

# KELER Ltd.

## General Business Rules

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## I. General Part

### 1. Introductory provisions – KELER's capital market role

KELER is central depository operating in the form as provided for in the CSDR and Tpt., authorized to provide core central depository services, non-banking and certain banking-type ancillary services. The purpose of KELER is to create, modify and cancel Securities, keep the Central Securities Account, operate the Securities Settlement System and to act as an efficient background institution of the Hungarian capital market when providing other services. In the course of operation KELER fully complies with the principles of integrity and equal treatment and the basic principles defined in the European Code of Conduct for Clearing and Settlement by the association of the infrastructural institutions of the European capital markets.

According to Resolution No. H-EN-III-613/2020 of the Supervisory Authority, KELER is a central securities depository authorized under the CSDR and entitled to provide non-banking and certain banking-type ancillary services. On the basis of its authorization for operation, it can provide, in connection with its depository services, custody services other than depository covered by the Hpt. The rules pertaining to the services and the use of the services of KELER are regulated in this GBR and in other applicable Regulatory documents.

In line with the Tpt., the MNB Decree 20/2014 (VI. 3.) and the above order of the Supervisory Authority, KELER as central depository issues ISINs and is in charge of the central registration of Securities.

KELER qualifies as an APA and ARM under MiFID and MiFIR pursuant to Resolution No. H-EN-III-484/2017 of the Supervisory Authority.

KELER joined the Target2-Securities (T2S) securities settlement platform of the Eurosystem. Functional since 22 June 2015, as a supranational securities settlement system, T2S is designed to link the central securities depositories and central banks of the European Union. The rules for T2S settlement are set out in these Business Rules and in [Depository Announcement 9-20 on the Detailed Presentation of Settlement Orders](#).

KELER outsources certain activities in line with the laws. The scope of outsourced activities and the list of service providers are contained in Annex 1 of these Business Rules.

KELER charges the fees and costs for its services as set out in its current [Fee Schedule](#) and pays and charges interest on the balances of the accounts held by it for the deposit of funds, as set out in the [Interest Rate Schedule](#).

## 2. General provisions

### 2.1. Governing law and structure of the contractual regime, scope of the Business Rules

The operation of KELER is governed by the directly applicable laws of Hungary and the European Union. The legal relationship between KELER and its Clients is primarily governed by the contract for the provision of the service (including the Regulatory Documents forming part of the contracts), while the Hungarian law shall prevail in matters not covered by the contract.

These Business Rules shall apply to any contractual relationship which refers to these Business Rules or to the application of KELER's Regulatory Documents.

Detailed procedural rules and further provisions not covered by these Rules are contained in further KELER Regulatory Documents and other information documents. The List of Conditions, the Fee Schedule, the Central Depository Announcement and other regulatory documents of KELER constitute an inseparable part to these Business Rules. Unless expressly provided otherwise, if any Regulatory document, form or individual contract, statement refer to the application of these Business Rules, the reference is made to the application of all related regulatory documents.

In the event of a conflict between the provisions applicable to the contractual relationship between KELER and the Client, the provisions of the lower level Regulatory Document shall always prevail in the event of a conflict between the Regulatory Documents, and the provisions of the latter shall prevail in the event of a conflict between a Regulatory Document and a form or individual contract. In the order of precedence of the Regulatory Documents, these Business Rules and the Fee Schedule shall be the highest level, followed by the Depository Announcements and the List of Conditions.

These Business Rules and its amendments will be accepted by the Board of Directors of the KELER. Approval by the Supervisory Authority is required for the Business Rules (and their amendments) to enter into force.

Extraordinary situations and applicable rules if such situations occur shall be defined in the relevant procedure that KELER makes available to its Clients. KELER's Directorate provides information on the occurrence of extraordinary situations in the manner stated in the procedure referred to.

For contracts signed abroad it is crucial to arrange Apostille or if the given country is not a member of the Apostille convention, then a consular endorsement (unless the given country and Hungary have a bilateral agreement for the authentication and acceptance of documents). KELER in its discretion may depart from the above requirements. Pursuant to the eIDAS Regulation, a document with qualified electronic signature based on a qualified certificate issued in any EU Member State is recognised as a document with qualified electronic signature by KELER, if the signatory used the signature device of a qualified trust service provider listed by the given member state and contained in the list of trust service providers. [Private documents created electronically, including documents providing full and conclusive evidence under the Pp, but not containing the signature of the identified user or a signature equivalent therewith \(e.g. a document authenticated by AVDH\)](#)



are not recognized as documents with qualified electronic signature based on a qualified certificate issued pursuant to the eIDAS Regulation.

If KELER requires the written form for statements or contracts to be submitted, then departing from Section 6:70(2) and (3) of Ptk., for electronic documents KELER accepts the statements of the parties or their representatives only if they are submitted in an e-folder created by a legal counsel acting on the basis of a power of attorney. KELER does not accept hard copy documents, including statements of the parties or their representatives regarding dematerialized securities (Demat events).

## **2.2. Unilateral modification of the contractual terms and conditions**

In the event of amendments to these Business Rules and Regulations containing issues specified in MNB Decree 10/2009 (II. 27.) (or the legislation replacing it), and to the part of a public Regulatory Document affected by the aforementioned Decree (or the legislation replacing it), KELER shall provide its Clients with the opportunity to become acquainted with the amendments and to submit their comments in the manner and within the time limits described on the website. KELER shall allow at least 5 business days for comments, and at least 10 business days in the case of comprehensive or major amendments. The text of the modification can be reviewed with changes highlighted (track changes) in the prevailing version of the regulatory document.

KELER is not obliged to make public the planned modification of regulatory documents in the following cases:

- in the event of amendments to the rules on fees, commissions and charges (including the interest rate schedule);
- in case of changes to the type and extent of risk management tools defined in procedures;
- if providing the opportunity of giving prior opinion may prevent safe and efficient operation.
- if the Regulatory Document has been revised without amending the Business Rules.

Clients can send eventual comments on modifications to the email address [keler@keler.hu](mailto:keler@keler.hu). The Participants of the Settlement system operated by KELER may also send their relevant opinions and comments on the regulations to KELER through the User Committee.

For certain services provided by KELER (deposit services, maintenance of cash accounts for and acceptance of deposits from Participants in the Settlement system and securities account holders, cash operations involving foreign exchange and transferable securities related to the management of Participants' long position balances in accordance with the provisions of point 7 b) and e) of Annex I to Directive 2013/36/EU), unilateral amendments to the contracts forming the basis of the services, to the detriment of the Client, may be made only in the cases provided for in these Business Rules, in accordance with the provisions of the Hpt. Such unilateral amendment with negative effect for the Client can be based on:

- the change of legislation on or related to the activities, conditions of operations of KELER, MNB requirements or the change of other mandatory rules related to KELER,

- the adoption, change of rates and taxes related to the activity of KELER (e.g. taxes) or the increase of a payment obligation concerning an already existing public due (e.g. originating from an improper use of accounts) change in the rules on mandatory reserves,
- any change in the provision of services by KELER that results in cost increase related to the provision of services that can be evidenced,
- if the Board of Directors of KELER makes decision to increase fees with the rate of inflation published by the Central Office of Statistics.

Introduction of new services by KELER that are made available to the Client partly or fully is not considered an amendment of contract to the detriment of the Client.

If a product or service is terminated or modified, KELER is entitled unilaterally to offer the Client equivalent or higher level product or service instead of the product or service terminated or modified.

The amendment to the Regulatory Documents shall become part of the contractual relationship between KELER and the Client as of the date of its entry into force, unless, in the event of an amendment to the Regulatory Documents which is disadvantageous to the Client, the Client terminates the contract with KELER within 30 days of the entry into force of the amended Regulatory Document with reference to the amendment. The Client may exercise this right if it complies with the other conditions set out in these Business Rules. If the Client fails to exercise its right of termination within the time limit as a result of the amendment of the Regulatory Document, KELER shall consider that the Client has accepted the amendment of the Regulatory Document to the disadvantage of the Client, in which case the previously valid contract in force shall remain in force with the amended content.

For the purpose of implementation of the content of these Regulatory documents, the Client shall undertake to create internal regulations and cooperation with KELER and, if the Client is also a Clearing Member, with KELER CCP that are in compliance with the provisions of the regulations of these organizations and provide for compliance therewith.

## **2.3. Services of KELER, bank holiday**

### **2.3.1 Services**

#### **Basic depository services**

1. Initial recording of securities in a book-entry system ('notary service');
2. Providing and maintaining securities accounts at the top tier level ('central maintenance service');
3. Operating a securities settlement system ('settlement service').

#### **Non-banking ancillary depository services**

1. Services related to the settlement service, such as:
  - a) providing collateral management services, as agent for participants in a securities settlement system;

- b) the preliminary discussion of settlement data with the participants, order management, transaction confirmation, transaction verification.
- 2. Services related to notary and central maintenance services, namely:
  - a) services related to shareholders' registers;
  - b) processing of corporate events, including information services relating to tax and general meetings and (processing of corporate events as defined in Article 2(b) of Annex B of the CSDR, including information services relating to tax and general meetings);
  - c) new issue services, including allocation and management of ISIN codes and similar codes;
  - d) order management and processing, fee collection and processing together with related reporting.
- 3. Establishing CSD links, providing, maintaining or operating securities accounts in relation to the settlement service, collateral management, other ancillary services
- 4. Other services to improve the safety, efficiency and transparency of securities markets:
  - a) providing general collateral management services as agent;
  - b) providing regulatory reporting;

c) sale of data managed by KELER.

**Törölt:** LEI code issue;

**Formázott:** Normál, Nincs felsorolás vagy számozás

#### Banking-type ancillary depository services

1. Maintenance of cash accounts to participants of the securities settlement system and securities account owners and the acceptance of deposits from them in line with Section 1 of Annex I of Directive 2013/36/EU
2. The granting of cash loan to be repaid by no later than the next business day, the granting of cash loan as corporate action related to pre-financing and securities lending to the owners of securities accounts in line with Section 2 of Annex I of Directive 2013/36/EU (treasury service);
3. Treasury activities involving foreign exchange and transferable securities related to managing participants' long position balances in line with Section 7 b) and e) of Annex I of Directive 2013/36/EU.

#### Non-depository services provided under other legislation

1. Provision of depository services pursuant to Section 3 (1) j) of the Hpt.

#### 2.3.2 Suspension of service pursuant to Hpt. (bank holiday)

KELER reserves the right to declare a bank holiday for the activity pursuant to Hpt. (including partial activities) in any justified or otherwise necessary case.

If the date and consequences of the unavailability of the service provided pursuant to the Hpt. are foreseen, KELER shall inform its Clients - by announcing the bank holiday - on the date and

foreseeable consequences of the unavailability of the service at least 30 days prior to commencing the unavailability.

KELER shall report the unavailability of the service provided pursuant to the Hpt. to the Supervisory Authority at least 30 days prior to commencing the unavailability, if the unavailability does not exceed 4 days. If the unavailability exceeds 4 days, KELER shall report the unavailability of its service to the Supervisory Authority at least 60 days prior to commencing the unavailability.

KELER fulfils its obligation specified herein to inform its Clients by placing its announcement at the customer service, on KELER's website and in the KID system.

#### **2.4. Clients of KELER, access to KELER services**

KELER provides its services to legal entities which

- are entitled to use the service in question under the CSDR and the Tpt. or other applicable legislation,
- meet the requirements set out in the legislation and in the KELER Regulatory Documents,
- undertake to comply with the obligations imposed by KELER,
- comply with the material and technical conditions for the use of the service prescribed by KELER, and
- accept the terms and conditions set out in the KELER Regulatory Documents relating to the use of the service.

The following entities are entitled to use the services of KELER under the applicable legislation:

- Stock exchanges and extra-stock exchange trading venues,
- clearing houses,
- central securities depositories,
- central counterparty,
- participant of an organised market defined by law,
- Credit institution
- investment enterprises,
- commodities exchange service provider
- investment fund managers,
- Issuers,
- the Hungarian state,
- organizations managing state assets,
- the MNB,
- the European Central Bank,
- the Central Bank of any Member State of the EEA,
- deposit insurance systems,
- investor protection systems,
- resolution financing systems,
- payment institutions,

- electronic money institutions,
- credit institutions, investment enterprises with seat in another EEA Member State and any other institution that may act as a participant in a settlement system operating in another EEA Member State, and any third party credit institution that fulfils the requirements of Article 6 (1) of the Hpt., or investment enterprises, that fulfils the requirements of Section 4 (2) 39. of the Bszt., and
- any legal entity in the case of services relating to market reporting, data marketing,

KELER does not provide services to consumers, even if it comes into contact with consumers in the course of providing any of the above services to its clients.

In any case, the use of KELER's services (excluding JSIN issuing services [and non-core services provided to Issuers](#)) is subject to the Client having a valid LEI code at the time of and throughout the use of the service.

Considering security aspects, KELER reserves the right to deny access to certain services accessible on the internet from certain geographical regions or countries on the basis of the geographical location assigned to the IP address of the user. Users coming from such areas considered to be risky from the security point of view may request permission for their IP address by sending a message under the "Write to us" menu on [www.keler.hu](http://www.keler.hu) website.

The rules for the (access) use of the KELER Settlement system are set out in [Depository Announcement 9-01 on Access Management](#).

For Clients that are not Participants or Issuers, KELER shall maintain a Central Securities Account. The rules for the management of the accounts of a Client that is not a Participant or an Issuer are set out in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#). The Client shall submit to KELER, as a condition of the contract for a particular service, prior to signing the contract, the documents specified in the Depository Announcement of KELER for that service.

The Client is obliged to present the following documents in order to conclude the account agreement:

- Authentic company registration extract dated the past 30 days, or an original document issued by a registry authority as per the seat of the foreign client confirming that the foreign legal person or entity without a legal personality has been duly incorporated or registered under the laws of that country. If the entity is established by law, verification by the person authorised to represent the entity;
- the effective articles of association;
- the signed sample signature, or specimen signature countersigned by the legal representative, or other document verifying signature of the same by a representative acting in his/her representative capacity;
- form for the submission of signature;
- basic information of the contracting party;
- document evidencing right of representation of the representative of the Account Holder if the right of representation cannot be established based on the document regarding registration by authorities;

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any registered person or organisation in the case of services relating to LEI code.

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- document confirming the tax number, the statistical number, the effective LEI code of the Client, if these ID numbers cannot be ascertained from the document regarding registration by authorities;
- license issued by the supervisory authority, if the Client is engaged in activities subject to license from the supervisory authority;
- statements and questionnaires relating to the prevention of money laundering and terrorist financing, and the documents requested for verifying their content, documents for the verification of the identity and residence address of the representatives, persons with powers of disposal over the account, authorised persons, and beneficial owners, or the authenticated copy of these documents, as well as data sheets, in particular beneficial owner statement, data registration form;
- the Wolfsberg questionnaire completed to assess its anti-money laundering and anti-terrorist financing instruments, or the relevant form of KELER in the case of CSDs and service providers defined in the Pmt. who deposit funds or financial instruments on behalf of third parties in accounts held by KELER;
- statement and documents verifying tax residence (FATCA and CRS status);
- statement of identification from small and mid-sized enterprises;
- declaration on bank accounts linked to distributions, where relevant.

In addition, the Client (Participant, Indirect Participant) accessing the Clearing System must submit the following documents to KELER:

- In the case of a Participant, the Finality Proxy Authorization and Data Sheet pursuant to clause II. 4.1.4 of these Business Rules;
- In the case of a Foreign-based Participant and an Indirect Participant, a written declaration issued by the Foreign-based Participant on full compliance with the provisions of Sections 10 (ea), (eb), (ec) and (ed) of the Tvt.;
- In the case of a Foreign Participant established outside the EEA, KELER shall decide on the manner and extent of the verification of the fulfilment of the condition set out in Section 10(ed) of the Tvt. on a case-by-case basis, in accordance with the statutory purpose and request a country opinion issued by an external legal advisor or the legal manager and/or legal counsel of the Participant;
- a form for the notification of indirect Participants and, only in the case of an indirect Foreign Participant established outside the EEA, KELER shall decide on the manner and extent of the verification of the fulfilment of the condition set out in Section 10(ed) of the Tvt. and request a country opinion issued by an external legal advisor or the legal manager and/or legal counsel of the Participant and/or the indirect Participant;

KELER will accept documents and statements submitted in accordance with the following formal requirements:

- in original on paper or
- in an electronic document containing the qualified electronic signature of the person or authority authorised to issue the document, or
- in certified authentic copies.

A copy of a document is considered authentic if

- a) a) it has been certified by a notary public or by a Hungarian foreign mission in accordance with the relevant provisions of the Kjt. on the attestation of certification of copies, or
- b) the copy was prepared by an authority of the country where it was issued, if such authority is empowered to make certified copies and - unless otherwise provided for by an international agreement - the competent Hungarian foreign mission has provided a confirmatory certification of the signature and seal of the said authority.

In the case of a document issued abroad, in the absence of a bilateral agreement with the country concerned, KELER may request the production of an original or a certified copy of the document, attested by the Hungarian diplomatic mission or consular authority of the country where the document is issued, or of the Apostille certificate pursuant to Law Decree 11 of 1973 on the waiver of the requirement of diplomatic or consular authentication (supersession) of authentication of public documents for use abroad, signed at The Hague on 5 October 1961.

In case of electronic documents issued abroad, KELER accepts Electronic Apostille certificate if Hungary has joined the relevant international Electronic Apostille Programme (e-APP). Public instruments intended to be used in a third country and issued by an authority in electronic format may be provided with electronic Apostille certificate (e-APP certificate). An electronic registry also forms part of the e-APP, containing the registration numbers of all electronic Apostille certificates. By the help of this, KELER can check the authenticity of the submitted electronic instrument.

For documents drawn up in a language other than Hungarian or English, a certified translation of the document, issued by a person authorised to carry out certified translations in the place where the translation was made, must be attached.

In assessing and checking documents, KELER will take into account the provisions of the Pmt., and the relevant regulations, recommendations of the Supervisory Authority, the 40+9 recommendations of FATF, and the provisions of Directive No. 2015/849 of the European Parliament and the Council.

Based on the authorization granted by law, KELER applies a simplified client due diligence procedure in the cases specified in its internal risk assessment, during which it may waive the presentation of certain certifications specified above on the basis of risk sensitivity.

## **2.5. Establishment and termination of the contract, legal succession**

The contractual relationship between KELER and the Client shall be established by the signing of the form or individual contract and shall enter into force upon signature, unless otherwise provided for in the form or individual contract.

KELER shall provide its Services on a non-discriminatory basis. In the event of the absence or inadequate verification of the conditions provided for in these Business Rules, in the relevant depository announcements and in the legal regulations, or in the cases specified in the financial and economic restrictive measures of the European Union and the Security Council of the UN, KELER is entitled and obliged to refuse or suspend providing the service.

For the enforcement of the financial and economic restrictive measures of the European Union and the Security Council of the UN, KELER may request the Client to make a statement or fill in a

questionnaire pursuant to the “Know your Customer” principle, and the Client shall be obliged to fulfil this as a condition of using KELER’s services.

KELER is not obliged to conclude the contract. KELER may terminate the suspension of providing its services if the circumstances justifying the suspension are terminated.

If the Participating Client fails to comply with the access criteria set out in [Depository Announcement 9-01 on Access Management](#) and the documents and declarations submitted in support of compliance with the access criteria, KELER may suspend or withdraw the Participating Client’s access as set out in [Depository Announcement 9-01 on Access Management](#).

The contract for using the service provided by KELER shall terminate with the termination of any Contracting Party without legal successor on the basis of final court ruling.

KELER (together with the relevant CCP and trading venues) may also suspend the access of a Participant or Account Holder (Client) accessing the Settlement System if the Client consistently and regularly fails to deliver the Financial Instruments on the scheduled settlement date. Prior to the suspension, KELER shall provide the Client with an opportunity for consultation to submit its comments.

KELER shall be entitled to suspend or refuse to provide any service (including the execution of all orders of the Client) in the event of a delay in payment by the Customer exceeding 30 days and in the cases provided for in these Business Rules and in law, and the Client shall bear all damages and losses resulting therefrom and shall reimburse KELER and other Clients of KELER. The period of suspending the service is not included in the period of administration by KELER.

