demat events not initiated in eDEMAT are available on KELER's website. Fee payment is made in accordance with KELER's Fee Schedule valid from time to time. The rules of fee payment of demat events are described in detailed below in this Depository Announcement.
KELER	• Execution of the demat event. • Issue of an invoice for the service fee. • Invalidation of the Certificate deposited with KELER previously in the case of successfully completed top up, partial reduction, change of Certificate and full cancellation.
Account Manager	Following the credit on the central securities account, the account managers credit the demat securities on the securities accounts of their clients based on the Issuer's instruction. When a securities series is cancelled in part or in full, part or the total amount of the particular series is deleted from the securities accounts of their clients.

6   List and format of documents to be submitted in advance

Prior to the execution of a demat event, KELER always checks the Issuer and the legal basis of the demat securities and the ordered demat event based on the documents submitted by the Issuer and the publicly available corporate data. KELER distinguishes between the documents to be submitted by demat event, and within that, also by securities type. In certain cases, the documents related to the identification of the Issuer and the former events of the securities series may also be used and referenced in further demat events relating to the particular demat securities series.

Apart from the documents to be submitted and listed below, KELER reserves the right to request the supply of further documents in order to conclude the circumstances of the issuance.

6.1   Document acceptance

The Issuer makes available "printed" documents to KELER by

- sending them by post to KELER's registered office or postal address,

- or employs a courier service or presents them in person at the Client Service during the client service opening hours,

- or transmits them by fax to fax number +36 1 483 6196

KELER retains the received documents after processing. When requested by the Issuer, KELER issues a copy of the documents, identical with the original document in exchange for a fee.

KELER accepts "electronic" documents

- via email sent to iktato@keler.hu and

- in the eDEMAT system related to a demat event.

6.2   Document types

Corporate document: An **original, printed document** signed
by the signatory of the Issuer registered in the company register in line with the signatory rights (individual, joint).

Authenticated document: A printed document prepared from the original document, **authenticated** by the issuer of the document or notary public. **Original** document prepared by notary public (e.g. specimen signature) or a **printed document** edited, signed and embossed stamped by an attorney at law (e.g. specimen signature, charter document).

Copy: A **copy** of a corporate or authenticated document, or a **printed** document received by fax or printed out from a file attached to an email message.

Corporate e-folder: A **file** with .es3, .132 or .dosszie extension **signed electronically** by the **Issuer's** signatory (signatories) registered in the company register in line with their **signatory right** (individual, joint) and equipped with a time stamp (e.g. Issuer agreement, official document etc.).

Qualified e-folder: a.) A **file** with '.es3', '.132' or '.dosszie' extension, carrying the **qualified electronic signature** of the attorney at law, or notary public preparing or countersigning the original document, or of the legal counsel of one of the founding members or of the court of

registration and a time stamp (e.g., charter document, signature sample, specimen signature; etc.)

b.) A .pdf file prepared from a printed original document file with '.es3', '.132' or '.dosszie' extension, signed by the Issuer's signatory (signatories) exercising the signatory rights (individual; joint) registered in the Company Register, carrying the authenticating electronic signature of the attorney at law authorised by the Issuer (stated on the signature form, or list of authorised agents) or of the legal counsel of a founding member and a time stamp. By signing a corporate, qualified e-file by an attorney at law, the proceeding attorney at law undertakes that the documents contained in the e-folder signed by it are copies of the original duly signed documents and to retain the original copies thereof and to present them to KELER when requested.

Electronic document   A **file** created from an original signed document, without electronic signature, or an electronically signed **email**.

6.3   Formal requirements of documents

Document type	Corporate document	Authenticated document	Copy	Corporate e-file	Qualified e-file	Electronic document
Charter document		X			X	
Court of registration decision, document or request for correction certifying the data of the company register.		X			X	
Document stating that the Issuer is included in the respective records.		X			X	
Certification of the right of representation		X			X	
Specimen signature/signature sample		X			X	
Issuer agreement (contract template 27)	X			X		
Supplementary agreement for open-end investment units Authorized company signature is required on behalf of the account manager. (contract template 28 and29)	X			X		
Signature form (Form 1.) (In the case of personally/remotely controlled demat events)	X			X		
List of authorised agents	X			X		
Declaration of the Issuer: • On the contribution/availability of the share capital in the case of shares	X			X	X	
Declaration of the Issuer:	X			X		

