

**KELER Depository Announcement -  
No. 9-03  
on Segregation of Securities Accounts**

**Effective from: 18 January 2021**

## I. General information on the method of segregation

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 registry system of KELER is at all times capable of segregating the securities of Account holders from KELER's own assets and from the securities of other account holders in the securities accounts maintained by KELER.

KELER segregates the securities of Account holders from the securities of other account holders by using individual central securities main accounts. Account holders can proceed to open several subaccounts under the main account where the following segregation options are ensured for the Account holder:

- **Segregation by client (Type „B” central securities account)**
  - **Consolidated client account**

The Account holder registers securities belonging to several client on one single omnibus account, i.e. there is an allocation of 1:N.
  - **Individual client account**

The Account holder registers the securities of only one client on the securities account, i.e. the allocation is 1:1.
- **Own account (Type „A” central securities account):**
  - The Account holder registers its own securities on the securities account (i.e. not client securities), i.e. the allocation is 1:1.

Certain services (e.g. for the registering of US securities subject to discounted withholding tax, stock exchange clearing for KELER CCP clearing members (sub-clearing members) require the opening of specific subaccounts that will be categorized under one of the above three categories.

In the case of the opening of a new subaccount requested by the Account holder through the KID system, if Account holder picked a “Client” type of subaccount, then the KELER system registers it as 'Consolidated client account' by default as it is a statutory requirement to categorize the securities accounts into one of the above three categories. If the category of the account should be changed, then please communicate your request for change by completing the below referred form.

It is the responsibility of the Account holder to ensure the adequacy of the segregation of the securities accounts.

You may obtain further information further information on the current KELER categorization of certain subaccounts from the Business Support and Reconciliation Department of KELER ([uzletitamogatas@keler.hu](mailto:uzletitamogatas@keler.hu)) or any change to the categorization can be requested by using the below form:

[https://english.keler.hu/Key%20documents/Business%20Forms/Securities%20Settlement/2021\\_01\\_18\\_Data-Sheet-for-Opening-Sub-Accounts.pdf?download](https://english.keler.hu/Key%20documents/Business%20Forms/Securities%20Settlement/2021_01_18_Data-Sheet-for-Opening-Sub-Accounts.pdf?download).

As a part of the Service Development Programme KELER will enable queries and modifications regarding subaccounts through the KID system later on.

## **II. Fees**

The segregation or any changes regarding securities subaccounts are free of charge. The fees for opening and maintaining securities accounts are subject to the Fee schedule of KELER as amended from time to time.

There is no separate fee for opening additional subaccounts. However, due to the segregation the Account holder shall pay the fees of the first registration of the securities on the new subaccount and the settlement and transaction fees concerning the securities in line with the Fee schedule of KELER as amended from time to time. Account holders pay the fee of the registration of the deposited securities in an accumulated way, i.e. in one sum for all subaccounts.

## **III. Protection in the case of restrictive actions hindering payments**

The general rules relating to insolvency law to be applied are set out in Act XLIX of 1991 on Bankruptcy Proceedings and Liquidation Proceedings (Csódtv.), 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 central 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 Csódtv. - 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.

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

Budapest, 18 January 2021

KELER Ltd.