Unless otherwise provided for in the standard or individual contract for the service permanently used by the Client or in the relevant KELER Regulatory Document, KELER shall be entitled to terminate the account management contract by unilateral written notice to the Client for the last day of the month following the date when the notice of termination takes effect, i.e. the date of receipt of the notice by the Client, without specifying any reason. The account management contract shall terminate on the last day of the month following the month in which the notice of termination takes effect. During the notice period, the account management contract shall continue in full force and effect, however, KELER shall execute orders only in the month in which the termination takes effect, whereas the penalty incurred shall be settled in the subsequent month. The Parties may also agree on a different notice period in writing.

Unless otherwise provided for in the form or individual contract for the service permanently used by the Client or in the relevant KELER Regulatory Document, KELER shall be entitled to terminate the contract other than an account management contract by unilateral written notice to the Client with 30 days’ notice without giving any reason, the contract other than an account management contract terminating on the last day of the notice period. During the period of notice, the contract other than an account management contract shall remain in force, but KELER shall only be obliged to execute those orders which can be executed during the period of notice.

The Client shall be entitled to terminate the account management contract concluded for the permanent use of service by unilateral written notice to KELER for the last day of the month

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following the month in which the termination takes effect, i.e. the month following the date of receipt of the termination by KELER, without giving any reason. The account management contract shall terminate on the last day of the month following the month in which the notice of termination takes effect. During the period of notice, the account management contract shall remain in force, but KELER shall only execute orders in the month in which the termination takes effect, whereas the penalty incurred shall be settled in the subsequent month. The Parties may also agree on a different notice period in writing.

The Client may terminate the contract other than an account management contract for the use of the permanent service by giving 30 days' notice in writing, unilaterally and without giving any reason. The Parties may agree on a different period of notice.

The Client acknowledges that the termination of the contract by any means shall not eliminate the Client's outstanding debts to KELER, which shall become due in one lump sum on the date of termination of the contract.

The Client may exercise its right of termination only if it

- a) it has fulfilled all its obligations under the contract and the law,
- b) has arranged for the transfer or transfer of the entire balance remaining in the account held by KELER and affected by the termination.

The contract between KELER and the Client shall be terminated without a declaration of the Parties, even in the event of termination of the service which is the subject of the contract, on the date of termination of the service, of which KELER shall notify the Client in advance if possible, or immediately if not possible.

In the event of a serious breach of the contract by the Client, KELER shall be entitled to terminate the contract with immediate effect by a unilateral written declaration, in which case the contract shall terminate on the date of the notice of termination. A serious breach of the contract shall be deemed to be a breach by the Client of a material provision of the contract, in particular, but not limited to, the cases set out in Chapter 2.6.

In case of a change in the operational permit of KELER or in case of change in legislation, KELER has the right to terminate the contracts with ordinary notice or to discontinue them in any other way, which KELER may no longer maintain under the changed operational permit or legislation. If the provision of such a service is contrary to law, the relevant contract shall be terminated as from the date of entry into force of the change in the law or the change in the scope of the authorised activity, without any further legal declaration by the parties.

If the Client is no longer entitled to use the services of KELER as a result of any change in its legal status or activity (in particular, if the Customer's activity licence under which it is entitled to use the service is revoked or otherwise ceases to be valid), KELER shall be entitled to terminate the contract with immediate effect.

In case of acquisition (spin-off) of the Participating Client - including acquisition by a foreign parent company) - and parallel with this, the foundation of a branch site - and in case of merger and

demerger, the legal successor Participating Client will become a legal successor of all legal relationships. In case of a Participant seated abroad, for assessing the legal consequences of succession, KELER may request a legal statement (legal expert opinion) issued by an external legal adviser or by the Participant's legal manager and/or legal adviser.

In case of acquisition or spin-off, the legal successor continuing the legal relationship and in case of merger, the general legal successor shall issue an access statement and hand it over to KELER, except for the case of acquisition by a foreign parent company and the parallel foundation of a branch site.

In case of corporate law conversion by legal succession, if required, the legal predecessor and KELER terminate their contracts that have become devoid of purpose with mutual consent.

## 2.6. Use of KELER's services, breach of contract, liability

KELER shall provide its services on the basis of a contract (standard contract or individual contract) concluded with the Client. If the Customer fails to enter into a new contract within one year of being requested to do so by KELER in the event of a change to the standard contract, KELER shall be entitled to terminate the contract in force. The Client may use KELER's services for the purpose for which they are intended and in compliance with the provisions set out in the contract.

KELER and the Client shall cooperate in order to continuously and mutually perform contractual obligations, accordingly they provide each other with the information specified in the contract, and furthermore they undertake to notify each other of any change in their data immediately after becoming aware of them.

The Client shall not use the services of KELER for any unlawful or prohibited purpose and acknowledges KELER's information that any breach of the legal and contractual provisions governing the use of the depository services (including any default) may cause significant damage to other Clients of KELER and third parties, for which the defaulting Client shall be liable without limitation and shall indemnify KELER in respect of any loss suffered by KELER as a result of, arising out of or in connection with such conduct of the Client.

Client acknowledges that the KELER systems shall not be used for any forbidden purposes or for the circumvention of laws. It is forbidden to use KELER systems in such way that could lead to an injury, operational disturbance, overloading or any other harm for any server of KELER, in any networks connected to KELER servers or that would prevent any third party in using KELER services. The Client shall refrain from hacking or password phishing or any other method and shall not try to access any KELER service, other accounts, or computer systems / networks connected to a KELER server or KELER services without authorization. It is forbidden to attempt to obtain or to obtain such materials or information that was made available by KELER in its services without the intention to do so.

If the Client fails to comply with the conditions for the use of the service set out in KELER's Regulatory Documents, but the contract is not terminated as a result, KELER shall call upon the Client to restore compliance, for which it shall grant a reasonable period of time. If the time limit

expires without compliance, KELER shall suspend the provision of the relevant service (including the execution of orders) until compliance is restored. Serious breaches of contract shall include, but are not limited to the following:

- a) Client fails to pay an outstanding debt to KELER, despite a payment reminder in due time;
- b) the Client engaged in a conduct that severely endangered the interest of KELER or breached the contract or stipulations of the contract in such way that it cannot be expected from KELER to maintain the contract (including, but not limited to, the obligation to use the services as intended);
- c) the Client uses the services of KELER for a purpose that is contrary to law or prohibited;
- d) on account of the omission or bad faith action of the Client, KELER is unable to perform the customer due diligence measures;
- e) the Client deceived KELER by providing false information or statement;
- f) the Client fails to fulfil its contractual obligations or to remedy the omitted act or to remedy the situation which does not comply with the provisions of the contract or the law, at the request of KELER;
- g) the Client fails to comply with its obligation to notify KELER immediately in the event of a cyber-attack or security incident posing a risk to KELER's systems;
- h) the Client or any person in which the Customer or the Client's controlling shareholder has a controlling interest or which has a controlling interest in the Client terminates any contract with KELER or the KELER CCP for breach of contract.

KELER shall also terminate the account agreement with a 30- day notice if the Account Holder's right to dispose of its account is continuously suspended for a period exceeding 3 months.

In the event of breach of contract, KELER shall be entitled to take the following measures:

- a) refuse to provide services to the Client under the contract (including suspension of orders); and/or
- b) exercise all rights and remedies available to it under the laws and regulations in force at the time and the Regulatory Documents of KELER; and/or
- c) recover damages (including direct and consequential damages and loss of profits) suffered by KELER; and/or
- d) terminate the contract with immediate effect in the event of a serious breach of contract, in which case KELER shall not provide any further services to the Client under the contract.

In the event of termination of the contract, all payments due by the Client shall become due, together with any interest and charges accrued up to that time.

Any delay or abstention by KELER in exercising any right granted by law or by the Contract shall not constitute a waiver of such right and KELER shall in any event retain the right to exercise without limitation any right granted by law or by the Contract.

KELER shall be entitled to debit the Cash Account of the Client holding a Cash Account with KELER's claims against the Client on the basis of the Client's authorization granted in these Rules or, in the case of a Credit Institution, to debit the Credit Institution's cash account with the MNB via VIBER. The Client's own assets deposited with KELER shall serve as security for KELER's claims against the Client.

On the basis of the authorization set out in Section 338 of the Tpt, KELER is entitled to enforce its security interest in the accounts held by it, to take enforcement measures. The bail of KELER is not terminated by the start of the proceedings to restrict payment against the Client.

## **2.7. Notifications**

### **2.7.1. Notifications by KELER**

KELER will forward notices to the Client electronically, (also including SWIFT and KID messages), mail or by phone in accordance with the provisions of the present Rules and the contract concluded with the Client. Unless otherwise provided by applicable law or the Regulatory Documents, KELER will communicate its notices to a wide range of Clients and general notices to Clients by posting them on the KELER website and by making them available on its electronic client contact interfaces.

KELER maintains the right to furnish documents with qualified electronic signature or with advanced electronic signature based on a qualified certificate.

KELER shall provide the option of transmitting data by encrypted electronic mail through encrypted channels.

KELER shall not be liable for any damage resulting from the failure of delivery by post or, except in the case of outsourcing activities, from the malfunctioning of publication sites not operated by KELER.

KELER is not obliged to send documents, notifications to the Client by registered mail or with acknowledgement of receipt. The signed off list of items sent or the postal receipt are proof of sending.

Once the usual mailing time is over KELER is entitled to consider that the addressee received the notification or the document. KELER shall consider 5 (five) calendar days for domestic delivery and 10 (ten) calendar days for delivery abroad as the usual postal time, after which the consignment shall be deemed to have been delivered, irrespective of any obstacles to delivery, provided that the attempted delivery was made at the Client's registered office or at the last delivery address indicated by the Client. A postal item shall be deemed to have been delivered even if the Client has refused to accept it on the day on which the Client refused to accept it.

In addition to postal delivery, at the case by case written request of the Client KELER also faxes notices to the Client. Notification by fax shall be deemed to have been forwarded if proof of transmission is provided by KELER and shall be deemed to have been received on the date indicated in the confirmation of delivery.

If the electronic communication of regular provision of data by KELER requires encryption or digital authentication KELER informs the Client requiring the data thereof, and the Client is responsible to ensure the existence of necessary technical conditions on its side. KELER shall not be liable for any damages suffered by the Client or third parties as a result of messages transmitted without

encryption or digital authentication due to the lack of technical conditions to be provided by the Client.

The Client shall notify KELER in writing without delay but at the latest on the business day following the planned receipt if any notification expected by the Client from KELER is not received in due time. Should the Client fail to meet this obligation of notification KELER assume no liability for any resulting damage, and the Client may not claim omission of notification.

KELER shall publicly publish all Regulatory Documents affecting Customers and, in the event of amendments thereto, their current versions, at its registered office, in its premises open to Clients, on the KELER website, on the KID and on a public electronic system operated or recognised as such by the Supervisory Authority ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)).

KELER's other Regulatory documents are in Hungarian, however, in the case of these Business Rules, the *Fee Schedule*, the *List of Conditions*, the *Regulation on the Management of Extraordinary Situations* and the applicable *Complaints Handling Regulation*, KELER will also publish on its website an English translation of these Regulations. Upon individual request KELER provides information on the availability of the English version of other public regulatory documents. In case of difference between the Hungarian and the English versions the Hungarian version shall prevail.

#### 2.7.2. Notifications of the Clients

Any written message for KELER - except for electronic communication - should be sent to the mail box of KELER or to the registered office of KELER or can be submitted personally to the Client Service of KELER in the hours of operation of the Client Service.

At the request of the Client KELER provides a certificate confirming receipt of the parcel, KELER will sign the certificate to prove authenticity.

The Client is obliged to advise KELER without delay if:

- a) the Client becomes aware of any important facts, circumstances relating to the contract concluded with KELER as well as of any change therein,
- b) the Client wishes to involve a Settlement agent to provide for the settlement of its transactions,
- c) it submits an application to the court for bankruptcy or winding-up proceedings, reorganization or restructuring proceedings, winding-up proceedings, compulsory winding-up proceedings or any other proceedings are initiated against it resulting in its winding-up,
- d) any change occurred in the person of an executive officer (non-appealable decree on registration by the court of registration or a certificate of incorporation also containing the changes that is not older than 30 days, original or certified copy of the specimen signature),
- e) any change in the registered office, branch office, company name, legal status, the official documents (non-appealable decree on registration by the court of registration or a certificate of incorporation also containing the changes that is not older than 30 days, original or certified copy of the specimen signature),
- f) there has been a change in the persons or particulars of the persons authorised to sign or to act as contact persons,

- g) in the case of Clients holding a supervisory licence in the event of the withdrawal of the authorization of the Supervisory Authority or a change affecting the use of its services,
- h) any change in the data provided in relation to the execution of obligation stipulated in the Pmt. (within 5 business days of becoming aware of the changes),
- i) there is a change in the documents and statements submitted to verify fulfilment of access criteria and in substantiating fulfilment of the access criteria that results in non-fulfilment of the access criteria.
- j) a notification obligation arises for the Participant in the Settlement System as set out in Chapter II.4.1.4 of these Business Rules;
- k) it identifies a cyber-attack or security incident that poses a risk to KELER's systems.

If KELER finds during the action that the Client did not meet its obligation of notification, KELER contacts the Client in writing and by setting a reasonable deadline subject to announcement to be submitted to the Supervisory Authority or the competent court or initiation of judicial review proceedings call the Client to make the necessary steps.

Should the omitted notification not be sent or other measure not be taken by the deadline set, for the purpose of restoring the lawful operation KELER applies the other legal consequences of the breach of contract and notifies the Supervisory Authority, BSE, KELER CCP, the competent registration or supervisory body on the fact that the Client fails to observe the legal provisions and the provisions of its articles of association in respect of its organization and operation.

The Client is liable for any damage arising from the failure to provide notification.

If the Client itself is a central securities depository or other capital market infrastructure, then the Account holder undertakes to inform KELER on the critical service providers they use, and undertakes to ensure that their governance system and governance processes do not result in disruption to the services of KELER, including risk management agreements and the terms on use without discrimination.

## **2.8. KELER's client relationship systems**

KELER provides electronic communication facilities to Clients for its account management services (including in particular the submission of orders and the receipt of notifications from KELER) through the KID system and its SWIFT network. The specific services of KELER may be used through specific electronic systems as defined in these Business Rules.

KELER operates client relationship management processes and IT systems for the core services, the general conditions for the availability of which are set out in [\*Depository Announcement 9-12 on the Availability of Client Relationship Management Systems for the Core Services of the Central Securities Depository\*](#).

The Client may use several electronic client relationship management systems at the same time, provided that the Client must use the same electronic customer relationship management system in the case of related orders (basic order, cancellation, suspension, etc.). The detailed specifications

for the default communication channel are set out in *Depository Announcement 9-22 on the Detailed Rules for Account Management*.

If any electronic communication client relationship system is not available, the Client acknowledges that in case of substituting email advice KELER is not liable for damage arising from sending unencrypted advice or forwarding the advice without digital authentication.

In the event that KELER suspects or detects fraud or a security threat to its systems, it will inform Clients in accordance with the [Depository Announcement 9-10 on Secure Procedures for Notifying Clients in the Event of Suspected or Detected Fraud or Security Threats by KELER](#).

KELER does not assume any liability for improper management and use of its systems, e.g. failure to keep user names and passwords / login codes confidential. Clients shall act in line with KELER instructions in the case of security threats, detected or suspected frauds.

The Client acknowledges that KELER has no control over the Client's device and its operation, and therefore the use of KELER's electronic customer communication systems and other electronic channels may be at risk in the event of inadequate or malfunctioning of the Client's device. The Client acknowledges that all risks arising from the inadequate or malfunctioning of its own IT equipment shall be borne by the Client and that KELER shall not be liable in any way whatsoever in connection therewith.

In case of errors or abnormal operation of the electronic client relationship systems or events reported by the Client, KELER is entitled to check on site (at the Client's business site) the operation of the electronic client relationship system.

#### 2.8.1. Operation of the KID system

The KID system is to be utilized in line with the method determined in [the eIDAS Regulation](#), the Rules and form contracts of KELER. KELER provides access to the KID system on the Internet also.

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The terms of use of KID are set out in the relevant contract and the KID User Manual.

#### 2.8.2. Sending and receiving SWIFT messages

KELER allows communication via the SWIFT network as an alternative to KID for certain securities and cash account services.

Orders can be sent to KELER according to the rules published on the SWIFT MyStandards portal, and notifications and statements are sent by KELER in the format published there.

#### 2.9. Enforcement of KELER's claims

KELER may, upon the Client's acceptance of these Business Rules, and based on the Client's authorization given by signing the Contract, without any specific provision of the Client, but upon notification of the Client, debit the Client's account kept with KELER at its disposal, with the amount of fees, extra charges, interest, commissions and costs relating to its services, as well as

any other claims of KELER and costs incurred in connection with the enforcement of claims, in accordance with these Business Rules, and in cases provided for by law. If a foreign intermediary (e.g. custodian) is involved in the course of providing service by KELER to the Client, KELER automatically passes to the Client additional extra costs (e.g. registration cost, stamp duty, foreign tax, etc.) invoiced to KELER by the foreign intermediary in addition to the costs of the transaction.

If the Client has an overdue debt owed to KELER, any payment made by the Client (regardless of which debt the Client intended to settle) shall be credited by KELER at its own discretion to the overdue debt, regardless of when the debt became due. When settling debts, KELER applies the order specified in the Civil Code, i.e. if the amount paid for settling the debt is not sufficient to settle the total debt, KELER will account it first against costs, then against interests and finally against the principal debt.

In the event of the recovery of an overdue debt from the Client, KELER shall be entitled to take the following measures:

1. In case of any liability outstanding after the due date under any title referred to in this Point KELER will send a written call to the Client to settle the liabilities. The assets of the Client owned by the Client shall serve as security for any outstanding claims (whether or not time-barred) of KELER against the Client. KELER shall be entitled to block the Client's own free assets deposited with KELER to the extent necessary and shall notify the Client thereof in writing without delay. The security over the assets shall be created by Blocking.

The necessary amount is the amount foreseeably required to cover the actual outstanding debt plus any additional interest and costs to be incurred in the future, which in total shall not exceed the amount of the outstanding debt plus 20%. In the case of securities pledged as collateral, the valuation of the securities shall be carried out by KELER through KELER CCP Ltd..

The security shall cover the Client's own assets at any time available for free disposal as long as the debt remains outstanding. KELER shall only maintain the Blocking up to a maximum of 120% of the current debt.

2. After the expiry of the time limit specified in the notice, KELER shall, in the case of Clients with a Cash Account at KELER, debit the Cash Account with the amount of the debt plus default interest and other charges (e.g. a surcharge for recovery costs) as set out in the Fee Schedule, for which the Client authorises KELER by signing the contract. In the case of a credit institution, KELER shall debit the account of the credit institution with the MNB on the basis of the authorization given by the credit institution as the Client in accordance with these Business Rules.
3. If the Client fails to settle the debt despite the demand and the Client's unencumbered funds held by KELER do not cover the debt, KELER shall sell the defaulting Client's assets offered to KELER as security, which shall be used to settle the debt.
4. If, as a result of the above steps, its claim is not or not fully recovered, KELER shall be entitled, even without terminating the contract, to initiate legal or non-legal proceedings to recover the claim or to sell the claim. Compulsory proceedings (order for payment, enforcement proceedings, liquidation, litigation, etc.) may give rise to additional costs, which will also be charged to the Client with the overdue debt.



In the event of late payment of the Client's debt, KELER will charge interest on arrears at the rate set out in the Fee Schedule and a recovery fee in accordance with the Bktv. from the date of default until the date of payment.

#### **2.10. Right of control of KELER**

KELER is entitled to conduct a control at the Client (including onsite control) as follows:

- a) verify compliance with the terms of the contract and the law,
- b) in the event of a breach by the Client of the terms of the contract and the law,
- c) in the event of an increase in the risk arising from participation in the Settlement system.

In order to enable KELER to monitor compliance with the rules and procedures on organizational requirements and control mechanisms, the Client is required to provide the data, information requested by KELER as requested and by the time stated in the request.

### 3. Account management activities of KELER

#### 3.1. Purpose limitation of account management

As a CSD under the CSDR, the account-keeping activities of KELER are exclusively related to its authorised activities.