- In the case of conversion of a demat share series into a physical share series, (Form 5) - On the subscription result in the case of debt securities, - Notification of the subscription result of investment units, - Confirmation of payment in the case of temporary investment units, - Declaration related to the cancellation of a series (Annex 8) - Other declaration required by KELER.						
Subscription result issued by the distributor (In the case of debt securities, investment units and shares)			X			X
Bank's confirmation on the contribution of the share capital/share capital increase in the case of shares			X			X
Demat event order (Form 4)	X			X		
Programme prospectus			X			X
Final terms and conditions	X			X		
Offering circular	X			X		
Declaration of the liquidator/winding up officer	X			X		
Management Regulation[1] - approved by MNB-PST in the case of publicly issued investment units - prepared by the Fund Manager in the case of privately issued investment units	X			X		
Other documents (e.g. decision on the issuance, declaration of the account manager, MNB-PST decision, letter of engagement/appointment, BSE decision, etc.)			X			X
Summary of the rights and obligations attached to the securities series in a consolidated structure for "B" and "C" type securities.	X		X			

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[1]If the fund manager cannot make available the Fund Rules to KELER as a corporate document or a corporate e-folder, KELER also accepts the currently effective Fund Rules available on the Fund Manager's official website as a submitted document by downloading it from the website and attaching it to the ordered demat event. In this case KELER provides its service by charging the fee for a demat event implemented with paper-based documents.

6.4 Documents relating to the Issuer

6.4.1 Issuer agreement

When an Issuer orders the first demat event (irrespective of type of securities or the manner of implementation), the "Issuer agreement" form contract must be signed in order to establish a legal relationship between KELER and the Issuer.

If the Issuer initiates the first demat event

- in the eDEMAT system and **has an official e-signature**, then the Issuer agreement is generated through the eDEMAT system, signed as required and then the Issuer uploads it to the "Issuer agreement" document type in the list of documents related to the first demat event order in the eDEMAT system.

- in the eDEMAT system and does not have an official e-signature then,

   o after the demat event order the Issuer agreement is generated through the eDEMAT system and the Issuer submits it to KELER in two printed copies, containing official signatures. KELER uploads the effective Issuer agreement related to the first demat event order once the agreement has entered into effect.

   o in order to accelerate the administration, we recommend the Issuer to download the agreement from KELER's website and then complete it and submit it to KELER in two printed copies, with official signatures, together with the list of authorised agents for the use of eDEMAT. KELER uploads the effective Issuer agreement related to the first demat event order once the agreement has entered into effect.

- with personal presence, then the Issuer submits to KELER, together with the "demat event order" (with Form 4), the "Issuer agreement" and the "Signature form" (Annex 1), duly signed, in two original printed copies each.

6.4.2 Specimen signature and signature sample

The specimen signature or signature sample is an authentic declaration on the signature of the authorised signatories of the company, provided in front of a notary public or attorney at law, which contains, exactly as stated in the charter document, the name of the company, the data of the authorised company signatory individual (name, address), the title of representation (e.g. executive officer, employee), the manner of company signature and the signature sample of the authorised company signatory. The authorised representatives execute signatures on behalf of the Issuer in the same form as they are contained in the specimen signature. The authorised company signatories are included in the Issuer's company data.

KELER accepts corporate documents submitted in a printed form and the documents of the Issuer instruction only when they are signed in the same way as in the specimen signature or in the signature sample. If the signature verification process leads to an unacceptable result, KELER returns the particular document to be signed properly or requests the additional submission of the specimen signature/specimen sample of the signatories and asks for the registration of the signatory in the company register.

KELER verifies the signatures on the documents carrying the official company signature based on the submitted specimen signatures/signature samples; therefore, the Issuer submits them

simultaneously with the submission of the "Issuer agreement", the "Signature card" (Form 1) or the "List of authorised agents", if they are not yet available for KELER.

6.4.3   Signature card (Form 1)

Prior to a demat event to be executed with personal presence, the Issuer lists the natural persons who may proceed in the Issuer's name in the demat event to be executed at KELER's registered office on the Signature card. On the Signature card KELER verifies the Issuer's official company signature and if it finds it acceptable, enters the signature form into effect, i.e. the **"Authorised persons"** stated there will become entitled to proceed towards KELER with regard to the demat securities in the name of the Issuer. KELER returns one original copy of the Signature card to the Authorised person at the first demat event executed with personal presence.

