

**KELER Depository Announcement -  
No. 9-03**  
on segregation in securities accounts

**Effective from: 17 December 2020**

- I. The segregation levels of securities accounts available to Clients at KELER Ltd. and the legal conditions of segregation were designed in conformity with Act CXX of 2001 on the Capital Market (Tpt.) and 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.

The securities settlement system of KELER is at all times capable of segregating the securities of Clients from KELER's own assets in the securities accounts maintained by KELER.

KELER offers the following segregation options to Clients (Account Holders):

- maintenance of securities belonging to different clients of the Account Holder in a single omnibus securities account, under "omnibus segregation" (a.k.a. own account).
- Segregating the securities of specific client(s) of the Account Holder by opening an account relating to registered securities, under "individual client segregation" (a.k.a. nominee account).
- KELER maintaining an individual securities (deposit) account for the Account Holder for the registration of physical securities, handled as individual deposits by denomination and serial number.
- For access to certain services (e.g. USD securities, stock-exchange trading for non-clearing members) special sub-accounts need to be opened.

Pursuant to Section 336 (3) of the Tpt. the Account Holder must inform its clients of the possibility of "individual client segregation" available from KELER and of the costs and risks of the various options.

Unless otherwise provided by the Account Holder, KELER considers the Account Holder the owner of all assets registered in accounts opened by them ("omnibus segregation" a.k.a. own account). Assets owned by clients of the Account Holder shall only be segregated upon the instruction of the Account Holder ("individual client segregation" a.k.a. nominee account). KELER will perform the segregation based on the instruction of the Account Holder, without examining its legal grounds and compliance. Legal grounds and compliance must be ensured by the Account Holder.

In the case of Issuer accounts - in light of their limited function specified in legislation - and Individual security (deposit) accounts, segregation is not available.

- II. Detailed information on the costs, which arise in connection with the different levels of segregation of securities, is provided in the Fee Schedule of KELER Ltd.

Account Holders may open any number of accounts under "omnibus segregation". In the event that an Account Holder opens a separate nominee account under "individual client segregation" for registering the assets of its clients, then for each nominee account it shall pay the relevant account opening and account maintenance fees specified in the Fee Schedule of KELER.

- III. The general rules relating to insolvency law to be applied are set out in Act XLIX of 1991 on Bankruptcy Proceedings and Liquidation Proceedings (Csődtv.), while special provisions different from these are set out in Section 345 of the Tpt. The protection related to the segregation of securities accounts can be inferred from these rules.

Summary of the deviations from the general rules:

During the liquidation of KELER, securities registered in securities accounts of Account Holders and their clients maintained by KELER are excluded from assets to be liquidated. During potential liquidation proceedings, the monetary claim which replaces the securities claim of the Account Holder and its client is to be managed identically to the original securities claim. During potential liquidation proceedings, the security deposit specified in Section 338 of the Tpt. is excluded from the assets of KELER to be liquidated.

If the assets which constitute property of Account Holders and their clients cannot be returned to them, or can only be returned in part, then - deviating from the priorities set out in Section 57 of the Csődtv. - after settling liquidation costs first, these claims must be settled from the assets of KELER.

If secondary securities were issued, then during liquidation proceedings the primary security shall be handled as a security deposited by the owners of the secondary security, which belongs to the clients and is also excluded from the assets to be liquidated.

The Supervising Authority shall order a complete ban on payouts from the submission date of the application for liquidation, if the assets to be liquidated are lawful and the Supervising Authority deems that suitable management of the interests of creditors, Account Holders and their clients is not ensured.

Segregation, therefore, has practically no effect in terms of insolvency law, thus protection remains the same when securities accounts are segregated.

- IV. KELER may only use the securities registered in the account of its Customer with the prior consent of the Customer. Consent shall be given on the form issued by KELER or in the form- or individual contract relating to the given service. If the Customer gives their consent, they must ensure that all persons with right to dispose of the given securities give their express consent to this beforehand.

Budapest, 17 December 2020

KELER Ltd.