Within the framework of its account management activities, KELER maintains Central Securities Accounts for its Clients and Cash Accounts and Deposit Accounts for the deposit of funds in HUF and certain currencies other than HUF.

For the purposes of these Business Rules and related Depository Announcements, Clients for whom KELER maintains a Central Securities Account, a Cash Account or a Deposit Account are considered Account Holders. For detailed rules and information on the management of accounts by KELER, please refer to [Depository Announcement 9-22 on the Detailed Rules for Account Management](#).

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#### 3.2. Account contracts

KELER will provide the service in question subject to the signature of the contract in the name of the company by both parties, as from the date of entry into force of the contract, with the proviso that the Central Securities Account type "D" will be opened automatically by KELER.

KELER provides services available for Clearing Members only to persons in a clearing member legal relationship with KELER CCP.

The electronic client relationship system related to the account maintenance services of KELER can be used following completing the applicable form contract and the necessary forms.

#### 3.3. Central Securities Accounts

KELER shall open and maintain a Central Securities Account in connection with its core securities depository activities (authentication service, central account management service and settlement service).

The use of certain services provided by KELER is subject to the opening or existence of certain types of Central Securities Accounts, and therefore KELER opens these accounts automatically on the basis of the Central Securities Account Management Agreement.

The Account Holder is entitled to open several Central Securities Accounts. The structure of securities accounts managed by KELER is contained in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#). If relevant, the individual sub-accounts of the Central Securities Account are not considered as separate sub-accounts, but are used for the separate recording of the holdings registered in the Central Securities Account within the Central Securities Account.

KELER's management of the Central Securities Account ensures that all Account Holders are able to segregate the assets owned by them from those owned by their clients (Principals). It is the

responsibility and obligation of the Account Holder to ensure the proper classification and use of each securities account, as set out in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#). The Account Holder, simultaneously with the Blocking of the securities account, may seek to receive an ownership certificate from KELER as regards the dematerialized securities owned by it and the Securities Account. After the issuance of the ownership certificate - and a certificate of deposit of the Blocking - KELER shall only transfer the change in the dematerialized security in the Securities Account upon simultaneous revocation and cancellation of the ownership certificate and release of the blocking of the account. Only a certificate of deposit may be issued in respect of principal accounts.

The ownership verification shall contain the company name of the company limited by shares, the type of shares, the number of shares, the company name and due signature of the manager of the securities account, the name of the shareholder and their residence/seat. The ownership verification for the participation in the General Meeting shall remain valid until the day of the General Meeting or repeated General Meeting.

Further detailed rules and information on the Central Securities Accounts are set out in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#).

### 3.4. Cash accounts

Cash accounts managed by KELER are deposit-type settlement accounts that are not deemed as payment accounts. By opening the cash account, KELER undertakes to return the sum placed by the Account Holder on the cash account at his/her request, and accounts interest thereon. The positive balance of the cash account is deemed as a deposit.

The Cash Accounts required for the use of the services of KELER shall be opened by KELER on the basis of a contract to that effect and the opening of a Cash Account shall be a prerequisite for the use of any service in connection with which KELER executes payment orders for the benefit of or on behalf of the Client. The detailed rules relating to the Cash Accounts are set out in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#).

Deposits on the cash account are bearer deposits, and KELER handles no personal data in this context.

KELER accepts at least HUF 1 as a deposit or the minimum bookable amount specified in the relevant currency denomination. For the purposes of calculating the FX sum, the official FX rate quoted by the MNB is used.

Deposits held in the Cash Accounts are deposits insured in accordance with the Hpt.

The deposit insurance is not available in relation to deposits made by budgetary entities, local municipalities, insurers, reinsurers, voluntary mutual insurance fund, private pension funds, investment funds, investment fund managers, Pension Insurance Fund, and the management entities of them, the pension insurance administrative body, the separate state funds, financial institutions, and money transaction institutions, MNB, investment companies, stock exchange members, commodity service provider, compulsory or voluntary deposit insurance, institution protection,

investor protection funds, and the Guarantee Fund of Pension Funds, and the foreign counterparts of these entities.

In addition to the foregoing, deposit protection also covers deposits of local municipalities, and budgetary entities of such municipality, if the balance sheet grand total of such an Account Holder - based on data in its annual report for the past two years - does not exceed EUR 500,000, which is to be calculated using the official FX exchange rate quoted by the National Bank of Hungary for the last business day of the year preceding the subject year by two years.

In addition to the foregoing, deposit protection does not cover deposits held by a court in its final and conclusive judgment that it is from money laundering, as well as the adjusted capital of the credit institution, and debt securities issued by a credit institution and their proprietary notes.

### 3.5. Custody accounts

A custody account is an account defined in Sections 12 (2), 12 A (9), 47 (7) and 76/D (3) of the Tpt. for the registration of collaterals for Issuer yield payment accounts pursuant to Section 147 (1) of the Tpt., and collateral (guarantee fund) accounts relating to settlement services, and for spot commodity market transactions. The balance of the Custody account is not deemed to be a deposit, and will not count as part of the liquidation assets of KELER.

The opening of a Custody Account is subject to the conclusion of the relevant account agreement.

In case of custody accounts, KELER will have the right to take the balance of the account subject to the preliminary notification of the Account Holder.

The detailed rules for custody accounts are set out in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#).

### 3.6. Account management in a currency other than HUF (Foreign currency account management)

KELER maintains foreign currency accounts for Account Holders in the currencies specified in [Depository Announcement 9-27 Information on the management of KELER Cash Accounts \(general rules, list of correspondent banks and account numbers\)](#).

For making use of foreign exchange based settlements, KELER opens a -accounts segregated by currencies thereunder. When opening the foreign exchange account KELER opens automatically the accounts in the currency necessary to settle the transactions cleared by the KELER CCP. Identification of each account is by providing the IBAN identifier and the currency.

Within the range of the registered currencies KELER shall be entitled to determine so-called settlement currencies (both for international settlement and settlement within KELER) and to accept settlement transactions and currency conversion transactions exclusively for the currencies defined.

The detailed rules for the management of foreign currency accounts are set out in [Depository Announcement 9-27 Information on the management of KELER Cash Accounts \(general rules, list of correspondent banks and account numbers\)](#).

### 3.7. Interest calculation

KELER pays or charges (in the case of negative interest) interest on the balances on the cash account at the interest rates published in the [Interest Payment Schedule](#) on a monthly basis. The yield on the collective guarantee accounts is distributed each year.

Manner of calculating interest:

$$\frac{\text{positive balance of account} \times \text{annual interest rate in \%} \times \text{number of calendar year}}{36000}$$

The shortest period on which interest accrues is 1 day, unless otherwise agreed to.

In case of termination of account, KELER calculates no interest for the last day of the period.

The current rates of interest are set forth in the [Interest Payment Schedule](#) of KELER. KELER shall be entitled to unilaterally amend the content of the [Interest Payment Schedule](#).

### 3.8. Segregation of securities accounts

KELER guarantees segregation at own and Principal level on the securities accounts managed. The Account Holder is responsible for the appropriate classification of accounts. The accounts opened automatically by KELER for the Account Holder's part shall be segregated according to their purpose, which cannot be changed by the Account Holder.

In case of KELER's liquidation, the securities deposited by the Account Holders and the securities registered on the securities accounts of the Account Holders do not form part of the liquidated assets. If the aforesaid client assets owned by the Clients cannot be returned to the Clients in whole or in part, then - deviating from the settlement order specified in Section 57 of the Bankruptcy Act - the claims of such clients shall be settled first after the settlement of the liquidation costs from the assets of the central depository.

For further information and detailed rules related to the segregation of securities accounts, including information on insolvency cases, please refer to the [Depository Announcement 9-22 on Detailed Rules of Account Management](#).

### 3.9. Disposal over the account

Unless law or an authority's decision expressly provides otherwise or in lack of any authorization of the Account holder, KELER shall accept any instruction to an account exclusively from the Account Holder. The detailed rules on the disposal of the account and the notification of the right of representation are set out in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#).

KELER considers that instructions submitted via client communication system are given by persons with right to dispose over the account. The Account Holder is responsible to ensure that only persons authorized by the Account Holder for this purpose can access instruments for providing via client communication system instructions.

In the case of certain orders, the Account Holder may grant a separate authorization to a third party (authorized entity) to send orders to and receive notifications from the KELER securities settlement system via the SWIFT network to his account. The authorised entity is registered by KELER on the basis of the BIC code of the authorised entity.

KELER executes debit transactions exclusively up to the amount of available balances (over and above the blocked items) on the account of the Account Holder.

KELER shall not, as a general rule, make any partial settlement of debits to the Cash Account, unless this is justified or expressly permitted by a Regulatory Document or legal provision of KELER. In the Settlement System, partial settlement of transactions can take place at the level of the individual order on the basis of such a provision by the Participant submitting the order, even if partial collateral is available on the securities side.

In order to fulfil the payment obligations arising from these Business Rules, KELER shall be entitled to submit payment orders in HUF to the MNB for execution on behalf of the Client in the name of the Client in the VIBER system in the case of a Credit Institution.

Without separate instruction or approval by the Account Holder but with notification sent to the Account Holder, based on authorization of the Account Holder provided under these Rules, KELER corrects credit and debit items that arise due to error by KELER.

On the basis of the authorization given by the Account Holder in these Business Rules and without the Account Holder's specific instructions, but subject to the Account Holder's notification, KELER shall, on the basis of the Issuer instructions, execute the cancellation of dematerialized securities against the Client's Central Securities Account. Upon the execution of the Demat Event involving the cancellation, KELER shall release the live blocked items in the Central Securities Account pending and the partially settled items shall be automatically cancelled by KELER.

KELER shall be entitled, on the basis of the Client's authorization granted under these Business Rules, to make debits and credits in connection with the settlement on the Client's Cash Account or sub-accounts without the Client's specific instructions.

The detailed information and deadlines relating to the submission of each type of order shall be published by KELER in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#).

### **3.10. Proper use of accounts**

As KELER opens and maintains Cash accounts other than as payment accounts as per the Pft., the Account Holder accepts that s/he may use the Cash account managed by KELER for the Account Holder only in a proper manner, and may not dispose over the account otherwise.

Use of accounts by the Account Holder is deemed proper when the instruction given by the Account Holder is for the implementation of money flows relating to settlement orders that may arise in the scope of activities covered by KELER or KELER CCP, or for the transfer of the cash account balance to the account of the Account Holder held at another bank.

In investigating an instruction raising the suspicion of improper use of account, if so requested by KELER, the Account Holder must furnish KELER with documents proving proper use of the account, and KELER will have the right to suspend the completion of the order during the term of such investigation. KELER has the right to dispense or suspend the fulfilment of instructions relating to accounts used improperly.

In view of the foregoing, the Account Holder - unless otherwise provided by law or the present Business Rules - may dispose over the free balance of the cash account at any time.

The Account Holder of an account with principal segregation shall perform the screening of its own principals with access to the account in line with the domestic and international laws based on the financial and asset restriction rules of the European Union and of the Security Council of the UN, furthermore shall identify the clients (Principals). The Account Holder monitors access to the correspondence account, furthermore if necessary, provides the Account Holder screening information to KELER to prevent money laundering and the financing of terrorism at the request of KELER.

### **3.11. Suspension of the right of disposal over the account**

The Client's right to dispose of an account shall be suspended by KELER, or its authorised representative, in the event of a supervisory, liquidation or other official order to that effect, for a period of time as determined by the competent authority. In this case the suspension does not affect the settlement of any transaction that is yet to be settled and were made before the provision taking effect and the enforcement of the bail, as well as the organisation of corporate events related to securities registered on the securities account. The person appointed by the authority initiating the arrangement shall be entitled to exercise the right of disposal. KELER will also suspend the right of disposal of the account if the Participant's right of access is suspended as set out in [Depository Announcement 9-01 on Access Management](#).

In the cases set forth in the Pmt. or in the Kit. KELER will have the right and the obligation to reject fulfilment of the Client's instruction or to suspend the right of disposal of the particular Client.

Based on authority decree KELER is entitled to Block the accounts of the Client. Debits to a Blocked account (sub-account) can be completed exclusively in line with the provisions of the decree of the authority initiating the Blocking.

In the case of violation of regulatory requirements and the requirements stated in these Rules, in the case of default and in all other justified cases KELER shall be entitled to restrict account turnover that is in fact the temporary suspension of debit items on the account.

KELER suspends the right of disposal concerning the given account also if the Client fails to comply with the conditions as detailed for the use of such account keeping services in KELER regulations

despite KELER's notification. KELER is furthermore entitled to suspend the right of disposal concerning the given account if the Client, despite KELER's notification, fails to cooperate with KELER in such cases where the Client's cooperation is needed for the fulfilment of a KELER obligation based on the applicable laws or an authority decision.

If the administrator assigned for the contact with the Client cannot contact the Client at the contact details provided by the Client, even though the Client initiates the execution of the transactions (orders), then KELER calls upon the Client at least twice within three months in writing in a postal mail to contact KELER and makes references to the possible legal consequences.

After an unsuccessful second attempt KELER orders a transaction limitation on the accounts of the Client to ensure that KELER rejects any transactions exceeding HUF 4,500,000 initiated by the Account Holder in line with Pmt.

If KELER becomes aware of a cyber-attack or security incident that poses a risk to its systems, KELER may suspend the service until the incident is resolved or apply an appropriate BCP solution to ensure that KELER's network is not compromised.

### **3.12. Termination of accounts maintained by KELER**

Accounts maintained by KELER can be terminated in the following cases:

- a) termination of the Client without any legal successor,
- b) termination or performance of the service in relation to which the account was opened,
- c) withdrawal of the license of the Account Holder by the Supervisory Authority,
- d) in case of a zero balance of D-type central securities accounts,
- e) where the Issuer has no dematerialized securities on its Issuer central securities account, in line with the provisions of the point on handling outstanding receivables of KELER,
- f) if KELER is unable to perform the client due diligence measures set forth in Pmt.,
- g) if the Participant does not comply with the access criteria and the documents and declarations submitted to support compliance with the access criteria.

At the Client's initiative or in the event of withdrawal of the Supervisory Authorization, KELER is entitled to close the Client's accounts if:

- a) all debits and credits were made to the account,
- b) the balance of the account is zero,
- c) in case of a blocked account if blocking is released,

In the case of a cash account, a custody account and a Central Securities Account, if debits or credits are still expected on the Client's cash accounts, the Central Securities Account may be closed independently if its balance is zero.

In the event of termination of (all) Central Securities Accounts of an investment firm and a credit institution, KELER shall notify the Supervisory Authority.

In the case of closure of accounts requested to be closed by the Settlement Agent, KELER shall examine whether the above conditions are fulfilled for the accounts indicated in the request.



After the end of the period of termination specified in the account contract KELER will terminate the accounts.

At the time of termination, the money and securities held in the account will be transferred by KELER to the account specified by the Client. If this is unsuccessful, the money or securities shall be managed by KELER according to the rules of unjust enrichment (*gestio negotiorum*) and the rates applicable to unjust enrichment (*gestio negotiorum*) shall apply.

**Törölt:** securities

After the settlement of the debt or termination of the account agreement, KELER will send a written statement of account to the Client.

### 3.13. Account statements, transaction confirmations

KELER shall make account statements and confirmations available to the Account Holder with a KID or SWIFT connection in KID or SWIFT messages. KELER shall confirm the acceptance of the order initiated by the Account Holder (or its authorised representative) and confirmations of the status of the order through the same system (KID, SWIFT) through which the Account Holder (or its authorised representative) initiated the submission of the order to KELER.

Based on a separate agreement, KELER may also send certain statements to the electronic (email) or postal address specified by the Account Holder in Hungarian or English.

Unless otherwise agreed KELER will send printed statements weekly to the Account Holder.

The amount/quantity stated in the statement of the Central Securities Account, Cash Account and Deposit Account shall be considered by KELER as the balance of the Account.

Participants are required to compare the account statements received from KELER with their own records on a daily basis.

If the Account Holder notices any discrepancy between the data on the account statement and its own records, it shall immediately investigate the cause of the discrepancy and take the necessary measures and, if necessary, notify KELER and, upon request by KELER, provide such information as KELER deems necessary to resolve the comparison problems.

KELER considers the account statement accepted by the Account Holder, both in respect of individual items and the balance thereof, if the Account Holder does not make any comment in writing regarding the content of the account statement on the day following receipt.

The Account Holder may decide on the format, language, frequency of sending and the customer contact system, email or postal delivery of the statements of stocks and turnover relating to their accounts. The detailed rules for the statements and confirmations issued by KELER are set out in [Depository Announcement 9-22 on the Detailed Rules for Account Management](#).

### **3.14. Repair, maintenance and conversion of IT systems**

KELER reserves the right to repair, maintain any of its IT systems (including in particular any account management system) or implement a new IT system (account management system) as it deems justified or otherwise necessary.

If the date and consequences of the repair or maintenance of the IT (account management) system are foreseeable and the repair or maintenance may affect the placing and execution of orders or the recording and/or execution of any account transactions not constituting orders (e.g. setting or deleting disposition rights), KELER shall notify its Clients who hold accounts in the system of the planned date of the repair or maintenance and its foreseeable consequences at least 15 days before the start of such activities.

In the case of migration of the IT (account management) system (including its replacement by data migration), KELER shall notify the Clients who keep accounts in the system concerned of the migration and its consequences and detailed rules affecting the Client (in particular the Client's orders) 30 days prior to the date of migration.

KELER reserves the right to cancel orders that are still outstanding (pending) on the migration date, excluding the release of blocking in the event of a migration of its systems. The Client may re-enter the cancelled orders on the business day following the day of the migration, which is the sole responsibility of the Client. KELER shall not be liable for any damages resulting from the Client's failure or delay in re-entering the deleted orders.

KELER shall fulfil its obligation to notify the Client under this clause by means of a notice on the KELER website and the KID system and shall notify the Client of the orders to be deleted in the system affected by the migration in the form of a statement.

## **4. Complaint management, sanctions and remedies applied by KELER**

### **4.1. Complaint management**

The Complaint management procedure of the KELER Group, continuously available on the website of KELER, contains the rules of assessing complaints lodged by the Clients.

### **4.2. Sanctions**

KELER shall apply the sanctions set out in these Business Rules and the relevant Regulatory Documents, in addition to the application of the fine provided for in Article 7 of the CSDR, in order to ensure the security of settlement.

Exclusively an individual decision relating to the individual Client, or their principals can be considered as a sanction. (This does not include fines or special fees in the event of non-compliance, which KELER is entitled to impose automatically on the Client concerned without a separate individual decision.)

The sanctions applicable in the event of infringement of the provisions of the Rules are set out in the Regulatory Documents applicable to the activity concerned.

### **4.3. Remedy**

The Client concerned may appeal against a sanction imposed by KELER as set out below:

- an application for remedy must be submitted in writing addressed to KELER's General Manager within 30 days after becoming aware of the sanction considered damaging,
- submission of an application for remedy has no delaying force to the execution.

The application for remedy submitted shall be examined by the General Manager imposing the sanction at their own discretion. If they find that the appeal is well founded, they shall be entitled to amend the decision taken.

If the General Manager of KELER does not agree with the claim for remedy against the sanction taken by him/her, he/she will put it on the agenda of the next meeting of the KELER Board of Directors. The Board of Directors shall be entitled to hear the requesting Client during the discussion of the application.

The Board of Directors shall make a decision at the latest within 60 days from receipt of the application.

The Board of Directors is entitled to repeal and change the decision made by the General Manager.

KELER shall inform the applicant in writing on the remedy decision made within 8 days from making the decision.

The detailed rules of remedies under the law in relation to rejection or equivalent suspension of request for access within the scope of [Depository Announcement 9-01 on Access Management](#) are contained in the said Depository Announcement.

#### 4.4. Rules of compensation, liability rules

KELER shall compensate its Clients for any direct material damage that may be caused by KELER's fault by evidence of the Client which damage occurs within the scope of KELER's activity, and which are caused by the defaulting KELER to the Client by breach of contract.

By way of derogation from the Section 6:143 of the Civil Code, KELER limits its compensation obligation in 100% of the fee paid by the Client to KELER in the previous year preceding the subject year in case of damage caused by KELER to the Client by breach of contract.