The Issuer may update the Signature card at any time. If the Issuer changes the Signature card previously accepted by KELER, then KELER shall revoke the Signature card previously entered into effect.

6.4.4   List of authorised agents

The List of authorised agents is a document recording the **"authorised agents"** using the eDEMAT system in the name of the Issuer. The user must edit the List of authorised agents in the eDEMAT system, where the user may name themselves as well as other administrators. The List of authorised agents is generated in a '.pdf' form from the data edited in the eDEMAT system and is then signed officially by the Issuer. If the Issuer signs the printed form of the list officially, it must be submitted to KELER in compliance with the rules of document acceptance. In relation to the signatories, the Issuer attaches to the list the specimen signature (if they are not yet available for KELER) or, if they are available in electronic form, sends them via email to iktato@keler.hu.

The Issuer may update the List of authorised agents at any time. If the Issuer proposes any modification in the List of authorised agents accepted by KELER, the modification must be edited in the eDEMAT system as described above, but the specimen signatures of the signatories may already be uploaded into the eDEMAT system.

Only one affective Signature card and List of authorised agents may be effective at a time, but it may happen that the Issuer simultaneously has an effective Signature card and List of authorised agents.

6.4.5   Contract on consolidated securities account management and registration and supplementary agreement

The Issuer may open a securities account at KELER (Contract on consolidate securities account management and registration) to record dematerialised and physical securities held by them. Furthermore, the same account may be used to record the dematerialised shares replacing the physical shares not submitted for conversion in the case of the conversion of physical share series into dematerialised share series until they are sold or, if the sales attempts fail, until they are withdrawn.

The Issuer may also enter into a supplementary agreement related to the securities account opened

for it, with which authorises the transfer back of the shares not identified by the account manager in the first issuance and top up of demat securities issued by it into the Issuer's sub-account opened for such purposes, from which the Issuer may re-allocate the shares and have them credited to the account managers of the beneficiaries with a transfer order.

Further information on account opening and the conclusion of the supplementary agreement is available on KELER's website.

6.4.6 List of documents to be submitted in advance

The documents contained in the list may be downloaded from KELER's website.

KELER requires that the documents listed below are submitted in each case as the legal basis of the particular demat event. In the list of documents of the ordered event in the eDEMAT system, the "Min. mandatory" term refers to the minimum documents required for ordering the demat event. Without supplying those documents the order may not be submitted, but all "Min. mandatory" documents shown under "No" must also be submitted to KELER. In the case of all other demat events ordered with other mode of execution, the "Min. mandatory" documents are shown in the following tables, distinguished by securities type, but even in this case all other documents must also be submitted.

6.5 Documents supporting the legal basis of demat events

The documents that have been submitted and accepted by KELER can also be used for other demat events if their contents also match the new event. If KELER finds a formal error while processing the documents, it requests the correction of the error. If the documents do not certify the feasibility of the ordered demat event, KELER consults with the Issuer via email or, in the case of events ordered in the eDEMAT system, through the Message Board, specifying the further document(s) which should be submitted or making a proposal to order a different demat event. KELER can waive the required documents or formal requirements only if it has an individual agreement with the Issuer in that regard.

6.5.1 Documents to be submitted in relation to shares

Document type	First issuance		Top up/Partial reduction		Change of Certificate	Cancellation
	private offering	public offering	private offering	public offering		
Demat event order form (Form. 2)[2] (except for eDEMAT)	X	X	X	X	X	X
Effective charter document [3]	X	X	X	X	X	

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[2] Document must be attached to each demat event order
[3] Document must be attached to each demat event order

Confirmation on the contribution/increase of share capital or Issuer's declaration (when a particular securities series is converted into a different securities series and it is certified by an Issuers' decision, the Document is waived)	X	X	X	X		
Declaration of the Account Manager (in the case of partial reduction) (Form 6)			X	X		
Issuers' decision (issuers' decision relating to demat events)[4]	X	X	X	X	X	X
Declaration of the Issuer (When a demat share series is converted into a physical share series) (Form 5)						X
Decision of the Court of Registration on cancellation (required only when a company ceases to exist with legal succession)						X
Declaration of the Liquidator/Winding Up Officer (Form 7)						X
BSE listing decision on the series		X		X		
Request for the modification of the Product List receipt stamped by the BSE						

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[4] Document on the Issuer's decision is not required when a private limited company is founded

6.5.2 Documents to be submitted in relation to investment units

Document type	First issuance		top up/Partial reduction	Change of Certificate		Cancellation
	closed-end	open-end	closed-end	due to change in securities data	due to changes in the fund manager's data	
Demat event order form (Form 2)[5] (except for eDEMAT)	X	X	X	X	X	X
Issuers' decision (not required in case of cancellation due to maturity)	X	X	X	X	X	X[6]
Supplementary agreement for open-end investment units[7]		X			X	
Prospectus/Fund Rules[8]	X	X	X	X	X	X
MNB-PST decision a Fund Rules[9] (only for publicly issued securities)	X	X	X	X	X	X
Programme prospectus (only for series issued within the framework of a programme)	X	X	X	X		
MNB-PST decision on the approval of the programme prospectus (only for series issued within the framework of a programme)	X	X	X	X		
Issuer's announcement on public offering (only for publicly issued series)	X	X	X			
Declaration of the Account Manager (in the case of partial reduction) (Form 6)			X			

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[5] Document must be attached to each demat order

[6] It must be submitted only when the fund is terminated due to any reason other than maturity

[7] A new supplementary agreement may enter into force even without a demat event
   (e.g. change in the distributor)

[8] Document must be attached to each demat event order

[9] Document must be attached to each demat event order

Subscription result/Payment confirmation	X	X	X	X		
MNB-PST decision on the registration/cancellation of investment fund	X	X	X			X
MNB-PST decision on the registration/cancellation of investment fund sub-fund (only for series issued by a sub-fund)	X	X	X			X
Effective charter document	X				X	

6.5.3   Documents to be submitted for debt securities

Document type	First issuance		top up/ Partial reduction		Change of Certificate		Cancel lation
	private offering	public offering	private offering	public offering	due to change in securities data	due to changes in the data of the Issuer	
Demat event order form (Form 2)[10] (except for eDEMAT)	X	X	X	X	X	X	X
Issuers' decision (not required in case of cancellation due to maturity)	X	X	X	X	X	X	X
Letter of appointment (required only for municipality bonds for all officers holding office at the time of the demat event and signing documents in the process)	X	X	X	X	X	X	X
Programme prospectus (only for series issued within the framework of a programme)	X	X	X	X			

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[10] Document must be attached to each demat event order

MNB-PST decision on the approval of the Programme prospectus (only for series issued within the framework of a programme)	X	X	X	X			
Issuer's announcement on public offering		X		X			
Offering circular/Final terms and conditions[11]	X	X	X	X	X	X	
Subscription result/Commitment	X	X	X	X			
Declaration of the Account Manager (in the case of partial reduction) (Form 6)			X	X			
Issuer's declaration on the fulfilment of the obligation							X
Effective charter document						X	

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[11] Document must be attached to each demat event order

6.5.5 Documents to be submitted in relation to securities in categories B and C

Document type	First issuance		top up/Partial reduction		Change of Certificate		Cancellation²¹
	private offering	public offering	private offering	public offering	due to change in securities data	due to changes of the data of the Issuer	
Demat event order form (Form 2)¹² Act CLXXXIX of 2011 on the Local Governments of Hungary	X		X		X	X	X
Confirmation that the Issuer is included in the respective register	X	X	X	X	X	X	
Issuers' decision (issuer's decision relating to demat events)	X	X	X	X	X	X	X
Certificate of the right of representation	X	X	X	X	X	X	X
Description of the rights and obligations associated with the securities series in a consolidated structure	X	X	X	X	X	X	
Information in a consolidated structure prepared for public offering (only for publicly issued series)		X		X	X		
MNB-PST decision on the authorisation of public offering (only for publicly issued series)		X		X	X		
Issuer's announcement on public offering		X		X			
Declaration of the Account Manager (in the case of partial reduction) (Form 6)	X	X	X	X			

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¹² Document required to be attached to demat event order

7   Data documents and formal requirements of the Issuer instruction

On the basis of the Demat Decree the Issuer provides an Issuer instruction to KELER for the first issuance, cancellation and modification of data of demat securities.