KELER shall not be liable for any damage, financial loss, loss of profit and damage of a non-material nature which does not arise in the course of KELER's activities under the law or under these Business Rules or for which the Client or a third party is at least partly responsible.

When establishing its fees KELER will consider the limitation of its liability for damages laid down in these Business Rules.

KELER shall not assume liability:

- for any damage resulting from the use of force (including measures ordered as a result of any epidemic situation and substantially limiting KELER's activities), from an unjustified refusal or delay in granting an official order or necessary official authorization,
- by way of derogation from the Section 6:143 (2) of the Civil Code, for the occurrence of potential indirect, consequential and non-financial damages and for the reimbursement of such damages;
- for the consequence of performance of a false or falsified order the false or falsified character of which could not be recognized despite careful control applied in the course of business as usual operation,
- for any damage arising from delay due to correcting an order that was incomplete and/or that was performed pursuant to such an order,
- for damage arising from delay in, or failure of sending or receipt of instructions to be sent or received by any party as between KELER and its external account manager for a technical error of any kind
- for any damage caused by default of postal delivery,
- for damage resulting from delayed performance due to shorter time available for performance than necessary,
- for any damage caused by failure to meet any notification obligation by the Client;
- for any application error, disturbance, technical difficulty (e.g. line breakdown outside KELER), misuses that may occur on the side of the Client during communication,
- for damage resulting from non-performance of items submitted for real time processing concerning an account kept with the MNB due to operation errors of the VIBER system (or any of its elements, e.g. SWIFT, MNB, VIBER),

- in case of transformation of securities, if the central securities account is Blocked, and the Blocking is discontinued due to transformation of security without recycling and the securities account manager fails to initiate Blocking again,
- for any claims related to the personal data controlled by the Client, unless required by law.
- in case of Issuers subject to Act LVII of 2018 on the control of foreign investments conflicting with Hungary's security interest, for the fulfilment of reporting obligations, and for the checking of Ministerial decisions relating acceptance of reports or restrictions under such Ministerial decisions, and for all entries in the shareholder list that may violate this latter law.

The Client is responsible for any damage arising from failure to meet any obligation of notification. The Client shall draw the attention of its Principals in the contracts it concludes to the fact that the securities deposited as collateral may be used as security. The Client is responsible for any damage arising from failure to meet this obligation.

The Client is liable for damages arising from the fact that a transaction was initiated in multiple forms (both through the electronic client relationship system and in a manually issued form) and therefore it was also processed twice.

For relevant information on settlement in the different national, so-called local markets, please refer to [Depository Announcement 9-14 on the International \(Cross-border\) Settlement of Foreign Securities](#) and for the deadlines for order submission to [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#). It is the Client's responsibility to comply with the restrictions and obligations (penalties, tax and interest charges) detailed in the previous Depository Announcements and to be aware of the rules applicable to settlements on local markets not covered by these documents.

KELER takes no responsibility for any damage, sanctions and fines that may be arising from non-compliance therewith and will pass them to the Client.

The time required for the execution of an order submitted to KELER by means other than electronic communication, the time of receipt of the receipts shall be determined on the basis of [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#) KELER takes no responsibility for any damage resulting from delayed performance of orders due to shorter time being available for processing than necessary.

#### 4.5. Settlement of disputes

The legal disputes arising between KELER and the Client shall be settled by the parties as follows:

If a dispute arises between the Client and KELER in relation to these Rules and the related contract - especially in relation to the breach, validity or interpretation thereof -, the parties shall strive to settle the dispute by direct negotiations in good faith before turning to court.

If such efforts fail to be successful within 30 days following the emergence of the dispute, the parties agree to cooperate in the settlement of their legal dispute through mediation.

A board member or an independent expert requested by KELER's Board of Directors and accepted by all parties concerned in the dispute may act as a mediator. The parties agree not to turn to arbitration court for resolving the dispute until there is a possibility to settle the legal dispute through mediation.

If the parties cannot agree on the mediator, the arbitration proceedings can be commenced.

If the legal dispute cannot be settled through mediation in a manner accepted by both parties, the parties stipulate the sole competence and power of the Permanent Arbitration Court attached to the Hungarian Chamber of Commerce and Industry, with the express exclusion of ordinary courts. The arbitration court shall make a decision according to its own Rules of Procedure. In the procedure, the rules of the Hungarian substantive and procedural law shall be applied.

The exclusive competence of the arbitration court shall not apply to order of payment procedures to be conducted in case of non-payment of fees and other related costs. In case of the disagreement of the defaulting party, the local or second instance court competent at the registered seat of the defaulting party shall proceed.

## 5. Data protection

Pursuant to Tpt., KELER - for the purposes of fulfilling transactions as laid down in the Tpt. and CSDR in transactions where it is a contracting party - may manage personal data and in this respect, it may transmit personal data to KELER CCP without separate authorization. KELER provides detailed information on its processing of personal data in its capacity as data controller in the Privacy Notice available at <https://www.keler.hu/Adatvédelem/>.

KELER handles and processes personal data disclosed to it in accordance with the provisions of GDPR, the Information Act and the present Business Rules, and Regulatory documents. The detailed privacy statement is set forth on the website of KELER under the menu item Data Protection.

### 5.1. Data processing

The purpose of data processing by KELER is to facilitate the provision of services falling in its scope of operations and provided under applicable contracts, and to ensure compliance with legislation prescribing data processing and regulating the operations of KELER.

KELER will act as a data processor in relation to personal data in the following cases among others:

- data processed for the purposes of preventing and combating money laundering and terrorist financing as set forth in the Pmt. Act,
- personal data of staff members and contact persons of Clients for the purposes of facilitating the provision of services under the Tpt.
- data handled in relation to its own staff and suppliers of KELER,
- data processed for the purposes of business development.

### 5.2. Data processing:

In certain cases KELER will act as data processor. Data processing on the part of KELER is performed in the manner and scope described in the present Business Rules and Regulatory documents, standards and specific contracts.

The Client, as the controller, must ensure that its personal data are handled in accordance with applicable laws, including in particular preliminary information of the data subjects, and the handling of complaints relating to data processing and handling, and to enforce its data subject rights.

KELER involves further data processing entities as regards outsources activities and other enterprises providing services under other contracts, as set forth herein.

The data protection officer of KELER is obliged to provide detailed information to the Clients and/or data subjects about data processing activities performed by KELER as data controller.

Email address of the DPO of KELER: [adatvedelmitisztviselo@keler.hu](mailto:adatvedelmitisztviselo@keler.hu).

## **6. Rules on the Central Credit Information System**

KELER's current clients, in relation to which it may be obliged to provide data are reference data providers under the Khrt., and therefore KELER is not obliged to provide data under Section 5(2)(b) of the Khrt. pursuant to Section 2(1)(g) of the Khrt.



## II. Specific part

### 1. Notary services

In its capacity as issuer, KELER carries out the initial entry of securities issued in Hungary (with an ISIN code beginning with HU) into the book-entry system (notary service).

KELER provides the following notary and related services:

- issuance and maintenance of securities codes,
- central securities master data register, including the register of blocked and invalidated securities,
- dematerialized securities services, implementation of Demat event, management of dematerialized securities.

Unless otherwise provided for by law, KELER is entitled to refuse to conduct a Demat Event if the Issuer is unable to comply with the admission criteria set out in these Business Rules and in *Depository Announcement 9-06 on the Management of Dematerialized Securities* and cannot prove beyond reasonable doubt that the conditions set out in the Regulatory Document are met.

KELER rejects the execution of the Demat event until the final and binding completion of the court/authority proceeding if KELER learns that the issuer decision underlying the given Demat event is subject to a court or authority revision or if the court/authority ordered the suspension/invalidation of the issuer decision.

#### 1.1. Issue of a security code

KELER, as a national code issuer, as a member of ANNA (Association of National Numbering Agency), issues ISINs for securities issued in Hungary by a domestic or foreign issuer, whether publicly or privately, to be produced by printing or dematerialized means, in series, upon request of the issuer, and for other exchange products (Instruments) upon request of the exchange. The ISIN can be applied for by the Issuer (downloadable from the KELER website for each product type) on the ISIN Data Sheet and, in the case of securities, via the eISIN application that can be launched from the KELER website, or, in the case of mass ISIN applications for other exchange products, on the basis of an individual agreement, in the format and through the channel required by KELER.

At the same time as generating the ISIN, KELER will generate a CFI code according to ISO 10962 and a FISN code according to ISO 18774. In the event of data changes in the central securities register related to a given ISIN, KELER will continuously update both the CFI and the FISN codes according to the requirements of the standard.

KELER publishes the codes issued for securities and the related data available in the central securities register on its website (ISIN finder) and updates daily the ISIN identifiers of the products it generates and its data changes to ANNA (<https://www.anna-web.org/>).

The ISIN register maintained by the KELER is not an authentic record and its data are identical to the actual data of the securities series only to the extent that the Issuer has notified KELER thereof in accordance with the relevant Regulatory Documents. KELER shall not be liable if the ISIN register does not correspond to the actual situation due to changes in the data not notified to KELER (including if the fact of the change of data and the changed data can be established on the basis of any public register), and any liability in this respect shall be borne by the Issuer of the Securities.

The detailed rules for the issuance of ISINs are set out in [Depository Announcement 9-19 on the Issue and Deletion of ISINs and on the Central Securities Register](#).

## 1.2. Central Securities Register (in KELER's record-keeping system)

Within the framework of the central securities registration activity, KELER keeps the following securities data on securities:

- securities data received from the Issuer during the ISIN application,
- CFI and FISN codes generated by KELER on the basis of the securities data provided to KELER at the time of the ISIN application and the securities data provided to KELER,
- in the case of dematerialized securities, the securities data provided to KELER in the context of the authentication process,
- in the case of physical securities, the data received from the Issuer,
- the registration of the Issuer's company status in the Issuer's records, based on the forensic registration of the Issuer's data (e.g. f.a; ve.csa. kt; etc.), if it comes to the attention of KELER,
- for physical securities, the securities data that have been blocked and declared void, received from members of the National Chamber of Hungarian Public Notaries.

KELER categorises dematerialized securities as follows:

- Category 'A': dematerialized security stated in the regulation (e.g. share, bond, etc.);
- Category 'B': dematerialized security that is the underlying product or the combination of the underlying products of a category 'A' security, whose Issuer has prepared an information sheet under Directive 2003/71/EC;
- Category 'C': all other dematerialized securities issued in line with the applicable provisions of the Ptk. which do not fall into Categories 'A' and 'B'.

The classification according to the above categories of securities shall only be applicable for the purposes of the implementation of these Business Rules and [Depository Announcement 9-06 on the Management of Dematerialized Securities](#).

Pursuant to the ISIN regulation the Issuer is obliged to report to KELER as an organization appointed to allocate ISIN identifiers without delay any change in the data of the securities series or the Issuer or any event that serves as a basis for the cancellation of the ISIN identifier within 5 days from their occurrence.

The details and the form of the notification obligations of the Issuer are set out in [Depository Announcement 9-19 on the Issue and Deletion of ISINs and on the Central Securities Register](#).

If in the course of operation KELER finds that the Issuer did not meet the obligation of taking the necessary steps or failed to give instruction on the implementation of change in respect of the Demat event in the case of dematerialized securities or failed to arrange the same, then KELER will contact the Issuer in writing and call on it to take the necessary measures.

If the omitted measures have not been taken within the applicable deadline, KELER shall, in order to restore the lawful operation of the Issuer, notify the Supervisory Authority and the competent court of the Issuer that the Issuer is not complying with the legal provisions applicable to the securities issued by it.

The Issuer shall take liability for failure to comply with the obligation to report changes and to take measures.

In the case of a dematerialized series of securities, the scheduled maturity dates contained in the securities (for interest payment, capital repayment, dividend payment, etc.) are recorded by KELER as the master data of the series of securities and published according to [Depository Announcement 9-04 on the Provision of Services for Hungarian Corporate Actions](#).

### **1.3. Central register of securities forbidden and declared invalid**

The physical securities that are subject to a cancellation by the notary public and those that have been declared null and void, as defined in the notarial decrees, are registered by KELER, which does not validate the data and does not assume responsibility for their completeness. Public notary decrees on securities involved in procedures to declare them invalid are available on the website of the Magyar Országos Közjegyzői Kamara (National Chamber of Hungarian Public Notaries).

### **1.4. Services relating to dematerialized securities**

#### **1.4.1. General rules relating to the handling of dematerialized securities**

The execution of Demat events relating to dematerialized securities shall be performed by KELER on the basis of the relevant form contract concluded with the Issuer and the individual order for the Demat event in question.

The precondition of undertaking services related to Dematerialized securities is compliance with applicable legal regulations and meeting the obligations for Issuers defined in the regulations of KELER.

KELER performs the initial issuance, over-issuance and conversion of Dematerialized Securities, if the Issuer has an unexpired LEI code, and it is therefore the responsibility of the Issuer to inform KELER of its unexpired LEI code at least 2 business days prior to the provision of the security's master data or the relevant Demat Event.

KELER accepts and keeps on the central securities account all Dematerialized securities that are in compliance with the domestic laws, these Business Rules and [Depository Announcement 9-06 on the Management of Dematerialized Securities](#) and are issued publicly or privately in Hungary.

The Dematerialized Security is created by crediting the Central Securities Account on the instructions of the Issuer (in the case of investment units, of the Fund Manager). The order by the Issuer includes the value date of crediting the securities to the account.

KELER, jointly with the institutions keeping securities accounts and having a contractual relationship with KELER (Account Holder), ensures that the owner of the dematerialized securities can be established any time.

According to the KELER Fee Schedule, KELER is entitled to charge different fees for Demat events depending upon the method of arranging Demat event (eDEMAT, KID, remote) or the way of receipt of the documents by KELER (electronic or postal) or based on the deadline for the arrangement (regular or urgent). The detailed rules and acceptance criteria for the processing of Demat events are set out in [Depository Announcement 9-06 on the Management of Dematerialized Securities](#).

In the context of the authentication process, KELER shall, on the basis of the documents made available to it

- perform a formal check (as regards the issue and the rights and obligations attached to the series of securities) to ensure that they contain all the mandatory elements required by the applicable legal provisions,
- formally verify that they have been submitted to KELER in a format that complies with KELER's acceptance criteria,
- substantively verify that the information contained in the documents is sufficient to execute the Demat Event ordered and that the information contained in the documents supports the information contained in the Dematerialized Securities Certificate,
- one of the conditions of the execution of a Demat event related to a share series is registration of the underlying company law change by the court of registration,
- in the case of a publicly issued security, the information approved by the Supervisory Authority or the first trading venue.

Pursuant to the provisions of the Tpt. and the Ptk., the Issuer issues a single copy of the securities series Certificate in a unified structure, not qualifying as a security, which it deposits with KELER.

Only one Demat Certificate in force can be linked to one securities series.

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

A Certificate issued in respect of a security to be deposited, in which the Issuer makes a correction in the (incorrect or incomplete) data relating to either the Issuer or the security, will not be accepted by KELER. (In this case, the amendment or correction of the data in the Certificate is only possible by submitting a new Certificate).

KELER does not assume any responsibility for the authenticity or legal compliance of the data provided for the authentication process of the dematerialized security and in the Issuer instruction, with the responsibility lying solely with the provider of the document or the Issuer.

KELER accepts the documents that require the due signature of the Issuer only in unified form, in compliance with the signing requirements and other laws and [Depository Announcement 9-06 on the Management of Dematerialized Securities](#).

KELER hereby informs its Clients, pursuant to Section 6:78 (3) of the Ptk., that the criteria for the acceptance of the documentation related to Demat events and the requirements regarding the written form of the documentation differ substantially from the general contracting terms and conditions and the usual contractual practice.

#### **1.4.2. The Issuers' Central securities account**

KELER maintains the 'A' and 'B' type Central securities accounts in a breakdown of a securities account managers, the 'C' and 'D' type Central securities accounts in a breakdown of Issuers, and within them, as per securities series, that is, by ISIN identifiers.

Following the signature of a form contract with the Issuer, KELER shall open the

- 'C' type central securities account of the Issuer, upon conversion of the physical securities into dematerialized securities, to record dematerialized securities issued in place of physical securities not transferred to the Issuer (i.e. also by an owner unknown to the Issuer) during the period open for conversion,
- 'D' type central securities account of the Issuer, to record securities that cannot be identified (i.e. transferred back) by the account holder specified by the Issuer at the time of creation or over-issuance.

Where the opening of the 'C' and 'D' type central securities account of the Issuer involves an investment unit, the central securities account will be opened by KELER for the fund manager managing the investment unit.

#### **1.4.3. Management of units issued by open-ended investment funds**

During the continuous trading of investment units issued by an open-ended investment fund, the number of units issued may vary, depending on daily over-issuance and the settlement of cancellation transactions.

Transactions in open-ended investment units are subject to the fund manager appointing, by separate agreement, an Account Holder, known as the Settlement Agent, who is authorised to execute the over-issuance and cancellation orders for the relevant series of securities.

These transactions are settlement orders involving the transfer of securities, which are generated by default by the WARP system, based on the aggregation of the distribution instructions of the counterparties with distributor counterparty roles, and sent to the KELER Settlement System on behalf of the relevant Settlement Agent and Distributor.

In exceptional cases, orders may also be initiated by means of a form, subject to the matching rules for settlement orders, i.e. in the case of a Distributor and a Settlement Agent having different Central Securities Accounts, both parties are required to submit a settlement order. If the two

accounts fall under the same Central Securities Account, a pre-matched order may be submitted by the Account Holder concerned.

Authority to perform daily over-issuance and cancellation in relation to a securities-series may be granted only to a single Settlement Agent under the ancillary agreement. In case of open-ended investment units, no data relating on number of pieces and total nominal value is shown on the Certificate, and for this reason, the deed is not replaced in the context of daily over-issuance and cancellation.

During daily over-issuance, once the units are settled in the technical account (78787878) of the Settlement Agent (selling party) related to the creation of dematerialized securities, the units are automatically transferred to the buyer's Central Securities Account specified in the settlement order.

In the case of the daily cancellation of investment units, the transfer of the units from the selling party's securities account to the settlement agent's dedicated cancellation sub-account (606060) shall automatically result in the cancellation of the securities and thus a reduction in the amount of securities issued.

#### **1.4.4. Special rules on structured products**

The Hungarian Distributor of a foreign Structured Product must submit an application for the admission of transactions for settlement to the exchange together with the Final Terms on the form provided by KELER no later than by the 5th trading day prior to the first trading day of the Structured Product on the exchange. If the foreign securities are available in the KELER settlement system with the information detailed in the request, then KELER issues a statement on acceptance regarding the given product.

The structured product may be terminated on the occurrence of a certain event, on meeting conditions, upon the expiry of a period, maturity day or at the time previously defined by the Issuer.

Upon occurrence of the structured product case of termination (except for the expiry of the structured product) defined in the Final Terms the Issuer or the Distributor of the structured product is obliged to inform the BSE and KELER without delay (on phone and in fax) after becoming aware thereof.

#### **1.4.5. Special rules for the registration and acceptance of debt securities traded in BSE**

If the issuer or other organization intends to list an interest-yielding debt security issued in Hungary or internationally on a trading platform of the BSE (or if the product has already been listed on the BSE), the Issuer or other organization shall provide KELER with an electronic chart on the accrued interests of the debt securities until their expiry (or as long as they are available in the BSE product list) in a format as requested by KELER, the detailed rules for which are set out in [Depository Announcement 9-26 on the Detailed Rules on the Sending of Accrued Interest](#). If the Issuer or the agent fails to send the accrued interest data (T+2) for the Settlement date on the trading day (T-1)

preceding the T trading day of BSE, then KELER is entitled to inform BSE about this and BSE is entitled to suspend the trading of the given securities as long as the Issuer of the agent provides information to KELER.

KELER may sell the information on accrued interests to third parties (especially BSE and KELER CCP).

## 2. Services relating to deposited physical securities

Regarding physical securities issued in Hungary, KELER performs custody management services on either a fungible or individual basis.

### 2.1. Fungible custody

The condition of accepting, registering and handling securities privately issued in Hungary in fungible custody is that the Issuer and KELER agree in writing on the continuous reporting of data relating to the securities issued, and that the physical securities comply with the acceptance criteria for securities set by KELER. Physical securities accepted to fungible custody shall be held by KELER on the same securities account as the dematerialized securities and the same securities account operation may be performed by the Account Holder as with the dematerialized securities.