When demat securities are issued (first issuance, top up) or withdrawn (partial reduction) and changes in the data of the securities or the Issuer need to be registered, the Issuer deposits one original copy of the Certificate issued for the demat securities at KELER and gives order to credit the securities on the central account or, in the case of partial reduction, to withdraw the securities.

KELER has prepared **Certificate** templates for all types of securities, taking into account the requirements of the special legal regulation pertaining to them. All templates are available on KELER's website ([here](#)).

7.1   Data of the Issuer instruction

Core data: the data defined during the identification of the securities series, i.e. upon ISIN application, which may not be changed during the "life" of the securities series. Such data include: securities type, face value, currency, ISIN.

Securities master data: the core data provided during the identification of the securities series, data related to the issue of the series (e.g. nature and time of the decision on the issuance, series details and indications), data of the series part (e.g. number of issued securities, aggregate face value of the series, value dare, etc.), and the specific data of the securities type required by law (e.g. method of offering, maturity, interest, transfer restrictions, related rights, etc.) These data are included in the **Certificate** issued on the securities series that is considered a security.

Account credit data: These data must be specified by the Issuer during the issuance, top up and partial reduction, based on which KELER credits or deletes the quantity of securities included in the demat event on the custodians' accounts. The securities account managers must be indicated in the account credit data by name and their account numbers kept at KELER. In the case of demat events executed with personal presence, these data must be made available in the [format](#) (Form 2.) and with the file structure required by KELER on data carrier (CD, DVD). When the demat event is executed on KID or in the eDEMAT system, the account credit data must be provided in the system.

Transaction data: Transaction data are reduced data content of the securities master data and the account credit data, which capture the demat securities as an electronic instrument.

7.2   Signature of the Issuer instruction

In compliance with the provisions of Section 7(2) e) of the Tpt., the Issuer instruction for **shares** is signed by two members of the Board of Directors of the Issuer (even if they each have individual signatory rights). If the charter document of the Issuer states that the responsibilities of the Board of Directors are performed by the Chief Executive Officer of the company due to lack of a Board of Directors, the Document may be signed by the Chief Executive Officer.

The issuer instruction for **debt securities and investment units** are signed by the authorized signatories of the Issuer, and in the case of investment units, the authorized signatories of the Fund Manager.

In the case of **Issuers falling within the scope of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises,** the issuer instruction for demat debt securities are signed by two authorized signatories, as specified in the law.

In the case of securities issued by **municipalities,** the issuer instruction may be signed in compliance with the council decision adopted pursuant to Act CLXXXIX of 2011 on the Local Governments of Hungary, by the mayor in office at the time of the particular demat event or by the mayor and a person authorised to this effect.

For **"B" and "C" type securities,** the issuer instruction is signed by the authorised representative of the Issuer. The authorised representative is the individual who is defined as such in the documents submitted in advance in relation to the demat securities series and the specimen signature of whom is available to KELER.

7.3 Table summarising the contents of the issuer instruction

Demat event	With personal presence	Through the eDEMAT system	Through the KID system	Remotely controlled
First issuance	• Printed, duly signed certificate • data carrier containing the account credit/or partial reduction data • printed accompanying list of data carrier containing the account credit/or partial reduction data	• electronically signed certificate generated on the basis of securities master data entered into the system , or generated in a printed form and duly signed • account credit data	• core data entered into the KID system • account credit data • Printed, duly signed certificate	Not possible
Additional issuance		• electronically signed certificate generated on the basis of securities master data entered into the system , or generated in a printed form and duly signed, and a document invalidating a Certificate previously deposited with KELER • account credit data	Entered into the KID system • core data • account credit data • Printed, duly signed certificate • document invalidating a certificate previously deposited with KELER	

Partial reduction		Not possible	Not possible	
Full cancellation	- Printed, duly signed instruction for cancellation on the central securities accounts, - Issuer's participation in the invalidating of a Certificate previously deposited with KELER	- Issuer instruction generated on the basis of cancellation transaction data entered into the system and signed electronically or duly signed in a printed form - Issuer's request for the invalidation of a Certificate previously deposited with KELER	Printed, duly signed - instruction for the cancellation of the demat securities on the central securities accounts - Issuer's request for the invalidation of a Certificate previously deposited with KELER	- Printed, duly signed instruction for the cancellation of demat securities from central securities accounts - Issuer's request for the invalidation of a Certificate previously deposited with KELER
Change of Certificate	Printed, duly signed Document	electronically signed certificate generated on the basis of securities master data entered into the system , or generated in a printed form and duly signed, and a document invalidating a Certificate previously deposited with KELER	Not possible	Printed, duly signed - certificate - Issuer's request for the invalidation of a Certificate issued for the securities and previously deposited with KELER

8   Cut-offs

KELER distinguishes cut-offs for the submission of documents to be provided in advance by securities type and demat event and the cut-off to receive the issuer instruction by the manner of execution of the demat event.

T day: Current day.

M day: The date of receipt of the order at KELER, the day when KELER receives the order.

TR: Planned date to register master data and transaction data.

TD: Planned date of the demat event, defined by the Issuer upon ordering the demat event.

D day: Actual value date of the execution of the demat event (date of account credit, cancellation, change of Certificate).

Max. value date: The thirtieth (30) day from KELER's processing, by which time the Issuer must execute the demat event. (TD <= Max value date).

M+x day: business day X^{th} after the submission of the order.

D-x day: business day X^{th} prior to the value date of the actual demat event.

- For orders started in the eDEMAT system, it is the day of receipt of the order by KELER, when the order is put into the 'to be processed by KELER' status.

- A demat event order initiated outside the eDEMAT system is considered "accepted" if the Issuer has submitted all mandatory documents. (Min. mandatory).

- The planned date of the demat event (TD) MAY NOT BE SOONER (past dated) than the date of submission of the order. (M<TD)

- Orders (M) may be submitted only for a demat event associated with cancellation due to maturity on T day so that its day is identical to D day. (M=T=D)

- The issuer may also define the value date (D) of the first issuance and top up of demat securities as a date other than the date of entry of the transaction data of the securities into the computer system (TR) but the value date cannot be sooner than the date of the entry of the data (TR<=D). The Issuer makes available the issuer instruction for KELER on that day. The data of the instruction are displayed in the systems for D day after processing.

- The Issuer may also define and announce the value date (D) of the demat event in advance, even without any consultation with KELER. Even in this case KELER requires that all necessary documents are submitted. In such cases the Issuer makes available the demat event order (M) and the related documents to KELER not later than TR-20business days .

- The number of business days between the date of submission of the order (M) and the planned date of master data entry (TR) determines whether [ordinary or urgent](#) processing is requested on the basis of the order submitted by the Issuer.

8.1 **If a period shorter than stated in this Announcement is requested (urgent processing), a higher demat fee must be paid in accordance with the rules detailed below:**

- KELER requires that all the necessary documents in the specified format/with the specified contents are submitted even for urgent processing, and therefore it may happen that the Issuer cannot execute the demat event ordered with urgent processing on the originally planned date despite payment of the increased fee. For this reason, in the case of demat events ordered with urgent processing, the Issuer shall submit to KELER all the necessary documents in the first place, complying with the specified format and content requirements.

- The higher fee of the demat event ordered as urgent must be paid even if the Issuer cannot execute the demat event on the planned date.

- KELER does not accept orders for demat events scheduled for M and M+1 business day even if the higher fee is paid (except for cancellation due to maturity).

- KELER may modify a demat event ordered as "Ordinary" to a demat event with "Urgent" processing if the Issuer submits requested additional information in accordance with the rules stated below.

8.2 **Rules on the acceptance of demat event orders relating to shares and investment units/provision of requested additional information:**

	TR day may be planned by accepting the payment of increased fee						Ordinary fee
Date of order/supply of requested additional information	M+2	M+3	M+4	M+5	M+6	M+7	From M+8
eDEMAT	-	-	-	✓	✓	✓	✓
With personal presence, remotely controlled and through KID	✓	✓	✓	✓	✓	✓	✓

8.3 **Rules on the acceptance of demat event orders relating to debt securities/provision of requested additional information:**

	TR day may be planned by accepting the payment of increased fee *		Ordinary fee
Date of order/supply of requested additional information	M+2	M+3	From M+4
eDEMAT	-	✓	✓
With personal presence, remotely controlled and through KID	✓	✓	✓

- In the case of cancellation due to expiry, the demat event order date (M) may be the same as the expiry date (LT) and value date of the cancellation (D). If the maturity date is not a business day, then the business day rule related to the series must be applied.