The detailed rules for the acceptance, registration and handling of securities for fungible custody are set out in [Depository Announcement 9-28 on the Rules for the Custody of Physical Securities](#).

### 2.2. Individual custody

KELER performs the individual custody of physical securities privately issued in Hungary and internationally, as well as non-marketable securities, on behalf of the Account Holder according to the relevant form contract. The Account Holder is entitled to deliver securities into individual custody with KELER by opening an individual custody account, provided that the Account Holder provides KELER with the securities data relating to the securities to be delivered. The securities accepted for individual custody shall be registered by denomination and serial number for the Account Holder, who is entitled to hold only the securities with the denomination and serial number registered to them.

The detailed rules for the acceptance, registration and handling of securities for individual custody are set out in [Depository Announcement 9-28 on the Rules for the Custody of Physical Securities](#).



### **3. Services related to notary services**

KELER provides the following services to Issuers:

- services related to shareholder registers (keeping of the shareholder list, shareholder identification for the purpose of encouraging shareholder engagement),
- processing corporate actions, including tax, general meetings and information services (shareholder registration, paying agent activities, general meeting organization, communication relating to the promotion of shareholder engagement).

#### **3.1 Keeping of the shareholder list**

KELER provides shareholder list keeping services for dematerialized securities to Issuers on the basis of individual contracts with Issuers.

The Issuer can update its shareholder list through shareholder registration. The keeping of the shareholder list may have to be conducted in line with different sets of rules for different Issuers. It is the responsibility of the Issuer to draw the attention of the shareholder and of KELER to the specific rules of the relevant shareholder list.

#### **3.2 Shareholder identification**

##### **3.2.1. General rules**

Pursuant to Section 3 of the Htr. Act and Article 3 of EU Regulation no. 2018/1212, KELER is responsible for receiving and responding to requests for information on the identity of shareholders of a public limited liability company as an Intermediary and for collecting information on the identity of shareholders on the basis of the Issuer's authorization.

KELER receives the information requests regarding the identity of shareholders and answers same as an Intermediary based on requests received from other intermediaries and sends the answers to the addressee indicated in the request regarding stock exchange shares issued in Hungary and securities issued abroad through the CAPS and SWIFT systems in the format prescribed in EU Regulation No. 2018/1212.

KELER provides these services if a contract has been concluded for the access to the CAPS system.

##### **3.2.2. The process of shareholder identification**

KELER identifies shareholders through the CAPS and SWIFT systems.

KELER acts as follows for the purposes of the identification of shareholders of shares issued in Hungary and publicly traded, at the request of the Issuer of the shares:

KELER as the agent of Issuer forwards the shareholder identification requests to the intermediaries, collects the replies of the Intermediaries and receives the replies and summarizes same and hands over same to Issuer but does not participate in the analyzation of the replies or in the visitation of

the Intermediaries. KELER controls the replies received from the Intermediaries within the deadline in comparison to each other and to KELER's system. Irrespective of the result of the control KELER forwards all shareholder information to Issuer.

The detailed rules for the use and performance of these services are set out in [Depository Announcement 9-04 on the Provision of Services for Hungarian Corporate Actions](#).

### **3.3 Processing of corporate actions**

As regards the securities registered by it, KELER provides the following services in the context of the processing of corporate actions:

- a) shareholders registration
- b) paying agent services
- c) payment disposition
- d) organization of General Meeting
- e) communication relating to corporate actions in the context of the services concerning the facilitation of shareholder engagement.

#### **3.3.1. Shareholders registration**

Pursuant to Section 5 (1) 127. of the Tpt. it is a procedure for the identification of the owner, conducted at the request of the Issuer, for a given record date regarding the quantity of the securities registered in the Central securities account, with the assistance of the Account Holders.

For dematerialized securities, the KID system informs Clients of the corporate action support services ordered by the Issuer (e.g. shareholders registration for general meetings; shareholders registration for updating the shareholder list, shareholders registration for dividend payments, etc.) and of the shareholders registrations ordered by the Supervisory Authority.

The detailed rules for ordering and performing the service are set out in [Depository Announcement 9-04 on the Provision of Services for Hungarian Corporate Actions](#).

#### **3.3.2. Paying agent services**

Paying agent services are provided by KELER on the basis of an individual contract at the request of the Issuer. The payment is the execution of the corporate action according to the detailed rules of the contract.

#### **3.3.3. Payment disposition**

Payment disposition is a document delivered to the Issuer listing the quantity of securities registered on central securities accounts held by the Account Holder in an aggregate manner for a particular value date, in a particular FX, supplemented by bank accounts defined by Account Holder statements to which the sum due from a corporate action involving disbursement is to be credited.

In the case of a payment disposition, the Account Holder shall be liable for any damage resulting from the failure to provide or incorrect provision of the bank account number.

The detailed rules for ordering and performing the service are set out in [Depository Announcement 9-04 on the Provision of Services for Hungarian Corporate Actions](#).

#### **3.3.4. General Meeting organization**

The organization of general meetings is performed by KELER on the basis of an individual contract at the request of the Issuer. The conducting of General Meetings may include, on the basis of the contract, the preparation of the General Meeting, the holding of the General Meeting on site, the support of the shareholder registration, the operation of the voting equipment.

#### **3.3.5. Communication concerning corporate actions**

Pursuant to Section 5 of the Htr. Act, KELER participates in electronic communication in relation to corporate actions. KELER provides the following services:

- a) handling, receiving and forwarding notifications concerning the General Meeting,
- b) handling, receiving and forwarding notifications concerning corporate actions other than the General Meeting.

KELER provides these services if a contract has been concluded for the access to the KELER CAPS system.

##### **3.3.5.1. Handling of notifications concerning the General Meeting**

In the context of its services relating to notifications concerning the General Meeting, KELER shall provide the reception and transmission of information relating to the convening of General Meetings, the confirmation of the right to attend General Meetings and the confirmation of the receipt, recording and counting of votes received via electronic means of communication to KELER's Securities Account Holder Clients in accordance with EU Regulation EU No. 2018/1212.

Notifications concerning General Meetings recorded by the Issuer in the CAPS system will be transmitted by KELER to the securities account holders via the CAPS interface and, on request, via ISO20022 SWIFT message.

In connection with the convening of the General Meeting, KELER transmits the information on the action recorded by the Issuer to the securities account holder clients holding the relevant shares without any changes.

KELER excludes any liability for the information received from the Issuer. The Issuer is obliged to notify the securities account holders of any change in the information relating to the convening of the General Meeting through an amendment in the CAPS system.

KELER issues a confirmation to shareholders having a securities account with KELER about their entitlement to participate in the General Meeting (entitlement notification) after the due date

about the own segregation stock of the Securities account as of the due date. The entitlement notification is issued in the CAPS system, on request by SWIFT message, or in hard copy if requested by the Account Manager.

The Htr. Act provides for the transmission to the intermediaries of the receipt of votes received by electronic means, as well as the confirmation of the recording and counting of the votes. KELER as the intermediary forwards the confirmation received to the other intermediaries or ultimate owners via CAPS or SWIFT (seev message or XML format imported into CAPS) in accordance with EU Regulation No. 2018/1212.

The detailed rules for the use and execution of these services are set out in [Depository Announcement 9-04 on the Provision of Services for Hungarian Corporate Actions](#).

#### **3.3.5.2. Handling of notifications concerning corporate actions other than the General Meeting**

KELER performs the services concerning notifications on corporate actions other than the General Meeting for the Clients having securities account with KELER in line with EU Regulation No. 2018/1212.

Notifications of corporate actions other than General Meetings recorded by the Issuer in the CAPS system will be transmitted by KELER to the securities account holders via the CAPS system interface and, on request, via ISO20022 SWIFT message.

KELER forwards the information concerning corporate actions other than the General Meeting recorded by the Issuer to the securities account holder Clients holding the relevant shares without any changes.

KELER excludes any liability for the information received from the Issuer. The Issuer is obliged to notify the securities account holders of changes in corporate actions other than the General Meeting through an amendment in the CAPS system.

The detailed rules for the use and execution of these services are set out in [Depository Announcement 9-04 on the Provision of Services for Hungarian Corporate Actions](#).

### **3.4 corporate action management relating to foreign securities,**

KELER ensures exercise of rights relating to any and all corporate action relating to the foreign securities of the Account Holder provided by the sub-custodians of KELER for the particular securities. The detailed rules on the treatment of corporate actions relating to foreign securities are contained in [Depository Announcement 9-21 on the Detailed Rules on the Treatment of Corporate Actions Relating to Foreign Securities](#).

Clients are entitled to participate in a Corporate Action if they have a securities balance in the securities involved on the record date of the given action, or in case of foreign markets the Clients that were the holders of the securities according to the details of the buy transaction (deal date, ex-date) but settlement is not yet completed in the system of the external account manager.

On the basis of information received from KELER's sub-custodian, KELER informs the Clients on details, such as the type of the event, the priority days and the process of execution. The system of KELER automatically forwards to Clients information and SWIFT messages received from the custodian banks. The official language of messages is Hungarian.

The priority days and the process of execution of the Corporate Actions of foreign securities are not (not necessarily) identical with the procedure rules applied for Hungarian securities.

The regulations and the terms and conditions of the service provided by KELER in relation to the exercise of shareholders' voting rights at General Meetings on the relevant markets are detailed in [\*Depository Announcement 9-21 on the Detailed Rules on the Treatment of Corporate Actions Relating to Foreign Securities\*](#).

There are two major types of Corporate Actions in terms of intention to participate. There are mandatory events and events where participation is based on voluntary intention.

#### **3.4.1. Corporate actions of mandatory effect related to foreign securities**

In the course of mandatory events the holders of the securities at the record date (including the participants of the custodian's chain) do not have the possibility to request exemption in respect of the rights and/or obligations arising from the Corporate Action, the securities or cash movements on their accounts will be effected automatically at the decision of the Issuer.

#### **3.4.2. Voluntary/choice Corporate Actions relating to foreign securities**

In the course of voluntary/choice events the holders of the securities at the record date (including the participants of the custodian's chain) have the possibility within the limits provided for by the relevant Corporate Action and the custodian's chain to decide on participation in the event as well as to choose from among the options offered by the Issuer.

In the case of corporate actions, if the Account Holder has the possibility to submit an order, KELER will act on the basis of the Account Holder's order, or, in the absence thereof, according to the default procedure announced in the notification of the corporate action for the relevant security.

If owing to a special Corporate Action, the Account Holder has claim to cash compensation (e.g. compensation of fraction shares) KELER will execute recording of the compensation of the account of the Account Holder only after the credit item is actually made to the account of KELER kept by the external account manager.

Due to the characteristics of international custodian chains, non-segregated registration and rounding applied by the external account manager for the Corporate Actions, it cannot be excluded that in case of certain Corporate Actions some Clients may get into slightly better while some other Clients into slightly worse situation compared to the original terms determined by the Issuer. The Clients cannot have any claim to compensation for the differences arising therefrom.

KELER shall not take any responsibility if the rights of the holders of securities are violated at the general meeting convened by the non-resident Issuer of the foreign securities due to the possible long chains of custodians.

### **3.4.3. Procedure relating to taxation in case of foreign securities**

KELER pays the yield paid in cash to the Account Holder on net value basis. The amount of tax applied for calculating the net amount depends on the tax residence of the Issuer. Deviation from the general tax rate - use of a preferential tax rate - is allowed by agreements to avoid double taxation, and the dedicated securities sub-account opened for this purpose and allowed by the documentation determined by the particular market regulation on the markets listed in [Depository Announcement 9-21 on the Detailed Rules on the Treatment of Corporate Actions Relating to Foreign Securities](#). Failing this, the highest tax rate applicable in the Issuer's country is to be applied.

The detailed tax rules relating to foreign securities are described in [Depository Announcement 9-21 on the Detailed Rules on the Treatment of Corporate Actions Relating to Foreign Securities](#).

## **4. Rules applicable to the Participants in the securities settlement system and the finality of the Settlement, agreement of the Participants, settlement Services**

### **4.1. General provisions**

In this Chapter, KELER stipulates the rules of cooperation for the participants in the securities settlement system operated by KELER and the participants in the T2S securities settlement system designated pursuant to the Tvt. for the purpose of ensuring settlement finality and to mitigate the risk arising from any measure limiting payment initiated against a participant of the system. The provisions of this Chapter are to be interpreted in conjunction with [Depository Announcement 9-02 on the Finality of Settlement in Payment and Securities Settlement Systems](#).

#### **4.1.1. Participant of the Settlement system (the Participant)**

Participants of the Settlement system defined in this Chapter are the following Clients of KELER:

- a) credit institution,
- b) payment institution and electronic money Issuer institution based on the act on certain payment providers,
- c) investment company,
- d) the Hungarian State Treasury,
- e) Államadósság Kezelő Központ (State Debt Management Authority),
- f) a credit institution, investment company and any other entity having their seat in another member state of the European Union that can be a participant of the system in some other member state,
- g) the credit institution of a third country that meets the provisions stated in Section 6 (1) 35. of the Hpt. or the investment firm of a third country that meets the provisions of Section 4 (2) 39. of the Bszt.,
- h) the central counterparty as defined in the Tpt..

#### **4.1.2. Joining the Settlement system**

Conditions for joining the Settlement system:

- KELER has decided to allow the Participant access based on a risk-based assessment of the access criteria,
- the Participant provides the documents and data specified in these Business Rules to KELER, and
- the Participant accepts these Business Rules and the relevant regulatory documents of KELER as the agreement between the Participants of the System.

The provisions of this Chapter relating to Participants shall apply to the connection of a CSD and other market infrastructure to the Settlement system.

#### 4.1.3. KELER as System Operator

##### 4.1.3.1. Tasks and responsibilities of the System Operator

- a) submits the application for appointment,
- b) notifies the appointing authority on changes to the conditions of appointment,
- c) registers at the court, the authority competent to proceed and ECB to receive notifications relating to proceedings to restrict payment,
- d) keeps contact with the court, the authority competent to proceed and ECB,
- e) notifies the winding-up court, other authorities competent to proceed and the ECB on the registration of the System, the data of the Participants stated in legislation and on changes to these data,
- f) makes the notifications and presents the documents stated in the Tvt.,
- g) keeps the records stated in the Tvt.,
- h) creates, maintains the rules of procedure of Participants necessary for the implementation of the agreement, informs the appointing authority on any amendment to the agreement,
- i) obliged to keep records and retain them for ten years based on which the content and time of receiving (year, month, day, hour, minute) of the notice on the start of the proceedings to restrict payment by the court, the authority entitled to proceed or ECB can be checked retrospectively also. KELER ensures the invulnerability of data during the storage of the content and the time of receipt of the notices.

As part of keeping contact with the court, the authority entitled to proceed and ECB, KELER is obliged to

- a) inform them in writing on the persons appointed to receive the notice on the proceedings to restrict payment, including their titles and contact details;
- b) inform them in writing within 15 days on the data of the Participants and on related changes.

The person designated to receive notices on the proceedings to restrict payment by the court, the authority entitled to proceed to act and ECB:

[The General Manager of KELER, as may change from time to time](#)

Contact details: [elszamolahazusers@keler.hu](mailto:elszamolahazusers@keler.hu)

T2S-SettlementManager@keler.hu (for notices from the ECB)

##### Mailing address:

KELER Ltd.  
KELER Central Depository Private Company Limited By Shares  
Rákóczi út 70-72, Budapest, H-1074  
Switchboard: +36-1-483-6100

Törölt: Zsolt DEMKÓ-SZEKERES,

Törölt: Central Fax: +36-1-342-3539

KELER publishes on its website the name of the person designated to receive notices.

##### 4.1.3.2. The task of the System Operator in case of notification on proceedings to restrict payment



In line with the internal requirements of T2S and based on Section 4 (1) of the Tvt., the execution of orders received until the notice on the proceedings to restrict payment is taken receipt of, can be completed and are unappealable regardless of the opening of the proceedings to restrict payment against the Participant. In line with the internal requirements of T2S and based on Section 4 (2) of the Tvt. this is applicable to the opening of proceedings to restrict payment against the participant of linked system (System link) and the system operator of the system link that is not considered participant.

In case of receipt of a notification on proceedings to restrict payment KELER shall stop acceptance of the transfer orders of the Participant concerned immediately but at the latest within thirty minutes of receipt and notify the appointing authority, the Supervisory Authority, the competent court, ECB as well as the participants.

The above do not affect the right of third parties to appeal against the execution of the transaction received by KELER following the notice on the proceedings to restrict payment is received by KELER in line with Section 4 (3) of the Tvt.

If the Settlement system received the transfer order after the time of opening of the proceedings to restrict payment, as defined in Section 5 (2) of the Tvt., following execution it becomes binding and unappealable by third parties only if KELER evidences that at the time from which the transaction cannot be withdrawn from the Settlement system it did not have and was not supposed to have any knowledge of the opening of the proceedings.

After the suspension of the receipt of orders, KELER as system operator acts only in line with the rules stated in other legal regulations on the execution of the given proceedings to restrict payment (e.g. it will perform transfer orders involving debiting subject to approval by the liquidator, the supervisory commissioner or parties authorized by them).

#### **4.1.3.3. Special rules on the temporary proceeding to restrict payment**

If the notice by the authority entitled to take action or by ECB includes that the proceedings to restrict payment are of a temporary nature, KELER complies with the rules of procedure stated in Section II. 4.1.3.2. and after the temporary period it terminates the suspension of the Participant involved and will accept its orders in the future. KELER terminates the suspension on the day when the authority entitled to take action or ECB informed KELER in writing. Orders rejected or cancelled during a payment restriction procedure may not be subsequently reinstated.

#### **4.1.3.4. Special rules in case of proceedings to restrict payment**

KELER does not consider orders submitted within the scope of its notary services (Demat events for dematerialized securities), as well as securities blocking orders and orders initiated by non-participants as transfer orders within the meaning of the Tvt..

If proceedings to restrict payment are opened against a Participant, KELER is entitled to accept and execute the orders necessary to undertake the above central depository activity and the Participant subject to the proceedings to restrict payment is required to submit the orders necessary to undertake the above central depository activity.

#### 4.1.4. Obligations of the Participant

The Participant shall:

- a) simultaneously with signing the finality authorization, provide the following data on the form provided by KELER:
  - name,
  - registered office,
  - company register number,
  - tax number,
  - name, deputy/ies of the contact person,
  - position, name of the organizational unit,
  - mail address and email address,
  - telephone and fax number.
- b) send a notification to KELER on any change in the data specified in Point a) within 5 days after the change by completing a new form,
- c) provide KELER with the documents specified in Section I.2.4 of these Business Rules and in [Depository Announcement 9-01 on Access Management](#),
- d) within 5 days of demand by KELER present documents of less than 3 months evidencing the data in the previous sub-points (certificate of incorporation, articles of association).

In order to comply with the internal requirements of ECB and the provisions of the Tvt., in the course of keeping contact with Participants KELER is entitled to request and register the data stated in the previous sub points, furthermore, to request the documents supporting these data if this is found necessary.

The Participant is obliged to inform the System Operator of the opening of proceedings to restrict payment against it or its direct Participant if it becomes aware of such opening.

#### 4.2. Agreement between the Participants

##### 4.2.1. General provisions

The content of the agreement between the Participants, provided for in Section 3 of the Tvt., is stipulated in the provisions of these Business Rules.

##### 4.2.2. Time to receive transfer orders

In case of opening proceedings to restrict payment under transfer orders, the times of their acceptance in the Settlement system, the conditions of acceptance, and the sanctions for the participants in the Settlement system are defined in Chapter II.4.1.3.2. of these Business Rules and [Depository Announcement 9-02 on the Finality of Settlement in Payment and Securities Settlement Systems](#).

#### **4.2.3. Special rules on the withdrawal of the transfer order if proceedings to restrict payment are opened**

Following receipt of the notice on the proceedings to restrict payment KELER cancels the transfer orders submitted by the Participant but not accepted until the receipt of the notice on the proceedings to restrict payment.

#### **4.3. Provisions on the time to give notices**

The notice on the proceedings to restrict payment can be sent primarily electronically as set forth in Chapter II.4.1.3.1.

KELER receives the notices primarily but not exclusively from the MNB, courts or T2S (EKB). If it is not possible to send notices electronically, the obligation to give notice can be met by personal delivery or by mail. The receipt of consignments sent by delivery agent or courier can be assured between 9 am and 3 pm on business days as a general rule that is based on the official customer relations opening hours of KELER.

#### **4.4. Time of receiving the notice on the opening of the proceedings to restrict payment**

The notice on the opening of the proceedings to restrict payment is considered received if it can be evidenced that KELER received the written notice electronically at the email address stated on its website, at the mailing address stated on its website or downloaded it via the ERA system.

#### **4.5. Notice to the Participants on the opening of the proceedings to restrict payment**

After the notice on the opening of the proceedings to restrict payment is received, KELER as the System Operator pursuant to Section 3 (1) c) of the Tvt. immediately informs the persons designated by the Participants to receive such notice and to take action.

- a) on the fact the proceedings are opened, the content of the notice thereof and the time it is received,
- b) the exact time from which the Settlement System stopped to receive the orders of the Participants subject to the proceedings.

#### **4.6. The Indirect Participant**

KELER shall consider a person to be an Indirect Participant if it has a contractual relationship with a Participant for the purpose of executing its transfer orders and the Participant designates it as an Indirect Participant on its form with KELER.

The herein determined rules governing the transfer orders of the Participant of the Settlement system and the invulnerability of collateral apply to the Indirect Participant also until the Participant states in writing that the orders it sent for settlement and fulfilment do not include

transactions of an Indirect Participant subject to proceedings to restrict payment, i.e. KELER handles separately the transfer orders of the Indirect Participant subject to proceedings to restrict payment. The statement template is available on the website of KELER.

The Indirect Participant is subject to the rules applicable to Participants, compliance with which, in particular the rules governing the Participants' transfer orders, is the responsibility of the Participant contractually linked to the Indirect Participant.

## **4.7. Handling of settlement orders**

### **4.7.1. Receipt and cancellation of orders**

KELER considers the order accepted on the given day for the given due date (submitted on the given day in advance with a due date or recycled from an earlier day) if the order was received successfully within the deadline, and KELER accepted it (i.e. it was not refused due to logical, formal or content reasons). The deadlines for the submission of settlement orders and orders for their withdrawal (cancellation) are set out in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#).

The Participant is entitled to request cancellation of the orders sent to and received by KELER, in compliance with the rules on matching transactions and the provisions applicable to certain transactions, as long as the orders in the queue are not executed.

KELER will perform the withdrawal only if the order is not yet settled and, if it is not an internal transaction to KELER, if the external account manager accepts the instruction for cancellation, cancels the order and confirms it to KELER.

The general rules of accepting settlement orders and orders for their withdrawal (cancellation) and the detailed procedures of submission are set out in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#).

### **4.7.2. Finality of orders**

KELER considers the execution of the order final if it is posted in its account management system, and, in the case of settlement in the ECB system, in T2S.

Orders the execution of which is final are irrevocable.

The detailed rules and information on the matching of settlement orders, settlement tolerance limits, the use of the Matching BIC, transfer orders generated by the KELER, the retention and settlement release mechanism, coverage verification, priority and queue management, partial settlement and recycling are set out in [Depository Announcement 9-20 on the Detailed Presentation of Settlement Orders](#).

The description of the T2S settlement rules and the detailed description of settlement orders are set out in [Depository Announcement 9-20 on the Detailed Presentation of Settlement Orders](#).

#### 4.8. Establishing settlement days and period of operation

When defining Settlement days and periods of operation within Settlement days KELER allows for the start and the end of operation periods and legal holidays to be in harmony primarily with the working hours of KELER CCP and the MNB and the operation of BSE, T2S and Clients. Accordingly, following the announcement of the regulation on the order of business days around legal holidays in the year concerned KELER initiates a consultation with KELER CCP, MNB and BSE to establish the legal holidays of the year concerned.

Also with regard to the above settlement days may be different for individual ranges of transactions.

The detailed rules of the sections of KELER business days and the processing time windows of settlement orders are set out in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#).

The detailed rules on the extension of the operating period that may be initiated by the Client, KELER or the MNB, as well as the detailed rules on the types of messages whose operating period cannot be extended, are set out in [Depository Announcement 9-15 on the Principles of Operating Time Extension](#).

KELER provides services related to BSE in operation periods harmonized with the working hours of the BSE.

KELER makes an advance public notice on its operation schedule of the year that is continuously available on the website of KELER.

#### 4.9. Settlement discipline

The Account Holder is required to settle the transactions executed for their own account or for third parties, in transferable securities, financial instruments, units in collective investment undertakings and emission allowances on the intended settlement date.

The date of Intended settlement in the case of trades executed on a Trading venue is no later than T+2, except for

- a) trades where the counterparties agree on details but execute the trades on Trading venues,
- b) bilaterally executed trades that are reported to the Trading venue,
- c) initial listing of transferable securities.

Pursuant to the provisions of the CSDR, KELER shall monitor and report to the competent authority all failed orders in its Settlement System and calculate and apply the penalties provided for in the Regulation for each failed settlement order.

The Account Holder shall monitor notices and statements of penalties received from KELER and shall pay the prescribed penalties on time and, where it is involved as an intermediary in a default, shall ensure that it provides its clients with the necessary information on the data of the penalties

reported by KELER and shall collect the amount of the penalties from them or pay them the amount of the penalties due to them.

The detailed rules on penalties are set out in [Depository Announcement 9-24 on the Detailed Rules on the Management of Penalties](#).

It is the responsibility of the Account Holder (and its Principals) to comply with the provisions of Commission Implementing Regulation (EU) 2018/1229 on settlement discipline, [as may be in effect from time to time](#). KELER is entitled to suspend the Account Holder's access to the Settlement System if it consistently and regularly causes failure, and is entitled to make public the fact of such suspension.

KELER shall consider an Account Holder to be consistently and regularly causing failure if the relevant Account Holder's settlement efficiency rate is at least 15% lower than the average settlement efficiency rate of the KELER Settlement System for at least 10% of the number of business days for which it has submitted a settlement order during the preceding 12-month period.

The settlement efficiency rate is calculated by KELER as the ratio of the number of [performed](#) settlement orders to the number of received settlement orders.

Prior to the suspension and its publication, KELER shall consult with the Account Holder, during which the Account Holder may submit observations, and KELER shall also notify the Supervisory Authority in advance.

If an Account Holder is suspended, KELER shall make this public through its normal communication channels (website, KID).

For Account Holders that consistently and regularly fail to perform, provided that they are also Clearing Members of KELER CCP and/or members with trading rights on BSE, KELER shall directly notify the market infrastructure(s) concerned if the Account Holder's settlement efficiency falls below the level specified above. The central counterparty and the trading venue may, at their discretion and in consultation with the Supervisory Authority, take measures to suspend the Account Holder concerned from the relevant system.

## 4.10. Services relating to settlement

### 4.10.1. General rules for securities blocking orders

The Account Holder is entitled to give an order to KELER for Blocking securities, except for the cases defined in regulations. KELER will automatically issue a blocking statement, in a closed system, for the blocked securities. In the case of Joint Blocking, and if a supervisory or regulatory securities blocking order is received from a person other than the Account Holder for a security available in the Account Holder's account, KELER shall execute it immediately and automatically issue a deposit receipt to the initiator of the Blocking or, if necessary, to the beneficiary. At the request of the account holder, KELER shall issue a duly signed deposit receipt and ownership

**Törölt:** (The rules on penalties will enter into force on the date of entry into force of the provisions, as set out in Commission Implementing Regulation (EU) No. 2018/1229.)

**Törölt:** No.

**Törölt:** , including in particular the buy-in processes' and time limits, including, but not limited to:¶ the establishment of contractual arrangements with the relevant contracting parties that include obligations relating to the buy-in process and that are enforceable in all relevant jurisdictions. Thus, the KELER Account Holder must also enforce in its agreements and business arrangements with its Principals that all members of the settlement chain comply with these requirements,¶ at the end of the required settlement grace period, the defaulting clearing member shall ensure that the settlement order related to the settlement failure is retained,¶ ensure the buy-in agent is appointed and that the required notices are sent and received,¶ settle the buy-in transaction or, in the event of failure to settle, perform the cash compensation procedure,¶ pay the buy-in costs,¶ at the end of the buy-in (or cash compensation) process, the Account Holder concerned shall cancel the original settlement order.¶ KELER shall not be involved in the execution of the buy-in (financial compensation) process and shall not be liable if the Client fails to fulfil any of its obligations in this respect or fails to fulfil them within the prescribed time limit.¶ The receiving clearing member, through the Account Holder, shall report to KELER on the outcome of the buy-in process, and the value and amount of the financial instruments bought-in, as well as other data. KELER shall record the data received and report it to the competent authority(ies).¶

**Törölt:** failed

**Törölt:** The number of failed orders shall take into account orders failed due to insufficient securities cover or retention, including failures due to linked orders.

**Törölt:** (The rules on settlement discipline and buy-ins will enter into force on the date of entry into force of the provisions, as set out in Commission Implementing Regulation (EU) No. 2018/1229.)

certificate of the Blocking on the segregated securities account. For a segregated securities account held on behalf of a client, KELET shall issue a duly signed deposit receipt.

During the Blocking, the initiator of the Blocking must indicate the legal title of the Blocking (in particular, bail, pledge, court deposit, claim, enforcement proceedings) and the duration of the Blocking, as well as the person in whose favour it is registered in the comment field, if the identity of the beneficiary cannot be determined from other data of the Blocking.

KELER will send the Account Holder the blocking statement. The Account Holder shall send the statement issued by it to its Principal and to the person to whose benefit the entitlement was registered as well as to the competent court, executor and other relevant authorities. If a Blocking order is received from a person other than the Account Holder, KELER shall send the blocking statement to the principal and the beneficiary.

If the Principal is entitled to alienate the securities during the period of Blocking, KELER ensures that the securities are credited to the securities account of the new holder by indicating Blocked status and the circumstances justifying the Blocking.

If the person to whose benefit the Blocking was made certifies credibly that it acquired the ownership of the securities, KELER shall ensure without delay that the securities are transferred to the securities account indicated by the new holder.

The Account Holder shall be liable for failure to Block the central securities account being subject to Blocking.

Blocking related to central securities account type 'B', that is securities owned by the Principals of the Account Holders is to be initiated not at KELER but at the securities account manager. The blocking becomes valid only if the fact of Blocking is registered by KELER upon the initiative of the Account Holder.

#### **4.10.2. General rules for releasing the Blocking of securities**

If the right is cancelled (the Block is released), then KELER informs the Account Holder who forwards the development to all those who were informed when the right was registered. If a person other than the Account Holder requested the Blocking, then KELER sends the information about the deletion of the blocking to the persons who were informed about the registration of the blocking.

Securities can be released or burdened again only if the circumstance giving rise for the Blocking ceased and the person entitled to the Blocking makes a statement about the ending of the Blocking. In this case KELER immediately arranges for the ending of the Blocking.

If the circumstance giving rise to the Blocking ceases to exist before the expiry date of the Blocking or the Blocking is for an indefinite period of time, then the ending of the Blocking can be requested in the following ways: the entitled person returns the hard copy blocking statement or sends the statement on the ending of blocking. A Blocking for a definite period of time will cease upon the

expiry of the period or at a certain time. These rules are applicable to all types of Blocking detailed in Chapter II.4.10.3.

In case of securities with expiry, with the exception of units with an expiry date, the expiry date of Blocking can be at the latest the second Settlement day preceding expiry of the securities. If the holder of the securities is entitled to alienate the securities during the term of blocking KELER has to ensure that the securities are immediately credited and blocked on the account of the new holder with indication as to the circumstance justifying the blocking (and the blocked nature of securities).

If the beneficiary to whose benefit the blocking was made certifies credibly that it acquired the ownership of the securities, KELER shall ensure without delay that the securities are transferred to the securities account indicated by the new holder.

The Blocked securities cannot be used for securities operation during the term of Blocking, except for securities under compulsory Blocking, the Account Holder is not entitled to alienate securities unless otherwise agreed by the Account Holder and the entitled person. In case of a share the date of expiry of the blocking is defined according to the provisions of the Tpt.

Should the certified blocking statement issued cannot be returned for some reason (lost or destroyed), KELER and the holder of the certified blocking statement shall document this fact in minutes. The minutes will be signed by KELER and the agent of the Account Holder. Only a person authorized for this purpose can sign the minutes.

Blocking of securities in favour of the MNB can only be made in relation to securities on the own account of the Account Holder that are owned by the Account Holder.

If the Issuer converts demat securities to physical securities during the Blocking period, then the Issuer shall hand over the physical securities to KELER at KELER's request.

The Account Holder or the beneficiary may also initiate the release of the Blocking, in whole or in part, by returning the issued certificates. To initiate the release of the Blocking, the original Blocking must be clearly identified by the blocking reference confirmed by KELER at the time of execution of the blocking order.

#### **4.10.3. Types of securities blocking orders**

##### **4.10.3.1. The unilateral Blocking**

The Account Holder has the right to initiate unilateral Blocking on its Central securities account maintained at KELER. KELER executes the unilateral Blocking against the freely available securities in the designated account. If the unilateral blocking is executed for the purpose of issuing a certificate of ownership for the holding of a General Meeting of the issuer of the security, the Blocking shall apply for the period specified in the order.

At the order of the Account Holder the Blocking can be released at any time, even before the original expiry date.



#### 4.10.3.2. The joint Blocking

In the case of a Joint Blocking, the Account Holder and one of its clients shall submit a joint blocking order to KELER in respect of the securities of the Account Holder available in the central securities account.

In order to execute a Joint Blocking, the Account Holder shall only open a Central securities sub-account with individual principal segregation for the relevant Principal, as the Joint Blocking can only be executed in the aforementioned account type, which sub-account can only be in the name of one holder.

An original declaration regarding Blocking of the securities (description of the securities, quantity, expiry, mailing address) of the client (holder of the Central securities account) not older than one month or an authentic copy of a declaration to the same effect (letter instructing Blocking) is to be attached to the instruction of the Account Holder.

KELER provides to both parties requesting the Blocking a blocking statement on the joint Blocking. KELER hands over one copy of the Blocking statement to the Account Holder. The second copy of the Blocking Statement shall be sent to the Account Holder and its client by KELER to the email addresses indicated in the letter of instruction or otherwise, or, failing this, to the registered office of the Account Holder's client by registered letter with acknowledgement of receipt. The consequences arising from the incorrect provision of the mailing address, the use of the postal service and the loss of the certified Blocking statement shall be borne by the Account Holder or the Account Holder's client.

KELER shall only record the minutes simultaneously with the release of the Blocking if the Blocking statement has been issued as a printed document.

The original letter of instruction for the converted securities remains in force until it is used to release the first Blocking.

#### 4.10.3.3. The beneficiary Blocking

In case of beneficiary Blocking the Account Holder shall indicate the beneficiary client having a Central securities account at KELER that is entitled to release the Blocked securities before expiry or, if necessary, to alienate them if the collateral is enforced.

KELER informs the Account Holders concerned of the beneficiary Blocking in the KID system.

KELER indicates the Blocking on the dematerialized security on the account statement and other accounting documents.

The types and special cases of beneficiary Blocking are as follows:

- KELER beneficiary Blocking
- KELER CCP beneficiary Blocking of collateral
- MNB Beneficiary Blocking (credit card and GIRO limit blocking) in accordance with the provisions of Section II.4.10.5

- Other beneficiary Blocking
- trilateral beneficiary Blocking.

#### 4.10.3.3.1. The trilateral blocking

In the course of trilateral Blocking the holder of the securities as obliged party creates a collateral (deposit) on behalf of the beneficiary being in contractual relation with it. Creation of collateral is necessary for meeting the obligations of the obligor towards the beneficiary in line with the contract.

The trilateral Blocking in favour of the beneficiary may be initiated by the holder of the security, indicating the beneficiary of the security.

A dematerialized security can be placed into deposit with the written agreement of the Account Holder, the account manager and the person entitled to the collateral.

The deposit can be established in such way that the obliged party undertakes in a bilateral agreement concluded with the beneficiary to arrange that the securities subject to the collateral are blocked, i.e. the securities deposited will be blocked for the beneficiary.

Furthermore, the obliged party undertakes in a bilateral agreement that it requests KELER to issue a blocking notice on the Blocking for the beneficiary and will immediately hand over the original copy (if this is requested by the beneficiary) after the Blocking to the beneficiary.

Obliged party acknowledges that:

- the beneficiary is exclusively entitled to dispose over the Blocked securities from the date of Blocking until the end of Blocking,
- KELER does not examine the legal title of the disposal of the beneficiary, therefore the orders of the beneficiary will be performed that otherwise comply with these Business Rules,

#### 4.10.3.3.2. KELER beneficiary Blocking of collateral

The Account Holder is entitled to provide security collateral by Blocking an instrument included in the prevailing list of acceptance conditions of KELER with KELER indicated as beneficiary.

KELER accepts the Blocking up to the date set forth in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#), and executes it after checking the availability of the necessary funds.

Valuation of the securities blocked as collaterals completed in accordance with the Lists of Conditions of KELER.

Blocked securities may be released before the expiry only with the approval of KELER if the given Account Holder's current obligation for providing a collateral is fully covered by the Blocked deposit.

#### 4.10.3.3.3. Blocking with KELER CCP as beneficiary relating to collateral or covered positions

The Account Holder is entitled to perform its obligation for providing collateral by blocking the assets registered in the up-to-date list of conditions of KELER CCP by indicating KELER CCP as beneficiary. The Blocking is governed by the provisions of Chapter II.4.10.3.3.1 (Trilateral blocking) of these Business Rules.

The obligation to provide collateral for KELER CCP can be performed in such way that the securities serving as collateral will not be blocked on the account of the obliged party but on the account of the settlement agent contracted by the obliged party. In this case the order for Blocking is filed by the settlement agent who indicates that the agent as obliged party requests the blocking of the securities as a collateral for a third party being in contractual relationship with them (trilateral blocking).

KELER accepts the Blocking up to the date set forth in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#), and executes it after checking the availability of the necessary funds.

Valuation of the securities blocked as collaterals is completed in accordance with the Lists of Conditions of KELER CCP.

Release of blocked securities before expiry is allowed only with the consent of KELER CCP, provided the obligation of the Account Holder to provide collateral is fully covered by the collateral remaining blocked.

#### **4.10.4. Release of Blocking**

Unilateral and joint Blocking may be released by the party that has given the order to release the Blocking.

##### **4.10.4.1. Special rules for releasing a beneficiary blocking**

In the case of MNB and CCP beneficiary Blocking, the party ordering the Blocking shall initiate the release of the Blocking, which requires the approval of the beneficiary (except in the case of a withdrawal of collateral). The beneficiary Blocking may be released (with or without the withdrawal of collateral), either in respect of some or all of the Blocked securities:

- a) on the basis of an individual blocking release instruction of the beneficiary, up to the date of expiry of the Blocking. In this case the following text is to be shown on the release instruction: "I will / will not exercise my transfer right", if a transfer order is submitted also, "exercising rights of the beneficiary" is to be shown on both orders.
- b) in the absence of an individual order from the beneficiary, with automatic release by KELER at the expiry of the Blocking, in which case the Account Holder is free to dispose of the security thereafter.

##### **4.10.4.2. Mandatory statutory Blocking of the Central securities account**

KELER will Block all dematerialized securities that are subject to rights of a third party under law, act of court or authority, or resulting from a contract, or relating to which the Account Holder gives such an instruction.

During the Blocking, the initiator of the Blocking must indicate the legal title of the Blocking (in particular, bail, pledge, court deposit, claim, enforcement proceedings) and the duration of the Blocking, as well as the person in whose favour it is registered in the comment field.

#### 4.10.5. Blocking of securities due to bank card or cash limit

##### 4.10.5.1. General rules

The Keler performs the credit card and cash limit Blocking on behalf of a GIRO or VIBER member account holder. The account holder can establish bank card and cash limits by blocking securities defined by the MNB for these purposes on the securities account kept at Keler. Blocking for bank card and cash limits is completed based on separate grounds.

**Törölt:** Participant

The Account Holder is responsible to initiate both the limit increase (by Blocking government securities) and the limit decrease (by releasing blocked securities) at Keler.