- If the Issuer did NOT order a demat event as urgent but fulfilled all the requirements prior to the planned date stated upon ordering the event, the Issuer may pay the ordinary fee and execute the demat event and within the period that applies to urgent orders.

8.4   Supply of requested additional information

KELER checks the documents submitted to it. If the submitted documents

- o   are not complete,
- o   or are not in the required format,
- o   or do not contain the required information,
- o   or, in the case of events ordered in eDEMAT, the documents were not uploaded for the correct document type,

KELER returns the process to the Issuer to supply additional information. If the order was initiated on a printed order form, KELER notifies the contact person indicated therein via email, while in the case of orders placed in eDEMAT, KELER returns the process to the Issuer with the status of 'Addition information to be supplied' or with a remark made on the Message Board. The Issuer must provide the required documents within 30 days. By 12:00 on the planned value date specified in the order, KELER accept only the MNB-PST decision, the subscription result and, in the case of debt securities, the "Issuer's declaration on the fulfilment of the obligation" document if the Issuer intends to execute the event as a demat event with same day value. If the Issuer submits the additional information after 12:00 on the planned value date, KELER accepts it only as a demat event for next day value, irrespective of whether or not the Issuer ordered the demat event as urgent.

If the Issuer does not supply the additional information within 30 days, KELER calls it to supply the additional documents in an official letter. If the Issuer does not provide the information, i.e. it does not give order on the first issuance or cancellation of the securities series to be issued as demat securities, KELER proceeds in compliance with Section 3.3.2 of the [General Business Rules](#) (hereinafter: GBR).

8.5   Intra-day cut-offs

In the case of demat events executed with personal involvement by the Issuer, KELER consults with the Issuer on the exact time of the entry of the transaction data into the system. KELER executes events with personal involvement by the Issuer between 9:00 and 16:00 on business days.

If the value date of a demat event to be executed through the KID system is T day, the Issuer shall submit to KELER the documents of the issuer instruction required in a printed format by no later than 16:00. The Issuer must enter the transaction data into the KID system by 17:30. If the Issuer does not supply the printed documents by 16:00, KELER does not guarantee the success of the demat event relating to T day. If the Issuer does not enter the transaction data into the KID system

by 17:30, the particular demat event may only be executed on the subsequent business day if all conditions of the demat event have been fulfilled for that day.

The demat securities management module of the KID system is available on business days between 8:00 and 17:30.

If the value date of a remotely controlled demat event is defined as T day, the Issuer makes available the documents of the issuer instruction to KELER by not later than 16:00.

- If the documents of the issuer instruction for cancellation are received by KELER after 16:00, the demat event shall be executed on the subsequent day (T+1 day) even if the date stated on the instruction is T day.

- If the documents of the issuer instruction for the change of Certificate are received after 16:00, KELER rejects to execute the event due to the inadequate value date of the new Certificate and returns all documents to the Issuer.

All functions of the eDEMAT system are available on business days between 8:00 and 20:00. The administrators involved in the processing of demat events maintain contact with the Issuer through the Message Board associated with the demat event on business days between 9:00 and 17:00.

Cancellation demat events due to maturity may be ordered (together with the related documents) by 14:00 on T day (the system does not automatically reject the submission of an order).

When the Issuer defines the value date of the demat event as T day (T=D), then the documents of the issuer instruction must be made available to KELER by not later than 16:00. KELER cannot undertake to successfully execute the event on T day if documents are received late or, the uploaded documents are incomplete or contain errors. After the failure the Issuer must repeatedly submit or upload into the eDEMAT system the documents of the issuer instruction by no later than the Max. value date. Following the Max. value date the Issuer cancels the ordered demat event which was not completed in eDEMAT, without which it cannot start a new order for the same securities series. KELER transfers back the fee paid in relation to the demat event to the account number specified.

9   Invalidation of the Certificate

If there is any change in the data of the demat securities series (top up, partial reduction, change of certificate), KELER invalidates the Certificate issued earlier for the demat securities series and deposited with KELER, which will be replaced by a new Certificate deposited by the Issuer for the full securities series. When a demat securities series ceases to exist, KELER also invalidates the Certificate of the series simultaneously with cancellation on the central securities accounts based on the Issuer's instruction.

The Issuer may request a photocopy of the invalidated Certificate that was previously deposited with KELER in a printed form in relation to the demat event, the fee of which is stated in Section VI/2.1 of the Fee Schedule.