Further regulations relating to limit management and the range of the acceptable securities, rules for their assessment are included in the respective regulations, instructions of the MNB.

Blocking for cash limit is made until withdrawal, in line with the rules on blocking the blocking for bank card limit can be requested until withdrawal with a specific expiry date or until expiry. In all other cases Blocking expiry is the second Settlement day before the expiry of the securities at the latest.

Blocking of securities in favour of the MNB can only be made in relation to securities on the own account of the Account Holder that are owned by the Account Holder.

If the cancellation of securities owned by the Account Holder and Blocked in favour of the MNB is completed at the request of the Issuer prior to the expiry of the securities, Keler executes the cancellation immediately after receipt of the unblocking license provided by the MNB at the request of the Account Holder. If the Account Holder does not request unblocking, Keler completes unblocking prior to cancellation.

##### 4.10.5.2. Securities Blocking

Limit increase is initiated by the Account Holder by submitting an order standardized for this purpose, indicating among other information the type and quantity of the securities to be Blocked. Following a successful securities coverage verification Keler will Block the securities for the specific purpose. Keler shall notify the MNB and the Account Holder concerned on the blocking.

##### 4.10.5.3. Release of securities Blocking

###### 4.10.5.3.1. Automatic release of securities Blocking

The limit value of the Account Holder will decrease on the relevant value date if its securities Blocked for the earlier limit expire. Then the Blocked securities are automatically released on the day before expiry. Keler informs the MNB of the release of the Blocking (reduction of the limit) on E-1 day, at the end of the daily limit Blocking period.

#### **4.10.5.3.2. Release of securities Blocking at the request of the Account Holder**

The Account Holder is entitled to reduce the value of the limit by submitting an order for release of the Blocked securities to KELER.

Release of the Blocked securities is subject to the consent of the MNB.

If the MNB consents to the release of the Blocked security, KELER will release the Blocking and notify both the MNB and the Account Holder concerned. In case of Release of Blocking of securities Blocked for limit, partial fulfilment is not allowed.

#### **4.10.6. Beneficiary collateral valuation and coverage verification**

KELER performs the following services for the beneficiary in the context of collateral valuation on the basis of an individual agreement:

- Valuation of collaterals deposited with KELER based on previously agreed conditions of acceptance or based on values (the value of the instrument accepted as collateral by KELER or the beneficiary, at which value the instrument concerned is taken for the collateral purpose concerned) sent by the Principal,
- Item by item and aggregate registration of collaterals actually available, evaluated based on conditions of acceptance,
- Provision / receipt of information continuously and keeping contact with the authorizing third party.

KELER provides the below services in the framework of coverage verification:

Coverage verification at KELER for the beneficiary:

- registration of coverage claims in KELER's system based on the data provided,
- comparing coverage requirements and coverage actually available evaluated in line with the conditions of acceptance,
- providing the result of coverage verification to the Principal,
- provision / receipt of information continuously and keeping contact with the third party giving the order.

Coverage verification at the beneficiary with data provided by KELER:

- itemized and summary report of the collateral of the beneficiary available at KELER,
- provision / receipt of information continuously and keeping contact with the beneficiary giving the order,
- authorization by the account holder of a transaction for the reduction of collateral by the beneficiary performing the coverage verification.

#### **4.10.7. HUF and foreign currency Cash Account required for the cash leg of the settlement**

KELER keeps a Cash Account for the Participants for the purpose of cash settlement of settlement orders.

By default, KELER may settle the HUF payment transactions related to the securities transactions of Account Holders that are considered Credit Institutions through the VIBER system. In the VIBER system KELER is entitled to submit HUF payment orders to the MNB on behalf of the credit institution to meet payment obligations arising from these Business Rules.

If so requested, the Credit Institution may also use its Cash Accounts with KELER for securities settlements, provided that it has previously concluded a separate Cash Account management agreement.

The Account Holder may specify the default Cash Account to be used per transaction type and may also independently specify the account number to be used for financial settlement at the level of the settlement orders.

#### **4.10.8. Information on the risks and costs of settlements on proprietary accounts**

KELER will open and handle cash accounts used for settlements for the various Participants as proprietary accounts, noting that balance of the cash accounts is to be deemed as deposit under the Hpt. General information about the risks of settlements on Cash Accounts so opened and handled is set forth on the website of [www.keler.hu](http://www.keler.hu), with relevant costs contained in the effective [Fee Schedule](#) of KELER. KELER must provide information about the risks and costs of settlement on cash accounts as proprietary accounts maintained for the Client by KELER, which is to be made within 5 business days, at the request of the Client or a potential client.

#### **4.11. Participation in the settlement of international transactions (services relating to foreign securities)**

##### **4.11.1. Acceptance of foreign securities**

For the purpose of the registration, management and international (cross-border) settlement of foreign securities, KELER, as the central securities depository of the investor, shall maintain a securities account with the foreign account managers or central securities depositories of its choice. Registration of securities in the portfolio of the Participants and their Principals is completed by default at the external account manager of KELER without segregation.

The range of foreign securities acceptable by KELER is detailed in the regulations of the external account manager selected in addition to the obligations provided for by law.

The registration of foreign securities and the possibility of settlement within KELER is ensured by KELER on the basis of a contract with the external account manager.

If the Issuer (or other organization) lists acceptable foreign securities on the BSE, at the written request of the Issuer (or other organization), KELER will issue a statement of acceptance for stock exchange settlement pursuant to the data registered by the external account manager.

The securities credited through the external account manager appear on the securities account of the Account Holder only as account receivables, such securities cannot be physically delivered in or out.

KELER keeps a separate register on broken securities credited to its account managed by the external account manager where broken securities due to various Account Holders are recorded. KELER informs the concerned Account Holder in email on the volume of broken securities by sending information on the closing balance of the last business day of each calendar month. If the total of broken securities credited to the Account Holder amount to a round number of securities, KELER transfers the credited securities to the securities account of the Account Holder.

#### 4.11.2. Settlement of foreign securities

In the course of international settlements KELER allows the Account Holder to settle transactions without payment (FOP) and with payment (DVP). KELER settles the orders on a gross basis and by default forwards them to the external account manager in a retained state without any coverage verification. Thus orders are subject to matching regardless whether sufficient cover is available in the account of the Account Holder. However, the condition of successful order settlement is that the Account Holder provides cover in line with the applicable deadline that varies by local markets and is linked to the securities cut-off time of local markets. For foreign exchange settlement of securities purchase and sales transactions involving payment, the rules of foreign exchange account management apply.

Orders relating to foreign securities can be forwarded to KELER electronically, KELER will forward such orders after checking format and content to the external account managers via SWIFT. In the cases determined by KELER, KELER may require orders from the Account Holder in other communication channels (e.g. via encrypted email) if orders cannot be submitted in the electronic client communication system. KELER forwards the instructions received from Account Holders to the external account manager on a FIFO basis, i.e. in the sequence of submission. The cut-off times for receiving orders are detailed in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#).

KELER shall continuously forward to the Account Holder any information provided by the external account manager on the relevant transaction considerably influencing the status of the transaction to be settled.

Regarding foreign securities transactions KELER distinguishes transactions as follows:

- a) transactions within KELER,
- b) transactions within the system of KELER's external account manager (non-local market transactions), that is internal circle transactions, and

so-called local market transactions of various foreign markets.

The rules for settlement and account maintenance of KELER regarding foreign securities are identical with the rules applying for securities issued in Hungary.

From the point of view of the external account manager settlement of internal circle transactions is completed among the accounts kept in the system of the external account manager of KELER, in line with the rules of the external foreign account manager.

If the external account manager allows execution of a transaction involving several systems with the submission of one order, the fee of the relevant transaction may be different than the fee of internal transaction fees that is individually defined by the external account manager.

For settlement of the 'local market' transactions the external account manager may itself use the services of additional account managers (sub-custodians). Settlement of the transactions is primarily made in the system of this middlemen, according to the rules thereof.

Important information on local market settlement in various foreign markets is set out in [Depository Announcement 9-14 on the International \(Cross-border\) Settlement of Foreign Securities](#), while information on the cut-off times for submitting instructions are defined in [Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders](#). It is the Account Holder's responsibility to comply with the restrictions and obligations (penalties, tax and interest charges) specified in [Depository Announcement 9-14 on the International \(Cross-border\) Settlement of Foreign Securities](#) and to be familiar with the settlement rules of local markets and local markets not covered by this Depository Announcement.

If in the course of transaction settlement the external account manager invoices additional extra costs to KELER over and above the transaction fee (e.g. registration fee, stamp duty, tax, etc.), KELER will automatically transfer those to the Account Holder.

In case of settlement of international transactions since KELER does not assess the nature of the transactions, it is the responsibility of the account holder in each case that the instruction and the cover necessary for fulfilment are fully available on the account of the Account Holder in due time, in the interest of successful settlement.

#### **4.11.3. Settlement of Hungarian securities with T2S depositories with accounts held in KELER**

Based on individual agreements concluded with depositories that entered T2S and have accounts held by KELER, Hungarian securities settlements are performed in the system of T2S. KELER settles such so-called T2S cross CSD transactions identical to cross-border settlement. The applicable settlement rules are set out in KELER's [Depository Announcement 9-20 on the Detailed Presentation of Settlement Orders](#).

### **4.12. Free of Payment (FOP) transactions related to foreign securities**

#### **4.12.1. Acceptance of foreign securities (FOP crediting)**

In accordance with the data of the instruction for acceptance submitted by the Account Holder, KELER forwards the order to the external account manager.



On the basis of the securities credit advice of the external account manager KELER will credit the securities account of the Account Holder indicated in the instruction without delay.

#### **4.12.2. 'Delivery' of foreign securities (FOP debiting)**

The Account Holder may submit a foreign securities 'delivery' instruction for a foreign security registered in its central securities account.

The instruction is automatically transmitted to the external account manager in the form of a retained (hold) message without a coverage verification, however, the transaction can only be settled after the release, if the coverage verification is successful.

If the securities cover required for settlement is available at the account of the Account Holder, securities will be Blocked in the securities account. Following successful Blocking of securities KELER validates the transaction and forwards the instruction to the external account manager in line with the data of the order.

Based on the debit advice by the external account manager KELER will release the securities earlier Blocked for the transaction without delay and thereafter it will debit the central securities account of the Account Holder indicated in the instruction.

### **4.13. DVP type transactions with payment related to foreign securities**

#### **4.13.1. Transactions linked to issuance of securities**

In case of purchase transactions linked to issuance of securities the Account Holder has to give the order together with the required cover in compliance with the cut-off times herein stated. In case of transactions submitted late or without cover the foreign account manager reserves the right to back valued financial debit for transactions where settlement of the transaction cannot be made at the date of issuance due to insufficient financial cover. The fees of interest type arising from the above situation will be charged by KELER to its clients.

#### **4.13.2. Purchase of foreign securities**

After acquiring the master data of the securities if necessary, KELER will forward automatically as retained (hold) messages to the external account manager the foreign securities buy instructions submitted by the Account Holder without verifying foreign exchange coverage, however, the transactions may only be settled after they have been submitted for settlement. When cover required for settlement is available on the Cash account of the Account Holder, blocking of the funds required is completed.

Following the successful blocking of foreign exchange, KELER will submit the transactions for settlement.

On the basis of confirmation of fulfilment of the transaction by the external account manager KELER will release blocking of the foreign exchange and debit the relevant registration account of the

Account Holder with the amount concerned and on the securities side KELER will credit without delay the securities account indicated in the instruction of the Account Holder.

#### **4.13.3. Sale of foreign securities**

The Account Holder may submit, electronically, a foreign securities sale instruction for foreign securities registered in its Central Securities Account, which will be automatically transmitted by KELER to the external account manager in the form of a retained (hold) message without any securities verification, but the transactions will only be settled after they have been submitted for settlement.

When the cover required for settlement is available at the consolidated Central securities account specified by the Account Holder, securities are Blocked. Following the successful securities Blocking, KELER will submit the transactions for settlement.

Based on confirmation of the external account manager for the transaction concerned, KELER will release without delay the securities Blocked for the transaction earlier, and afterwards, it will debit the central securities account of the Account Holder indicated in the instruction and simultaneously credit the foreign exchange account of the Account Holder in the appropriate foreign currency.

#### **4.13.4. Cancelling foreign securities transactions**

Cancellation requests related to earlier submitted orders will be processed depending upon whether the instruction submitted by the Account Holder is forwarded to the external account manager.

If the original order is already sent to the external account manager, the transaction can be cancelled only if KELER already received the confirmation of cancellation by the external account manager.

## 5. Other services provided by KELER

### 5.1. WARP services

For the participants involved in the distribution of open-ended investment fund units KELER operates an electronic, web based order routing system to support the distribution processes in line with the provisions of the User Manual.

The main function of the system is to calculate and confirm the settlement amounts and quantities of orders for the placing, redemption or conversion of open-ended investment units entered by Distributors, based, in principle, on the price per unit, and to determine the net positions to be settled between each Distributor and the Settlement Agent, i.e. to settle them.

On the scheduled settlement date of the distribution orders, WARP will generate and transmit to KELER's settlement system the settlement orders involving the over-issuance or cancellation of investment units and update the original distribution orders based on their status.

KELER as the operator of WARP does not become a seller or buyer to the distribution and does not undertake any guarantee for the fulfilment of the settlement transactions.

The detailed rules for the operation of the WARP system and the WARP distribution process are set out in [Depositary Announcement 9-23 on the Operation of the WARP System](#).

### 5.2. Services relating to market reports (Trade Reporting)

#### 5.2.1. General rules

The Trade Reporting services provided by KELER comprise the data transmission and disclosure (publication) activities provided under the following legislation:

- The data transmission activities pursuant to Article 9 (1) of EMIR.
- The data transmission activities pursuant to Article 8 (1) of REMIT.
- The disclosure activities pursuant to Articles 14 and 20 to 21 of MiFIR.
- The data transmission activities performed pursuant to Article 26 of MiFIR.
- The data transmission activities performed pursuant to Article 4(2) of the SFTR.

For the performance of the listed data transmission and disclosure activities, KELER shall enter into a separate contract per service with the contracting parties subject to the reporting obligation (Client).

Entry into the contract is conditional on the acting representative of the Client verifying to KELER the authority to act for the Client and the effective corporate and organizational data of the Client, by way of an authentic document dated within the past 30 days, and KELER maintains the right to request further documents to prevent money laundering and financing of terrorism based on risk sensitivity.

KELER assumes no liability for the content of the data transmitted and published by it.

The provisions on the process, content and format of data transmission and publication, as well as the deadlines for receipt and notification are set out in [Depository Announcement 9-05 on the Detailed Rules for the Trade Reporting Service Package](#). If the Client fails to comply with the time limits set out in [Depository Announcement 9-05 on the Detailed Rules for the Trade Reporting Service Package](#), KELER shall not be liable for the timely receipt and publication of the reports to be transmitted and published.

### 5.3. Market data vending

KELER can sell the market data collected during the course of operation. The Client consents to the sale of such data. Data vending cannot apply to data the publication or sale of which is forbidden by regulation.

#### 5.3.1. MiFIR data sale

In accordance with Articles 84-89 of Commission Delegated Regulation (EU) 2017/565, KELER makes real-time market data published by it available on a reasonable commercial basis.

Pursuant to the contract signed with KELER, the Client is entitled to use the data for its own business purposes. The detailed rules of using the service are set out in [Depository Announcement 9-05 on the Detailed Rules for the Trade Reporting Service Package](#).

#### Törölt: <#>LEI code issue and management¶

KELER acts as a code issuer for organizations registered in Hungary and as an agent for non-Hungarian resident organizations in the processes of LEI code issuance, extension and transfer. The terms and conditions of the services provided by KELER in connection with LEI codes are set out in [Depository Announcement 9-08 on the LEI Services Provided to Non-Hungarian Resident Organizations](#) and [Depository Announcement 9-09 on the LEI Services Provided to Organizations Registered in Hungary](#).¶

For LEI code request KELER concludes an agreement with the Client, related to this the Client is requested to submit the documents listed in the Depository Announcement on LEI services.

### **III.Closing provisions**

These Business Rules shall enter into force following approval by the MNB, on the date stated by KELER.

After the commencement of the present Business Rules, KELER reserves the right to unilaterally amend the content of its contracts, in case of changes in the terms of its operational licence, to take effect concurrently with the effective date of the licence, as regards affected terms thereof. Smooth cooperation with the Account Holders is conditional on the acceptance of the amended terms by the Account Holder in writing. Account Holders losing their entitlement to use the services of KELER on account of the change in the terms of the licences will be contacted by KELER to initiate termination of their contracts.

## List of expressions and abbreviations used in these Business Rules, their definition

### Abbreviations

ANNA:	Association of National Numbering Agencies
APA:	Approved Publication Arrangement
ARM:	Approved Reporting Mechanism
BSE:	Budapest Stock Exchange
CFI:	Classification of Financial Instruments
CSD:	Central Securities Depository
EEA:	European Economic Area
EuroMTS:	EuroMTS Limited
FISN:	Financial Instrument Short Name
GIRO:	Interbank clearing system operated by GIRO Elszámolásforgalmi Zártkörűen Működő Részvénytársaság
IG1:	InterGIRO1
IG2:	InterGIRO2
KELER:	KELER Central Depository Zrt.
KELER CCP:	KELER CCP Central Counterparty Zrt.
KP:	Trading Platform
LEI:	Legal Entity Identifier
MNB/Supervisory Authority:	Central Bank of Hungary
SWIFT:	Society for Worldwide Interbank Financial Telecommunication
T2S:	Target2-Securities
WARP:	Wide Application Routing Platform

## Definitions

Unless otherwise defined in these Business Rules or in the Regulatory Documents, the terms and expressions used in these Business Rules and in the Regulatory Documents shall have the meaning given to them in the legislation applicable to the activities of KELER. For the purposes of these Business Rules and the Regulatory Documents, the following terms and expressions shall have the following meanings:

<b>Denomination unit:</b>	The smallest unit specified by the Issuer for physical securities that represents the rights and obligations included in the securities.
<b>Non-clearing Member:</b>	Any stock exchange member having trading right that concluded a contract with a general Clearing Member of KELER CCP to access KELER settlement services.
<b>APA:</b>	Approved Publication Arrangement, the term defined in Article 4 (1) 52 of MiFID II., that is the person authorized under the provisions established in the MiFID II Directive to provide the service of publishing trade reports on behalf of investment firms, in line with Articles 20 and 21 of MiFIR.
<b>Apostille:</b>	A certificate pursuant to Legislative Decree 11 of 1973.
<b>ARM:</b>	Approved Reporting Mechanism, the term defined in Article 4 (1) 54 of MiFID II, that is the person authorized under the provisions established in the MiFID II Directive to provide the service of reporting details of transactions to competent authorities or the European Securities and Markets Authority on behalf of investment firms.
<b>Government securities:</b>	Any debt securities issued by the Hungarian or a foreign state, the MNB, the European Central Bank or by central banks of any other member states of the European Union.
<b>Internal circle:</b>	A payment operation affecting exclusively the cash accounts maintained by KELER.
<b>CAPS system:</b>	An electronic system operated by KELER for the purposes of arranging services concerning the facilitation of shareholder engagement.

<b>Demat event:</b>	A service for dematerialized securities that is initiated by the Issuer's order, following the validation process of KELER, after which it is the summary name for the actions (creation, cancellation, conversion, over-issuance, partial cancellation, displacement, document exchange) performed on the Issuer's order, or the core activity and special service of KELER under the CSDR.
<b>Derivative transaction:</b>	Futures and option transaction.
<b>Foreign exchange account:</b>	A cash account and custody account maintained in a foreign currency by KELER for the Account Holder.
<b>DVP type securities transfer:</b>	(Delivery versus Payment) transactions during execution of which securities with specific series are debited against crediting the cash counter value to the specific payment account. Debit and credit entries are made simultaneously.
<b>eDEMAT system:</b>	Electronic system operated by KELER for the execution of Demat events.
<b>E day:</b>	Starting day of an event involving payment arising from securities and to be effected by the Issuer and the day of a Corporate Action.
<b>Electronic signature:</b>	Electronic signature in accordance with Article 3 (10) of Regulation (EU) No 910/2014 that is attached to or logically associated with other data in electronic form and which is used by the signatory to sign.
<b>Due date:</b>	A KELER Business day defined by KELER and the Issuer in advance when the securities are credited or charged for the given account.
<b>Securities account manager:</b>	The investment firm, the Hungarian State Treasury, the commodity exchange service provider, the credit institution and the investment fund manager.
<b>Depository Announcement:</b>	Document containing further detailed, additional requirements, obligations, and procedural orders by KELER for KELER's services under authorization of these Business Rules.