In the case of demat events executed in eDEMAT, the Issuer may view the invalidated Certificate.

10 Fee payment

The fees of KELER's services related to demat securities are included in the effective Fee Schedule. KELER issues the invoice in a printed form or as an e-invoice, as specified by the fee payer. The cost of execution of the demat event may be paid not only by the Issuer but also by an investor, a securities holder, an authorised agent or a liquidator (hereinafter: Fee Payer).

- The Issuer pays the demat event fee prior to the execution of a demat event <u>with personal presence or controlled remotely</u>. Simultaneously with the submission of the documents to be made available for the order in advance, the Issuer certifies the fee payment with a copy of the bank transfer order. KELER issues an advance invoice for the pre-paid fee and settles it with a final invoice simultaneously with the performance of the service. Payment by transfer must be made into the following bank account of KELER: **14400018-09600102**. If the Issuer does not wish to pay the service fee prior to the demat event, other authorized individuals may also pay it with bank card, through a POS terminal when attending the demat event. KELER does not execute the demat event when fee payment fails or is not certified. The Issuer must certify in advance the payment of the higher fee of demat events ordered as urgent .

- The fees of the demat events of the current month started <u>through the KID system</u> are included in the settlement invoice of KELER issued in the subsequent month. The higher fee payment obligation of urgent orders also applies to demat events started through the KID system.

- In the case of demat events started <u>in the eDEMAT system</u>,

  - when the Issuer uploads all documents to be made available in advance in eDEMAT

    - and submits the issuer instruction in an electronic form, the fees and charges stated in Section VI/17-19 of the [Fee Schedule](#) apply,

    - if the documents were made available in a printed format, the fees and charges stated in Section VI/20-22 of the Fee Schedule apply.

  - If the Issuer is unable to <u>upload</u> all required documents <u>in eDEMAT</u> (when even one document must be provided by KELER) and completes the execution with an electronic or a printed certificate, the fees and charges listed in Section VI/26-28 of the Fee Schedule apply.

The fee of the service initiated in eDEMAT is indicated on the basis of the data of the order in accordance with the effective Fee Schedule and cannot be changed in the interfaces of external contracted service providing banks.

KELER issues invoices for the service fees based on the invoicing data provided and the invoicing format requested (printed or e-invoice) by the fee payer.

If the date of the demat event to be executed with the physical involvement of the Issuer is cancelled within 3 days, and the event does not take place, KELER shall still charge the fee established for the demat event (first issuance, top up, cancellation).

11   Provisions of the legal regulations

The rules pertaining to the issuance and distribution of demat securities are laid down in the following legal regulations:

- o   Rules pertaining to the conversion of physical shares into dematerialised shares and dematerialised shares into physical shares:

  Section 3:214 (1) of the Ptk. [13]

  Sections 10-12/A, 34(4) of the Tpt.

- o   Rules pertaining to the conversion of shares:

  Sections 6(5), 10-12/A, 34(4) of the Tpt.,
  Sections 33(1)-(2), 35-40, 63(1) of the Ctv.[14],
  Government Decree 98/1995 of 24 August
  Section 6:574 of the Civil Code

- o   Rules of securities account contracts to be established with account managers authorised to keep demat securities accounts:

  Sections 10(3), 140-143 of the Tpt.

- o   Rules pertaining to certificates to be issued on demat securities:

  Sections 7(2), 8, (1)-(2), and 11(1) of the Tpt.,
  Government Decree 284/2001 of 26 December

- o   Rules pertaining to squeezing out procedures with public offering:

  Section 76/D of the Tpt.

- o   Concerning debt securities:

  Section 12/B of the Tpt.,
  Government Decree 285/2001 (XII.26.) on Bonds
  Act XXX of 1997 on Mortgage Banks and Mortgage Bonds

- o   Concerning investment units:

  Section 101 of Act XVI of 2014 on Collective Investment Undertakings and Their Managers, and on the Amendment of Specific Financial Rules (Kbftv.)

Should you need any further general information on the above, please contact us at e-mail address kibo@keler.hu.

Budapest, 1 December 2015

KELER Ltd.

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[13]Act V of 2013 on the Civil Code
[14]Act V of 2006 on Public Company Information, Company Registration and Winding-Up Proceedings