<b>FIFO:</b>	First In First Out, a processing principle for items submitted for settlement according to which the sequence of processing is determined by the time of submission, i.e. processing of items submitted earlier shall precede processing of those submitted later.
<b>Proceeding to restrict payment:</b>	The bankruptcy proceedings and liquidation proceedings as provided for in the Cstv. and the appointment of temporary receiver, and Section 48 (5) of the Hpt., Section 55 (2) of the Hpt., the supervisory measures laid down in Section 185 (2) cf) of the Hpt., the supervisory measures laid down in Section 128 (1) and Sections 164 (1) h) and n) of the Bszt, the prohibition of payment laid down in Section 135 (1) of the Bszt., additionally the supervisory measures, and in the procedures regulated in the restructuring act (Act LXIV of 2021 on restructuring and the amendment of various acts for harmonisation purposes) the moratorium for suspending individual execution measures ordered by court, and the supervisory measures stated in Section 400 (1) h) and j) and (4) of the Tpt., or any supervisory or authority measures replacing or supplementing such regulations, if the authority entitled to take measures designates them as proceedings to restrict payment defined in Section 5 (1) of the Tpt. Measures by the court without express reference are considered proceedings to restrict payment. Based on the advice by the authority entitled to take measures the proceedings to restrict payment can be temporary or final as stated expressly in the advice of the authority entitled to take measures.
<b>FoP type securities transfer:</b>	A (free of payment) transaction during execution of which a series of specific securities is debited and credited on the Securities accounts.
<b>Distributor:</b>	The entity defined in Section 23 (1) of the Tpt. involved in the distribution of collective investment securities specified in Section 4 (1) 44. of the Kbftv.
<b>Guaranteed transaction:</b>	Transactions defined as such in the General Business Rules of KELER CCP (Financial Market Transaction (transactions with Multinet settlement and Derivative transactions) and Gas Market Transaction).
<b>GIRO IG1:</b>	GIRO nighttime clearing method.
<b>GIRO IG2:</b>	GIRO daytime clearing method.

<b>Credit institution:</b>	The credit institution as defined in the Hpt.
<b>Debt securities:</b>	The term determined in Section 5 (1) 57 of the Tpt., i.e. all securities in which the Issuer (debtor) acknowledges that a certain amount of money has been placed at its disposal and commits itself to repaying the amount of the principal (loan) as well as, in the case of interest-bearing securities, the agreed interest or other returns (hereinafter referred to collectively as interest) calculated as specified as well as to performing any other predetermined services to the holder of the securities (the creditor) on the date and in the manner stipulated.
<b>IBAN identifier:</b>	International cash management identification number defined in MNB Order 35/2017 (XII. 14.) on the operation of cash management.
<b>ISIN identifier:</b>	The term specified in Section 5 (1) 61. of the Tpt., i.e. identification code comprising letters and numbers assigned by the central securities depository to securities of the same type and to exchange products, or a combination of such codes.
<b>KELER website:</b>	The site available at <a href="http://www.keler.hu">www.keler.hu</a> .
<b>Compulsory provision:</b>	Legal consequence applied in case of failure to meet an obligation towards KELER or KELER CCP, which is specified as compulsory provision by the General Business Rules of KELER and/or KELER CCP. As Compulsory provision KELER CCP is entitled to order Compulsory buy-in and Compulsory sale of securities, positions closing and foreign exchange conversion.
<b>Trade repository:</b>	The legal person engaged in the central collection of data relating to the particular transactions.
<b>Trading venue:</b>	The term defined in Article 4 (1) 24 of Directive 2014/65 (EU), that is any Regulated market, multilateral trading facility or organized trading facility.
<b>Issuance:</b>	The process of creation of securities, starts with the decision to issue securities of the Issuer and ends when in case of Dematerialized securities the securities are credited to the securities account of the owner, in case of physical securities the securities are handed over to the owner of the securities.
<b>Issuer:</b>	The issuer as defined in the Tpt.

<b>KID system:</b>	A system established by KELER that ensures electronic communication between KELER and its Clients.
<b>Settlement:</b>	<p>In the case of securities transaction the term specified in Article 2 (1) 7. of the CSDR, i.e. settlement of securities transaction concluded with the aim of discharging the obligations of the parties to that transaction through the transfer of cash or securities, or both.</p> <p>In the case of transactions other than securities transactions, the term specified in Section 5 (1) 120. of the Tpt., i.e. in the case of transaction concluded by the clients of KELER and the clients of the central counterparty, with commitment undertaken by the central counterparty, the settlement of financial and non-financial claims (positions) of the central counterparty clients and the central counterparty.</p>
<b>Settlement system:</b>	A term as defined in Section 2 (1) of the Tvt, that is, a form of cooperation based on written agreement not deemed as system connection, where three or more participants - except the system operator, the performing party, the central counterparty, the settlement party, and the indirect participant agree that their transaction orders as between themselves are to be fulfilled in accordance with mutually agreed rules and under a uniform rules of procedure, with or without the involvement of a central contracting party, and which is to be selected, and the appointing authority will notify the European Securities and Markets Authority.
<b>Settlement agent:</b>	The Account Holder with cash accounts held by KELER and the MNB and maintaining a Securities account with KELER, who, by agreement with the Participant, maintains the accounts necessary for Settlement and performs services in the interest of Settlement.
<b>Settlement day:</b>	The Business Day on which the Settlement order is executed.
<b>Intended settlement date:</b>	The term defined in Article 2 (1) 12 of the CSDR, that is the date that is entered into the securities settlement system as the settlement date and on which the parties to a securities transaction agree that settlement is to take place.
<b>Clearing Member:</b>	The person that concluded a clearing membership agreement with KELER CCP and a service agreement with KELER for the clearing and settlement of guaranteed regulated market.

<b>Central register of securities:</b>	The term defined in Section 5 (1) 79. of the Tpt., i.e. the register maintained by KELER, containing in a retrievable manner the data of securities issued domestically.
<b>Central securities account Type 'A':</b>	A Central securities account managed by KELER for the Account Holder in relation to securities owned by the Account Holder (physical or dematerialized).
<b>Central securities account Type 'B':</b>	A Central securities account maintained by KELER for the Account Holder on securities owned by the Principal of the Account Holder (physical or dematerialized).
<b>Central securities account Type 'C':</b>	An Issuer central securities account held by KELER for an Issuer pursuant to Section 11 (3) of the Tpt. in respect of a Dematerialized security that replaces a Physical Security that has not been submitted for the conversion of the Physical Security (i.e. the owner of the Security is not known to the Issuer).
<b>Central securities account Type 'D':</b>	Pursuant to Section 9 (4) of Tpt., the Central security account managed by KELER for the Issuer, which - in creation and over-issuance - relates to the dematerialized securities that were credited to the Central securities account of the Account holder but proved to be not identifiable and consequently were transferred back to the Issuer (i.e. the owner of the security is not known by the Account Holder).
<b>Central counterparty:</b>	The term defined in Article 2 (1) of EMIR, i.e. the legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer. For the purposes of Chapter IX. of the Business Rules, the term defined in Section 2 (1) g) of the Tvt., the organization that enters the legal relationship related to the transfer orders of the institutions participating in the system and acts as exclusive counterparty towards all of the institutions.
<b>Indirect participant:</b>	The person defined in section 2 (1) h) of the Tvt., i.e. the institution, central counterparty, performing party, settlement party or system operator that contracted a party of the system performing transfer orders in order to execute its transfer orders through the system, provided the indirect participant is known to the system operator.

<b>Intermediary:</b>	A legal person in accordance with Section 2 (5) of the Htr. Act that keeps securities accounts for shareholders and other persons and that undertakes safeguarding in deposit according to the Bszt, furthermore escrowing and related services, including the representative of the shareholder as indicated in the Ptk. but excluding KELER.
<b>Foreign securities:</b>	Any securities included in the register of the external account manager accepted by KELER, issued by a foreign depository, as well as the certificate issued thereon. Securities issued by a non-resident depository kept on a securities account of an External account manager on behalf of KELER.
<b>External circle:</b>	Recording of cash flows involving the Cash Account managed by KELER or any payment account managed by an external payment service provider.
<b>External (nostro) account manager:</b>	Any institution (bank, central or international depository) selected by KELER for managing securities accounts and/or cash accounts on behalf of KELER.
<b>LEI code (Legal Entity Identifier):</b>	A unique alphanumeric identifier consisting of 20 characters used for the identification of registered persons and organisations.
<b>Custody account:</b>	A custody account as per Sections 12 (2), 12 A (9), 47 (7) and 76/D (3) of the Tpt. for the registration of collaterals for Issuer yield payment accounts pursuant to Section 147 (1) of the Tpt., and collateral (guarantee fund) accounts relating to settlement services, and for spot commodity market transactions.
<b>Principal:</b>	All persons using the services of KELER and KELER CCP through a Clearing Member (Non-clearing Member) and the clients of the Account Holders of KELER.
<b>Qualified electronic signature:</b>	The qualified electronic signature in line with Article 3 (12) of Regulation (EU) 910/2014, i.e. advanced electronic signature that is created by a qualified electronic signature creation device, and which is based on a qualified certificate for electronic signatures.
<b>Cross-border transaction:</b>	The transaction related to which KELER performs the settlement of foreign securities through its account manager in markets outside Hungary.

Publicly issued securities:	Securities issued in line with Section 5 (1) 95 of the Tpt.
Redemption of open-ended investment units:	Repurchase by the Distributor during the duration of the investment units concerning the continuous distribution of open-ended investment units.
Physical securities:	Securities produced according to Government Decree 98/1995 (VIII. 24.) on the Security Rules Related to the Production, Handling and Physical Destruction of Certain Securities as well as the foreign securities that were physically produced according to the prevailing laws of the place of issue.
Certificate:	Certificate pursuant to Section 7 (2) of the Tpt.
OTC transaction:	For the purposes of the KELER General Business Rules securities transactions other than transactions performed on regulated market, BSE MTF, fix and auction transaction, and MTS transactions.
Collateral:	Legal collateral in the form of a pledge to secure claims.
Recycling:	A mode of fulfilment whereby KELER tries to fulfil the orders given to KELER not only on the requested settlement day but repeatedly thereafter up to a specified date.
Money laundering:	Action as per Section 303-303/A of the Act IV of 1978 on Criminal Code in force up to 30 June 2103 (hereinafter: 'Act IV of 1978'), and Sections 399-400 of Act C of 2012 on the Criminal Code (hereinafter: 'Criminal Code').
Financial instrument:	A term as defined in the Bszt.
<u>Financial infrastructure:</u>	<u><a href="#">The payment and settlement and the securities clearing and settlement systems represented by an organisation subject to the supervision of a supervisory authority within the EEA or the central bank, with a principal office or branch office within the EEA, pursuing payment system operation or corresponding activity, or the central contracting party or an organisation pursuing the activity of the central depository (system operator).</a></u>
Cash account:	Deposit-type performance account as per Section 2 (1) of Tvt. managed by KELER, where transfer transactions between Settlement System Participants are settled.

Formázott: magyar

<b>Extraordinary situation:</b>	All situations requiring special treatment where the operation of services provided by KELER deviates from business as usual described herein (not including default and all extraordinary arrangements that are not regulated in the Procedure on Extraordinary Situations).
<b>System relationship:</b>	The form defined in Section 2 (1) p) of the Tvt., i.e. form of co-operation created by the written agreement of the operators of connected systems in order to perform transfer orders across the systems.
<b>System Operator:</b>	The person defined in Section 2 (1) q) of the Tvt., i.e. the organization with liability for damages for the operation of the Settlement System.
<b>Participant:</b>	Participant as defined in the Tvt.
<b>RRM:</b>	Registered reporting mechanism, a legal entity directly reporting transaction-related data to ACER on behalf of a market actor.
<b>Structured product:</b>	The security issued under the Issuer's own law, based on which the Issuer shall be liable to settle a claim or payment in favour of the security holder depending on the value of the Underlying determined in the Final Terms of the Structured Product at the maturity date therein fixed. (In line with these Business Rules certificates and warrants are structured products.)
<b>Regulated market:</b>	Markets stated in Section 5 (1) 114 of the Tpt., i.e. the exchange market or other regulated market of any Member State of the European Union that satisfies the following criteria: a) functions as a multilateral system operated or managed by a market operator, b) brings together or facilitates the bringing together of multiple third-party buying and selling interests in listed financial instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, c) authorized by the competent supervisory authority of the Member State where established, d) functions regularly and operates at specific hours, e) must be included in the lists of regulated markets available on the official website of the European Commission.

<b>Regulated market transaction:</b>	The exchange transaction (contract concluded by a dealer on an exchange market for the instruments and in the manner prescribed in the internal regulations of that market) specified in Section 319 of the Tpt.
<b>Regulatory document:</b>	A document containing regulations defined by KELER as a self-regulatory organization that represent rights, obligations or information for the Client and are available for the Client on the website of KELER or are sent directly to the Client (e.g. public procedures, Depository Announcements, lists of conditions, fee schedule, form agreements).
<b>Regulation:</b>	KELER's General Business Rules.
<b>Account Holder:</b>	The client for whom KELER keeps account based on the account contract concluded. The client of the Account Holder (Client), thus the person designated as owner in case of individual separation, is not considered Account Holder for the purposes of these Business Rules.
<b>Section:</b>	Part of the BSE trading separately regulated by subject or product of the trade, the persons entitled to trade and the method of settlement.
<b>Personally/directly managed demat event:</b>	Demat event executed at the seat of KELER with the personal presence of the representatives of the Issuer and KELER.
<b>Service agreement:</b>	The contract concluded between KELER and the Clearing Member for the provision of cash account and securities account management services.
<b>T2S:</b>	The Target2-Securities (T2S) securities settlement platform of the Euro system that as a supranational securities settlement system is designed to link certain European Union central securities depositories and central banks by enabling DVP and FOP settlement in the cash accounts kept by the participating central banks and the securities accounts held by the participating central securities depositories.
<b>Corporate action:</b>	The term defined in Section 5 (1) 119a of the Tpt., i.e. the event when the Owner of the securities is entitled to exercise the rights related to the Securities against the Issuer.



<b>Remotely managed Demat event:</b>	The Demat event that is not executed electronically when the Demat event is executed without the personal presence of the Issuer.
<b>Technical maturity:</b>	The setting applied after maturity by KELER in the case of Securities with maturity to ensure that account operations can be executed, it is not the modification of the original maturity date of the Security.
<b>Settlement:</b>	For the purposes of Chapter 10 the activity specified in Section 2 (1) l) of the Tvt., i.e. the settlement of payables and receivables among the Settlement System Participants in the settlement accounts in line with Section 2 (1) m) (cash accounts).
<b>Performing party:</b>	The person specified in Section 2 (1) n) of the Tvt.
<b>Tolerance level:</b>	The maximum difference in settlement amount determined by KELER for DVP trades, within which difference the trade is validly paired and settled.
<b>Stock exchange:</b>	The organization specified in Section 5 (1) 122 of the Tpt., i.e. the company concentrating the supply and demand for listed products in order to facilitate efficient movement and evaluation of capital, distribution of price and other risks, and executing the trading of listed products, promoting the free elaboration of prices.
<b>Transfer order:</b>	The term defined in Section 2 (1) k) of the Tvt.
<b>(Settlement instructions):</b>	
<b>Shareholders registration:</b>	The procedure performed by KELER, with the assistance of the securities account managers, in the cases and in the manner provided for in Section 149 of the Tpt., for the identification of the owner of the Dematerialized Security.
<b>Client:</b>	A legal entity in a contractual legal relationship with KELER for using any of the services specified in these Business Rules.
<b>Business day:</b>	The period defined in Section 2 (1) o) of the Tvt. The period defined in KELER's <a href="#">Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders</a> , during which the KELER receives instruction messages for securities transactions and performs processing operations in connection with the instructions.

<b>Real time processing period:</b>	The period defined in KELER's <a href="#">Depository Announcement 9-11 on the Deadlines for the Receipt, Execution and Withdrawal of Orders</a> , during which KELER processes the transactions according to the provisions of these Business Rules.
<b>Main distributor:</b>	The Distributor to which the other distributors forward in WARP the client orders taken for public, open-ended investment units with continuous trading, for the purposes of approval.
<b>VIBER:</b>	A gross value based real-time clearing system for the execution of high value domestic HUF payment orders performed by the MNB.
<b>Withdrawal:</b>	Withdrawal request at the IG2 platform to transfer back the amount paid.
<b>WARP:</b>	The electronic order routing system operated by KELER that supports the distribution and settlement of open-ended investment units.
<b>Closing price:</b>	A value defined as such by the market operator (BSE or EuroMTS).
<b>Blocking:</b>	An account operation whereby KELER suspends the Account Holder's right of disposal over a separate account in respect of securities to which a third party has a right and which ensures compliance with the provisions of Section 144 of the Tpt. without transferring the blocked securities to a sub-account.
<b>Private offering:</b>	Offering of Securities as provided for in Section 14 of the Tpt.

## Regulatory environment

In the course of operation KELER complies, among others, with the requirements of the below listed regulations and the requirements of regulations taking effect after the last modification of the present Rules are enacted and with the agreements concluded, including the enforcement decrees of the enlisted sources of law.

<b>Bszt.:</b>	Act CXXXVIII of 2007 on investment enterprises and commodities exchange service providers and the rules relating to activities that can be undertaken by them.
<b>Bktv.:</b>	Act IX of 2016 on Flat-rate Collection Costs
<b>CSDR:</b>	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012
<b>Cstv:</b>	Act XLIX of 1991 on bankruptcy proceedings, liquidation proceedings and voluntary dissolution
<b>eIDAS regulation</b>	Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC
<b>EMIR:</b>	Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
<b>FATCA:</b>	The Foreign Account Tax Compliance Act of the United States of America
<b>GDPR:</b>	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)
<b>Hpt:</b>	Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises
<b>Htr. Act:</b>	Act No. LXVII of 2019 on the facilitation of long-term shareholder engagement and amendment of certain acts for law harmonization purposes

Info Act:	Act CXII of 2011 on Informational Self-Determination and Freedom of Information
Compensation Act:	Act XXV of 1991 on partial compensation for damages unlawfully caused by the state to properties owned by citizens in the interest of settling ownership relations
Kbftv:	Act XVI of 2014 on collective investment forms and its managers, and on the amendment of financial acts
Kgttv.:	Act CXXII of 2009 on the economical operation of state-owned business entities
Kit.:	Act LII of 2017 on the Implementation of Financial and Proprietary Restrictive Measures ordered by the European Union and the UN Security Council
Kjtv.:	Act XLI of 1991 on Notaries Public
MiFID II:	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
MiFIR:	Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) 648/2012
MNB tv.:	Act CXXXIX of 2013 on the Magyar Nemzeti Bank
Pft.:	Act LXXXV of 2009 on the provision of cash management services
Pmt.:	Act LIII of 2017 on the prevention and combating of money laundering and terrorist financing
<u>Pp.:</u>	<a href="#">Act CXXX of 2016 on the Code of Civil Procedure</a>
REMIT:	Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency
SFTR:	Regulation (EU) 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

<b>Tpt.:</b>	Act CXX of 2001 on the capital market
<b>Tvt.:</b>	Act XXIII of 2003 on Finality in payment and securities settlement systems
<b>Government Decree 284/2001. (XII.26.):</b>	Government Decree 284/2001 (XII.26.) on the security rules and method of producing and forwarding Dematerialized securities and on the rules of opening and maintaining securities account, central securities account and client account.
<b>MNB Order 10/2009 (II.27.):</b>	MNB Order 10/2009. (II.27.) on the requirements of the procedures of the central depository.
<b>MNB Order 20/2014 (VI.3.):</b>	MNB Order 20/2014 (VI.3.) on the ISIN identifier (ISIN order)
<b>833/2014/EU Regulation</b>	Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine
<b>Regulation (EU) 833/2014</b>	Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine