

**WFC Single Disclosure Report 2021****AGC answers**

Date submitted
23/03/2022 07:24:29

AGC: 0a Please indicate the full name of the responding institution:
KELER Ltd.

AGC: 0c Registered address:
Rákóczi út 70-72, H-1074 Budapest

AGC: 0d Country of registered address:
Hungary

AGC: 1 <p>Rule 17f-7, by reference to Rule 17f-4, requires that, for a CSD to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as “Eligible Securities Depositories”), the CSD must be a “system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities.”</p> <p>Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?</p>
<p><input checked="" type="radio"/> Yes</p> <p><input type="radio"/> No</p>

AGC: 1a Please explain
N/A

AGC: 2

Rule 17f-7 also requires that an Eligible Securities CSD "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries." Does your institution:

- Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated?
- Act as or operate a transnational system for the central handling of securities or equivalent book-entries?
- Act in another capacity with respect to the handling of securities or equivalent book-entries?
- Not applicable
- OTHER:

AGC: 2a.

Please explain:

As a participant of the T2S platform it is able to act as or operate a transnational system for the central handling of securities or equivalent book-entries since February 6, 2017.

AGC: 2b.

Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

Primarily publicly issued (dematerialized) securities and all non-publicly issued dematerialised securities.

AGC: 3

What type of legal entity is the institution?

- Public Company
- Stock Exchange (or part thereof)
- Central Bank (or part thereof)
- Private Company
- OTHER: central depository

AGC: 4

Is the institution operated as a "for profit" or a "not for profit" organization?"

- For profit
- Not for profit

AGC: 5

Please provide the names of the owners and their ownership interest percentages.

Central Bank of Hungary (CBH) - 53,33% Budapest Stock Exchange (BSE) - 46,67%

AGC: 6a

What is the date of establishment of the CSD?

Please enter the answer in DD/MM/YYYY format.

If you are filling the survey for more than one organization, please enter the name of each organization in different lines and in front of each one the corresponding date.

1993-10-12 00:00:00

AGC: 6b

What is the date that the CSD's operations began?

Please enter the answer in DD/MM/YYYY format.

If you are filling the survey for more than one organization, please enter the name of each organization in different lines and in front of each one the corresponding date.

1993-10-12 00:00:00

AGC: 7

Under what regulation or statute is the CSD established and governed?

The CSDR (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) and the related regulations constitute the most important set of rules related to the operation of KELER. It should be highlighted within the framework of the Hungarian regulation that KELER is a central depository and special credit institution operating pursuant to Act CXX of 2001 on the Capital Market (Act on the Capital Market) and Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Act on Credit Institutions). KELER undertakes its activity in line with the requirements of the above laws, related additional legislation (e.g. the Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems) and the applicable European Union rules, the orders, decrees of the Central Bank of Hungary, and the regulatory documents of KELER eg. KELER General Business Rules.

AGC: 7a

Is the regulation or statute electronically available?

Yes

No

AGC: 7b

If regulation or statute is electronically available, please supply web address(es) here or upload document(s).

KELER General Business Rules:  
<https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules>

AGC: 7c

filecount - Please supply document(s) here:

Act_CCXXXVII_of_2013.pdf (1350KB)	Act CCXXXVII of 2013	
Act_CXX_of_2001.pdf (1282KB)	Act CXX of 2001	
Act_CXXXVIII_of_2007.pdf (1310KB)	Act CXXXVIII of 2007	
Regulation (EU) No 909_2014_CSDR.pdf (542KB)	Regulation (EU) No 909 2014 CSDR	
Act_XXIII_of_2003.pdf (169KB)	Act XXIII of 2003	

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AGC: 7d

What are the roles and responsibilities of the CSD's board of directors (or equivalent), and are they clearly specified? Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the CSD. What are the qualifications to become a board member?

The Board has seven members - two of them are appointed by Central Bank of Hungary, two of them are appointed by Budapest Stock Exchange and two of them are inner members. The seventh member is independent. The roles are specified in our Articles of Association, in chapter 10.5. The qualifications needed are set in the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises, and are the following: The persons described in the following may not be appointed as a senior executive of a financial institution or mixed financial holding company: a) any person who has (or had) a qualifying holding in or who is (or has been) the senior executive of such a financial institution: aa) in the case of which insolvency can only be avoided by exceptional measures taken by the Authority, or ab) \* which was liquidated due to its activity license being revoked, and whose personal responsibility for the development of this situation has been established by final or definitive resolution; b) \* any person who has seriously or systematically violated the provisions of this Act or another legislation pertaining to banking or the management of financial institutions and such has been determined by the Authority, another authority by definitive decision or a court by final ruling dated within the previous five years; c) any person who has a criminal record; d) any person who is not of good business reputation. (5) In addition to what is contained in Subsection (4), with the exception of supervisory board members, the person designated to be a senior executive of a credit institution shall satisfy the following criteria: a) have at least three years of experience in banking or business management, or in financial or economic management in the public sector; b) shall not act as auditor for another financial institution; c) shall not hold another office or position which may hinder performance of his professional duties.

AGC: 7e

What are the election procedures?

Board members are elected at the General Meeting, the election is subject to approval by the supervisory authority, the Central Bank of Hungary, according to the Hungarian banking regulations. The Board elects its chairman - the seventh member - from among its members.

AGC: 7f

What is the maximum length of time a board member can serve?

Members are elected until the General Meeting held on the 3rd year following the election of a member, but the latest until the 31st of May of that year. Re-election is possible without limitation.

AGC: 7g

How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

Each board member has one vote. In case of vote-equality, the vote of the chairman would be decisive.

AGC: 7h

What are the procedures established to review the performance of the board as a whole and the performance of the individual board members? Who is responsible for regulating the board members?

Certain legislation, the company General Meeting, and the supervisory authority, the Central Bank of Hungary are all in a sense responsible for regulating and reviewing Board members. For the purpose of supervision of the Board the General Meeting elects the Supervisory Board.

AGC: 8

Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act, with section 2(a)(50) establishing that a 'foreign financial regulatory authority' means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above." Who regulates the activities of the CSD?

- A membership organization which regulates the participation of its members in securities matters or other financial activities.
- A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.
- A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.
- OTHER:

AGC: 8a.

Please explain:

N/A

AGC: 9

Please provide the name of regulatory authority(ies) identified in question 8:

The Central Bank of Hungary

AGC: 10

Rule 17f-7 requires that an Eligible Securities Depository is subject to periodic examination by regulatory authorities or independent accountants. Is the CSD subject to periodic examination by:

- Regulatory authorities?
- Independent accountants?
- OTHER:

AGC: 10a  
Please explain:

N/A

AGC: 11  
Name of Authority #1 (please answer 11a):

The Central Bank of Hungary

AGC: 11a.  
What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements?

- Fines
- Restrictions on CSD activities.
- Suspension of CSD activities.
- Termination of CSD activities.
- OTHER:

AGC: 11b.  
Please explain:

N/A

AGC: 11c.  
What enforcement actions are available to regulatory authority #2 for breach of applicable statute or regulatory requirements?

- Suspension of CSD activities.
- Restrictions on CSD activities.
- Termination of CSD activities.
- Fines
- OTHER: N/A

AGC: 11d.  
Please explain:

N/A

AGC: 12

Has there been any use of such enforcement actions in the last three years?

- No
- Yes
- OTHER:

AGC: 12a.

If yes, please explain:

AGC: 13

Capital. Are annual financial statements publicly disclosed?

- Yes
- No

AGC: 13a.

If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?

- Yes
- No

AGC: 13b.

filecount - If yes, please upload the document(s) here or insert web link(s) in question 13d:

0

AGC: 13c.

filecount - If more than one document for 13b, please upload the additional document here:

0

AGC: 13d.

Please insert web link(s) for 13b here:

<https://english.keler.hu/Key%20documents/Financial%20Reports/>

AGC: 13e.

If no, and annual report and/or financial statements are not disclosed, please state your share capital, reserves, and retained earnings (or equivalents as determined under local accounting standards). Share Capital (then please answer 13f):

AGC: 13f.  
Reserves (then please answer 13g):

N/A

AGC: 13g.  
Retained Earnings:

N/A

AGC: 14  
Internal Audit. Is an internal audit undertaken in your CSD?

Yes

No

AGC: 14a.  
If yes, what areas does the audit cover (financials, operations, etc.) and which department in your CSD handles it?

The audits of internal audit department cover IT, financials, operations, security and all other functions of the depository

AGC: 14b.  
Please list the date of your last internal audit and the period that the audit covered:

End date: 31/12/2021  
Start date: 01/01/2021  
Audit date: 10/02/2022

AGC: 14c.  
How frequently does the internal audit occur?

Two or more times a year

Annually

Less than annually

AGC: 14d.  
If less than annually, please explain:

AGC: 14e.  
Are the results of the internal audit publicly available?

Yes

No



AGC: 14f.

Please select the statement that most accurately characterizes the results of the last internal audit:

- No material exceptions found.
- Minor exceptions found.
- Material exceptions found.

AGC: 14g.

If minor or material exceptions were found, what actions were taken? Please describe:

Action plan was prepared containing the findings, proposed measures, responsible departments and deadlines. Fulfilment of the action plan is followed up by internal audit department

AGC: 15

Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

- Yes
- No

AGC: 15a.

If yes, please state the name(s) of the entity(ies) who perform the financial audit.

KPMG Hungary Ltd.

AGC: 15b.

Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

17/03/2022

AGC: 15c.

Please list the period that the audit covered:

Start date: 01/01/2021  
End date: 31/12/2021

AGC: 15d.

How frequently does the financial audit occur?

- Two or more times a year
- Annually
- Less than annually

AGC: 15e.

If less than annually, please explain:

AGC: 15f

Are the results of the financial audit publicly available?

- Yes
- No

AGC: 15g.

Please select the statement that most accurately characterizes the results of the last financial audit:

- No material exceptions found.
- Minor exceptions found.
- Material exceptions found.

AGC: 15h.

If minor or material exceptions were found, what actions were taken? Please describe:

AGC: 16

Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?

- Yes
- No

AGC: 16a.

If yes, please state the name(s) of the entity(ies) who perform the operational audit.

AGC: 16b.

Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:

AGC: 16c.

Please list the period that the audit covered:

Start date:  
End date:

AGC: 16d.

How frequently does the operational audit occur?

- Two or more times a year
- Annually
- Less than annually

AGC: 16e.

If less than annually, please explain:

AGC: 16f

Are the results of the operational audit publicly available?

- Yes
- No

AGC: 16g.

Please select the statement that most accurately characterizes the results of the last operational audit:

- No material exceptions found.
- Minor exceptions found.
- Material exceptions found.

AGC: 16h.

If minor or material exceptions were found, what actions were taken? Please describe:

AGC: 17, 17q

**PARTICIPANTS AND PARTICIPATION.** The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently?

- Foreign Institutions
- Brokers
- Individuals
- Not applicable
- Banks
- OTHER: CSDR regulation listed entities.

AGC: 17a.

How many Bank participants are there currently? (then please answer 17b)

41

AGC: 17b, 17d

Please select the features included in the eligibility requirements for Banks.

- Regulatory Oversight
- Market Experience
- Financial Thresholds
- OTHER:

AGC: 17c.

Where can a description of the specific eligibility requirements for Bank participants be found?

It can be found in the Capital Market Act, in the Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems and in the General Business Rules of KELER. GBR:  
<https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/Depository%20Announcement%20on%20Access%20Management/>  
<https://english.keler.hu/Key%20documents/Depository%20Announcements/KELER%20Announcement%20-%20Access%20Management/>

AGC: 17d.

Please explain:

N/A

AGC: 17e.

How many Broker participants are there currently? (then please answer 17f)

16

AGC: 17f, 17h

Please select the features included in the eligibility requirements for Brokers.

- Financial Thresholds
- Market Experience
- Regulatory Oversight
- OTHER:

AGC: 17g.

Where can a description of the specific eligibility requirements for Broker participants be found?

It can be found in the Capital Market Act, in the Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems and in the General Business Rules of KELER. GBR:

[https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/Depository Announcement on Access Management:](https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/Depository%20Announcement%20on%20Access%20Management/)

<https://english.keler.hu/Key%20documents/Depository%20Announcements/KELER%20Announcement%20-%20Access%20Management/>

AGC: 17i.

How many Individual participants are there currently? (then please answer 17j)

AGC: 17j.

Please select the features included in the eligibility requirements for Individual participants.

- Market Experience
- Regulatory Oversight
- Financial Thresholds
- OTHER: N/A

AGC: 17k.

Where can a description of the specific eligibility requirements for Individual participants be found?

AGC: 17m.

How many Foreign Institution participants are there currently?

16

AGC: 17n, 17p.

Please select the features included in the eligibility requirements for Foreign Institution participants.

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

AGC: 17o.

Where can a description of the specific eligibility requirements for Foreign Institution participants be found?

It can be found in the Capital Market Act, in the Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems and in the General Business Rules of KELER. GBR:

[https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/Depository Announcement on Access Management:](https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/Depository%20Announcement%20on%20Access%20Management/)

<https://english.keler.hu/Key%20documents/Depository%20Announcements/KELER%20Announcement%20-%20Access%20Management/>

AGC: 17q.

If you have selected "Other entities" above, please explain:

Others include commodities exchange service provider, investment fund manager, issuer, stock exchange, foreign organization performing clearing house activity, participant of an organized market as provided for in law, organization performing central depository activity, central counterparty, the Hungarian State, the institution managing the estate of the Hungarian State, The Central Bank of Hungary, National Deposit Insurance Fund, Investor Protection Fund, payment institution, electronic money institution.

AGC: 17r.

Indicate how many "Other entities" are currently participants?

55

AGC: 17s, 17u

Please select the features included in the eligibility requirements for the participants referred to above as "Other entities".

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

AGC: 17t.

Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

It can be found in the Capital Market Act, in the Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems and in the General Business Rules of KELER. GBR:  
<https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/Depository%20Announcement%20on%20Access%20Management/>  
<https://english.keler.hu/Key%20documents/Depository%20Announcements/KELER%20Announcement%20-%20Access%20Management/>

AGC: 18

Are participants required to contribute capital to the CSD that would result in ownership of the CSD?

- Yes
- No
- Not applicable

AGC: 18a.

If yes, what fixed amount is required or what formula is used to determine the appropriate contribution level?

AGC: 19

Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

- Yes
- No
- Not applicable

AGC: 20

What governs the relationship between the CSD and the participants?

- Rules of the CSD
- Relevant law and regulation
- Not applicable
- By-laws of the CSD
- Standard participation contract
- Established terms and conditions of participation
- OTHER:

AGC: 20a

Please explain:

N/A

AGC: 21

Rule 17f-7 requires that an Eligible Securities Depository holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants. Please confirm that assets of foreign investors held by custodians as participants in the CSD are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

- Yes
- No
- Not applicable

AGC: 21a.

If no, other or not applicable, please explain:

AGC: 21b, 21c.

Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants.

- Standard participation contract
- Rules of the CSD
- Relevant Law and Regulation
- By-laws of the CSD
- Established terms and conditions of participation
- OTHER:

AGC: 21d

For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or CSD rule(s), participation condition(s), or participant contract provision (s), as applicable.

Every security and asset gets the same level of protection based on the General Business rules of KELER.

AGC: 22

How does the CSD notify participants of material changes to the conditions of participation?

- Not applicable
- By e-mail
- By telephone
- By public announcement
- By press release
- OTHER: Via the official website of the Hungarian authority for announcement purposes ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) and KELER's website ([www.keler.hu](http://www.keler.hu)).

AGC: 22a.

Please explain:

Via the official website of the Hungarian authority for announcement purposes ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) and KELER's website ([www.keler.hu](http://www.keler.hu)).



AGC: 23

Who enforces compliance with the CSD's conditions of participation?

- The exchange
- Not applicable
- The CSD's regulator
- The CSD
- OTHER: Central Bank of Hungary as financial supervisory authority

AGC: 23a

Please explain:

AGC: 24

What enforcement actions are available to the enforcement authority?

- Termination of participation
- Fines
- Not applicable
- Restrictions on participation
- Suspension of participation
- OTHER:

AGC: 24a

Please explain:

N/A

AGC: 25

Has there been any such enforcement actions in the last three years?

- Yes
- No

AGC: 25a.

If yes, please explain, including information relative to any suspensions of CSD participants:

It is confidential, therefore we cannot provide any details.

AGC: 26

CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution. For which of the following security types do you serve as a CSD or clearing system?

- Corporate money market
- Not applicable
- Corporate bonds
- Equities
- Government securities
- OTHER: Investment Fund Share, Venture Fund Note, Central Bank Bond, ETF, Certificate, Compensation Note, Mortgage Bond, Convertible Bond, Futures, Options

AGC: 26a.

Please name the other security types:

Investment Fund Share, Venture Fund Note, Central Bank Bond, ETF, Compensation Note, Mortgage Bond, Convertible Bond, Futures, Options

AGC: 27a. (i)

Please list the instrument types for which it is not compulsory by law to: (i) settle in your CSD

Non-dematerialized securities eg. equities issued by private limited companies, OTC money market instruments, OTC warrants, OTC derivatives are not compulsory by law to settle in KELER.

AGC: 27a. (ii)

(ii) safekeep in your CSD:

Non-dematerialized securities eg. equities issued by private limited companies, OTC money market instruments, OTC warrants, OTC derivatives are not compulsory to safekept in KELER.

AGC: 27b. (i)

Please list the instrument types for which it is not compulsory by market practice to: (i) settle in your CSD

For non-Hungarian securities are not compulsory by market practice to settle in KELER.

AGC: 27b. (ii)

(ii) safekeep in your CSD:

For non-Hungarian securities are not compulsory by market practice to safekeep in KELER.

AGC: 27, 27c

Is the use of the CSD in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc).

- Yes by market practice for safekeeping, but not for all instrument types
- Neither
- Yes by law for safekeeping, but not for all instrument type
- Yes by market practice for settlement, but not for all instrument types
- Yes by law for settlement, but not for all instrument types
- Yes by market practice for safekeeping of all instrument types
- Yes by market practice for settlement of all instrument types
- Yes by law for settlement of all instrument types
- Yes by law for safekeeping of all instrument types
- OTHER:

AGC: 28 28a

Settlement and Safekeeping Percentages 28a Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

100% of dematerialized securities are administered by KELER. The market is almost 100% dematerialized.

AGC: 28b.

Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

100% of dematerialized securities are administered by KELER. The market is almost 100% dematerialized.

AGC: 29, 29i

Are there any activities performed by a third party on behalf of the CSD for the CSD participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

- Yes
- No
- Not applicable
- OTHER:

AGC: 29a.

If third parties are employed, please indicate which services they supply:

Some services in connection with custody of Hungarian physical securities and with proxy voting services provided by third parties for foreign serviced markets.

AGC: 29b.

If third parties are employed, does the CSD assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?

 Yes No

AGC: 29c, 29e.

If you acknowledge responsibility, please indicate whether your responsibility is assumed

 if the loss was caused by the willful default or other willful conduct on the part of the agent if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be gross negligence on the part of the agent if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be negligence on the part of the agent regardless of whether such loss was caused by any action or inaction of the agent OTHER:

AGC: 29f.

Please specify limit:

AGC: 29g.

Please specify limit:

AGC: 29d, 29h.

If you acknowledge responsibility for agents, your responsibility is assumed for losses

 without limit which are not consequential losses subject to a monetary limit not based on insurance limits subject to a monetary limit based on insurance limits OTHER:

AGC: 30, 30m

Has any participant suffered any losses in the past three years due to the CSD's performance?

- Yes
- No
- Not applicable

AGC: 30a, 30j

If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter.

- System Outage
- Corporate Action
- Settlement Process - Securities
- Settlement Process - Cash
- OTHER:

AGC: 30b.

Corporate Action. Please specify number of instances:

AGC: 30c.

Corporate Action. Please specify total loss in USD:

N/A

AGC: 30d.

Settlement Process - Securities. Please specify number of instances:

AGC: 30e.

Settlement Process - Securities. Please specify total loss in USD:

N/A

AGC: 30f.

Settlement Process - Cash. Please specify number of instances:

AGC: 30g.

Settlement Process - Cash. Please specify total loss in USD:

N/A

AGC: 30h.

System Outage. Please specify number of instances:

AGC: 30i.

System Outage. Please specify total loss in USD:

N/A

AGC: 30k.

For Other, please specify number of instances:

N/A

AGC: 30l.

For Other, please specify total loss in USD:

N/A

AGC: 31

Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions?

- Not applicable
- Banks appointed by CSD
- Central Bank
- Neither or others (e.g. credit lines used)
- CSD
- OTHER:

AGC: 31a

Please indicate the name of the banks appointed by the CSD

AGC: 32

Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions?

- Central Bank
- Neither or others (e.g. credit lines used)
- Not applicable
- CSD
- Banks appointed by the CSD
- OTHER: Participants need to cover their National Bank Account or CSD account to be able to settle. Credit lines are not available at CSD.

AGC: 32a

Please name banks appointed by the CSD

AGC: 33a

Please name banks appointed by the CSD

N/A

AGC: 33, 33b

Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)?

- Not applicable
- Neither or others (e.g. credit lines used)
- Banks appointed by CSD
- Central Bank
- CSD
- OTHER:

AGC: 34

Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)?

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

AGC: 34a

Please name banks appointed by CSD

N/A

AGC: 35

Please indicate services you provide.

- Information on distribution of new issues (IPO, Privatization).
- Same day turnaround settlements.
- Own list or: AGC: Information in advance on corporate (annual or special) meetings in order that owners can vote.
- Not applicable
- Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.
- In order to avoid fails, an automatic securities lending facility - if requested - is provided for.
- Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc.
- OTHER: NOTE: Tax assistance applies only in case when the non-domestic custodian of foreign holder is direct client of KELER. OTHER SERVICES: see at G11Q129.

AGC: 35a

Automatic securities lending facility is provided for:

- Other financial institutions
- Banks
- Brokers
- OTHER:

AGC: 35c

Summary narrative for PFMI Principle 5. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

KELER CSD does not act as a central counterparty. Clearing activity is the core service of its subsidiary, KELER CCP Ltd.

AGC: 35c

If collateral handling, please provide details

AGC: 35d

Other, please explain:

KELER's services are described in its General Business Rules (par.2.3), which is available following the link:  
<https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/>



AGC: 36

What procedures are in place for the processing of corporate action entitlements?

- Credited to the securities account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- Not applicable
- Corporate action entitlements are handled by an entity separate from the CSD.
- Credited to the securities account upon actual receipt by the CSD.
- OTHER:

AGC: 36a

Credited to the securities account:

- On pay date +1.
- On pay date.
- On pay date +2.
- OTHER:

AGC: 36c

Name of entity:

No entity can be named, as it depends on the issuer's decision. Securities distribution is the responsibility of the issuer based on record date positions provided by KELER and payment details provided by the investor. Paying agent is appointed by the issuer, be it KELER or other entity.

AGC: 37a

Credited to the cash account:

- On pay date +1.
- On pay date.
- On pay date +2.
- OTHER:

AGC: 37c

Name of entity:

No entity can be named, as it depends on the issuer's decision. Cash distributions are the responsibility of the issuer based on record date positions provided by KELER and payment details provided by the investor. Paying agent is appointed by the issuer. KELER provides paying agent services.

AGC: 37, 37d.

What procedures are in place for the processing of interest and dividends?

- Income and dividend collection is handled by an entity separate from the CSD.
- Not applicable
- Credited to the cash account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- Credited to the cash account upon actual receipt by the CSD.
- OTHER:

AGC: 38

Please list all depositories or settlement systems to which you have an electronic link.

KELER Ltd has electronic links to: KDPW and SIX SIS.

AGC: 39

Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

- No
- Yes
- Not applicable

AGC: 39a

Please explain

KELER prepared its formalized Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) to ensure the continuity of business operations in case of undesirable events. Redundancy has built up in case of office area and data centers and network connections. In every year different tests are performed to verify our BCP / DRP capabilities.

AGC: 40

Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?

- Yes
- No
- Not applicable
- Other

AGC: 40a.

If no or other, please explain

AGC: 41

Are participants permitted to maintain more than one account at the CSD?

- Yes
- No
- Not applicable

AGC: 41a, 41c

If yes, please indicate number:

- An unlimited number of accounts
- More than one account
- OTHER:

AGC: 41b

If more than one account what is the maximum?

AGC: 42

Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?

- Yes
- No
- Not applicable
- OTHER:

AGC: 42a

If yes, is segregation required or simply permitted?

- Required
- Permitted

AGC: 42b, 42c

How does segregation occur?

- By sub-accounts within a single participant account.
- By separately designated participant accounts.
- By separately designated beneficial owner accounts.
- OTHER:

AGC: 43, 43b

Does the CSD permit its participants to open accounts in the participant's own nominee name(s)?

- Yes
- No
- Not applicable
- Other: Yes, it does, in the way that main accounts within KELER must be in the participant's own name, however a nominee name can be applied to any underlying subaccount.

AGC: 43a

If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?

- Yes
- No

AGC: 44a

In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible: By the participant's clients?

- Yes
- No
- Not applicable

AGC: 44b

If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

AGC: 44d.

By the intervening authorities controlling insolvency or other proceedings?

- Yes
- No
- Not applicable

AGC: 44e.

If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

AGC: 44h

If yes, please describe briefly under what conditions access would be granted to the participant's creditors:

AGC: 44g, 44i

By the participant's creditors?

- Yes
- No
- Not applicable

AGC: 44j.

By the CSD's creditors?

- Yes
- No
- Not applicable

AGC: 44k.

If yes, please describe briefly under what conditions access would be granted to the CSD's creditors:

AGC: 45

In what form does the CSD maintain records identifying the assets of each participant?

- Computer tape
- Computer file
- Hard copy
- Microfiche
- OTHER: CD

AGC: 45b

In which format is the source data maintained?

Prn file format on CD

AGC: 46

Rule 17f-7 requires that an Eligible Securities Depository provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account. Does the CSD make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

- Yes
- No

AGC: 46a.

If no or other, please explain

AGC: 46b, 46c.

If yes, please indicate the scheduled frequency:

- Annually
- Quarterly
- Monthly
- Weekly
- Daily
- Upon request
- OTHER:

AGC: 47, 47a

What is your document and record retention policy for documents and records described above in this section?

- 6 months or less
- 1 year
- 3 years
- 5 years
- 7 years
- Other: 10 years

AGC: 48

The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble.

- Not applicable
- Model3
- Model2
- Model1
- OTHER:

AGC: 48a

Please briefly describe your settlement process, including how do your settlement procedures vary from the model chosen above?

No difference from standard models. Note: Model 1 for off-exchange (OTC) settlements, Model 3 for CCP-cleared on-exchange cash market settlements. In case of OTC settlements CSD participants' instructions require matching and settlement occurs on a gross basis, on a trade by trade basis. The delivery of the securities requires the successful transfer of funds from buyer to the seller which triggers the immediate and unrevocable transfer of the securities. (DVP principle). In case of the CCP-cleared on-exchange trades the netted delivery and receipt settlement instructions (per ISIN) are sent by KELER CCP to KELER CSD in an already matched status. The delivery instructions should be settled first (from the participants accounts to KELER CCP) and the daily net countervalue of all trades will be debited in one sum from the clients' accounts to credit the CCP. Once the netted amounts are successfully debited KELER CCP initiates the net credit funds transfer in favour of the participants. (All security receipts per ISIN and all amounts due.)

AGC: 49

Are the cash and security movements simultaneous?

- Yes
- No
- Not applicable

AGC: 49a

If cash and security movements are not simultaneous, please indicate the duration of the timing gap

- 1 hour
- 2 hours
- 3 hours
- 4 hours
- 5 hours
- Overnight
- 2 days

AGC: 50, 50a

How are CSD eligible securities held by the CSD?

- In dematerialized form
- In certificated form
- OTHER:

AGC: 51

If CSD eligible securities are certificated, can CSD eligible securities be held outside of the CSD?

- All eligible securities must be held in the CSD
- Securities may move freely into and out of the CSD
- Once entered into the CSD, eligible securities must remain in the CSD
- Certain designated securities may be held outside the CSD
- Not applicable
- Other: Only physical securities can be held outside of the CSD



AGC: 51a

If certain designated securities are held outside the CSD, please indicate under which conditions these securities would be held outside the CSD:

AGC: 51b

If CSD eligible securities are required to be centrally immobilized at the CSD, where and with whom are the certificates safekept? (then please answer 51c)

AGC: 51c

Are these certificates:

- Bearer
- Registered
- OTHER:

AGC: 51d

If registered, how are the CSD eligible securities registered?

- In the name of the CSD
- In the name of the depositing participant or its nominee
- In the name of a separate nominee of the CSD
- OTHER: In the name of the participant, beneficiary owner or the end investor

AGC: 51f

If in the name of a separate nominee, please identify by name the nominee used:

AGC: 51h

If CSD eligible securities may be held either in or out of the CSD, are these certificates:

- Bearer
- Registered

AGC: 51i

What are the control features for receipt of certificates to the CSD (e.g., authentication procedures, re-registration)? Please describe:

AGC: 52

If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the CSD?

- Yes
- No
- Not applicable

AGC: 52a, 52k

Are the securities held:

- Through book-entry at the CSD
- Through book-entry at a registrar or issuer
- OTHER:

AGC: 52b

Please identify which types of entities may act as registrars:

- Issuers
- Separate companies that perform registrar functions
- CSD
- OTHER:

AGC: 52d

If the securities held by the CSD are recorded by book entry at the registrar, are the securities registered only to the CSD, with the CSD providing the function of recording ownership on a centralized basis for the market?

- Yes
- No
- Other: In Hungary, KELER or the Issuer itself can be the registrar for securities. The market is not centralized in this aspect. However, the Issuers may choose KELER as the registrar as KELER offers this service. In this service, KELER collects beneficial owner data, forwards them towards the Issuers through a secured communication channel, calculates entitlements and distributes financial benefits for the entitled.

AGC: 52e

If yes, how are securities held at the registrar for the account of the CSD?

- In the name of the CSD
- In the name of a separate nominee of the CSD

AGC: 52f  
Please describe:

N/A

AGC: 52g  
If the securities held with the CSD are recorded by book-entry at the registrar but are not registered exclusively to the CSD, may they be registered to:

- The beneficial owner
- A nominee

AGC: 52h  
Please describe:

N/A

AGC: 52i  
If the securities held with the CSD are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the CSD (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

N/A

AGC: 53  
Does the CSD maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

- No
- Yes
- Not applicable
- OTHER:

AGC: 53a  
If answer to question 'G23Q031' is other or not applicable, please explain

AGC: 54  
Does the law protect participant assets from claims and liabilities of the CSD?

- Yes
- No
- Not applicable

AGC: 55

Can the CSD assess a lien on participant accounts? (A lien would entitle the CSD to take and hold or sell the securities of the participant in payment of a debt.)

- Yes
- No
- Not applicable

AGC: 55a

If yes, for what reasons are liens or similar claims imposed?

- To secure payment for purchased securities
- Collateralization of overdrafts
- Fees and expenses
- OTHER:

AGC: 55b

Please describe:

N/A

AGC: 55c

Please indicate the limits of this lien as indicated below:

- The lien is limited to securities in the participant's proprietary account
- The lien is limited to securities in the course of purchase and sale transactio
- The lien may extend to settled client positions

AGC: 55d

Please explain:

AGC: 55e

If a lien is placed on a participant's account which has been designated for its clients, will the CSD select certain securities to be subject to the lien?

- Yes
- No

AGC: 55f

If yes, please indicate whether:

- The lien is placed on the most liquid securities in the account
- The lien is placed on the securities with the greatest value in the account

AGC: 55g

Please explain:

N/A

AGC: 55h

If no, please indicate whether the entire account will be subject to the lien.

- Yes
- No
- Other: The lien will be placed to the proprietary account.

AGC: 55j

For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

- Yes
- No

AGC: 55k

If yes, are the restrictions accomplished by:

- Contract between the CSD and the participant

AGC: 55l

Please explain:

N/A

AGC: 56, 56e

Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

- Yes
- No
- Not applicable

AGC: 56a

When does title or entitlement to CSD securities pass between participants?

- At the end of the business day on which the transfer occurs
- When corresponding money or other consideration is transferred
- When the transaction is processed on an intra-day basis

AGC: 56b

Please describe:

N/A

AGC: 56c

Where does title or entitlement to CSD securities pass between participants?

- On the CSD books
- On the registrars books

AGC: 56d

Please describe:

N/A

AGC: 57, 57a

How are eligible securities lodged in the CSD system?

- A registered certificate in the name of the CSD is delivered to the CSD.
- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the CSD which then effects registration.
- A registrar re-registers the security in the name of the CSD.
- Not applicable
- OTHER: Either with a blank endorsement or in registered form.

AGC: 58, 58a

When are securities lodged into the CSD reflected in a participant's CSD account?

- Securities are re-registered prior to being reflected in the participant CSD account.
- Not applicable
- Securities are reflected in the participant's CSD account immediately upon delivery to the CSD.
- OTHER: Same day.

AGC: 59a

Please specify

AGC: 59, 59b

How long does it usually take to lodge securities with the CSD?

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks
- Not applicable

AGC: 60

During the process of lodging securities into the CSD, can the securities be traded?

- Yes
- No
- Not applicable

AGC: 60a

During the process of lodging securities into the CSD, can the securities be settled?

- Yes
- No
- Not applicable
- Other: Physical securities can only be settled in KELEER's books after the process of lodging.

AGC: 60b

During the process of lodging securities into the CSD, can the securities have ownership transferred?

- Yes
- No
- Not applicable

AGC: 60c

If they cannot be traded, or if you answered other, please explain

AGC: 60d

If they cannot be settled, or if you answered other, please explain

AGC: 60e

If ownership cannot be transferred, or if you answered other, please explain

It is a market practice in the Hungarian market that ownership can not be transferred during the process of lodging physical securities.

AGC: 61a

If no: Securities are unavailable for

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks
- Not applicable

AGC: 61b

If more than 4 weeks, please specify

AGC: 61c

If not applicable, please explain



AGC: 61, 61d

Are securities immediately available for delivery upon transfer to the CSD?

- Yes
- No
- Not applicable

AGC: 62

Please describe briefly the arrangements / procedures / facilities you maintain to ensure that eligible securities held at the CSD are handled at least as efficiently as compared to securities held outside the CSD, particularly in relation to income, corporate actions and proxy services.

Annual due diligence process is carried out by KELER on the respective partners and services provided based on the CSDR requirements.

AGC: 63, 63a

What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping?

- Securities are re-registered into the name of the beneficial owner or a nominee.
- Securities are re-certificated and re-registered into the name of the beneficia
- Securities are re-certificated and delivered as bearer instruments.
- Securities are transferred as is any physical delivery in the market.
- Not applicable
- Other: Physical securities can only be delivered out or destroyed, no withdrawal process is available.

In case of delivery out signature check of the instruction is performed, the provision check follows, finally a debit entry is getting booked. Before physical securities are destroyed KELER checks if the security rights are expired and the company had been deleted from the Company Register.

AGC: 64a

If more than 4 weeks, please specify

AGC: 64, 64b

How long does it usually take to remove securities from the CSD?

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks
- Not applicable

AGC: 65a

While the securities are being removed from the CSD, can they be traded? (Choose one)

- No
- Not applicable
- Yes

AGC: 65b

If they cannot be traded please explain

AGC: 65c

While the securities are being removed from the CSD, can they be settled? (Choose one)

- No
- Not applicable
- Yes

AGC: 65d

If they cannot be settled, please explain

Technically impossible

AGC: 65e

While the securities are being removed from the CSD, can they have ownership transferred? (Choose one)

- No
- Not applicable
- Yes

AGC: 65f

If ownership cannot be transferred, please explain

Technically impossible.

AGC: 66, 66a, 66d

Does the CSD accept liability (independent of any insurance coverage) for the following: Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

- No
- Not applicable
- Yes

AGC: 66b 66c

If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for indirect or consequential losses
- The CSD assumes liability for direct losses
- OTHER:

AGC: 66e, 66g, 66h

Theft of securities (either physical certificate or electronically from accounts at the CSD) from the CSD that results in direct damages or losses to participants?

- No
- Yes
- Not applicable

AGC: 66f

If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

AGC: 66i, 66l.

Failure of the CSD's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

- No
- Yes
- Not applicable

AGC: 66j, 66k

If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for indirect or consequential losses
- The CSD assumes liability for direct losses
- OTHER:

AGC: 66m, 66p.

Any direct damages or losses to participants caused by the CSD due to its errors, omissions or fraud?

- Yes
- No
- Not applicable
- OTHER:

AGC: 66n.

If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

AGC: 66q.

Does the CSD accept liability (independent of any insurance coverage) for the following: Any direct damages or losses to participants caused by the CSD in its capacity as a central counterparty?

- Yes
- No
- Not applicable
- Other: KELER CSD does not act as a central counterparty. Clearing activity is the core service of its subsidiary, KELER CCP Ltd.

AGC: 66r.

If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

AGC: 66u.

Does the CSD guaranty settlement?

- No
- Yes
- Not applicable

AGC: 66v.

Please explain how this is accomplished. What are the procedures and safeguards that permit the CSD to guaranty settlement?

AGC: 66x.

Any direct damages or losses to participants caused by the CSD as a result of force majeure events, acts of God, or political events, etc.?

- Yes
- No
- Not applicable

AGC: 66y.

If yes, please check all of the following that apply:

- The CSD assumes liability for indirect or consequential losses
- The CSD assumes liability for direct losses
- Financial limits are imposed on the amount of liability assumed by the CSD
- OTHER:

AGC: 66+

In all cases where the CSD assumes responsibility for direct or indirect or consequential losses, is the CSD's liability limited by a standard of care determination?

- Yes
- No
- Not applicable

AGC: 66\*

Please define the standard of care applied:

According to the GBR of KELER, 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. 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 the Business Rules or for which the Client or a third party is at least partly responsible.

AGC: 67a, 67b.

Do the CSD's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the CSD in the form of indemnification?

- Not applicable
- Yes
- No
- OTHER:

AGC: 67b.  
Please explain (then please answer 67c):

AGC: 67c.  
Please provide details of the relevant sections of the contracts, rules or practices where this information is found

N/A

AGC: 67d.  
Insurance

- Yes
- No
- Not applicable
- OTHER:

AGC: 67e.  
Please explain (then please answer 67f):

Act CXX of 2001 on Capital Market

AGC: 67f.  
Please provide details of the relevant sections of the contracts, rules or practices where this information is found

Para. 344, para. 336 (1) section and para. 335 points b,c,e,h,j and para. 411 of Act CXX of 2001 on Capital Market.

AGC: 67g.  
Acknowledgement of liability for losses caused by CSD's own actions.

- Yes
- No
- Not applicable

AGC: 67h.  
Please explain (then please answer 67i):

General Business Rules of KELER Ltd. detail rules regarding acknowledgement of liability.

AGC: 67i.  
Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

KELER General Business Rules 10.4.

AGC: 67j.  
Other

- Yes
- No

AGC: 67k.  
Please explain (then please answer 67l):

AGC: 67l.  
Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

N/A

AGC: 68  
Is the CSD immune from legal action in its own jurisdiction?

- Yes
- No

AGC: 69  
Security Control. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts?

- Not applicable
- By receipt of physical account holding statements
- By direct electronic link
- OTHER: SWIFT

AGC: 69a.  
Please explain:

Via KELER's proprietary communication system and through SWIFT messages.

AGC: 70  
Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

- Yes
- No
- Not applicable



AGC: 70a.

How is access given to participants?

- By direct electronic link
- OTHER: Paper-based instructions

AGC: 70b.

Please select type of electronic link:

- Secured, leased, dedicated telephone line
- Dial-up modem
- Internet
- Fax

AGC: 70c.

Please explain:

N/A

AGC: 71 71a.

Regarding data security: Are passwords used by participants to access their accounts?

- Yes
- No
- Not applicable

AGC: 71c.

Does each user have a unique user ID?

- Yes
- No
- Not applicable

AGC: 71e.  
Are passwords regularly changed?

- Yes
- No
- Not applicable

AGC: 71f.  
How often?

KELER requires users to change their passwords every 31 days.

AGC: 71h.  
Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?

- Yes
- No
- Not applicable

AGC: 71i.  
How many?

5

AGC: 72  
Does the CSD communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

- Yes
- No
- Not applicable

AGC: 72a  
Please explain:

1. Exchange - leased line 2. Payment system - SWIFT 3. MTS-Hungary - SWIFT

AGC: 73 73a

How does the CSD communicate with Stock Exchanges?

- Dial-up modem
- other
- Paper
- Fax
- Not applicable
- Secured, leased, dedicated telephone line
- Internet
- OTHER:

AGC: 73b

How does the CSD communicate with Payment Systems?

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER: Through SWIFT messages.

AGC: 73c

How does the CSD communicate with Clearing Houses?

- Dial-up modem
  - Secured, leased, dedicated telephone line
  - Internet
  - Fax
  - Paper
  - other
  - Not applicable
- OTHER: KELER CCP, the clearing house for Hungarian capital market trading venues is the subsidiary of KELER. Therefore KELER and KELER CCP has common IT infrastructure, KELER CCP's systems are communicating directly with KELER's systems.

AGC: 73d

How does the CSD communicate with Registrars?

- Dial-up modem
  - Secured, leased, dedicated telephone line
  - Internet
  - Fax
  - Paper
  - other
  - Not applicable
- OTHER: KELER may act as registrar based on the instructions of the issuer; if other player acts as registrar, KELER provides the data prepared for registrars in file or on paper

AGC: 74

How is access to the physical building controlled?

- By guards
- By alarm system
- personal ID card
- By electronic keys
- OTHER:

AGC: 74a.  
Please explain:

N/A

AGC: 75  
What are the vault security procedures for the safekeeping of physical paper?

- Fire alarms
- Intrusion alarms
- Vault counts
- Visitor logs
- Dual access control
- Electronic keys or combinations
- Not applicable, no vault is maintained
- Guards
- OTHER:

AGC: 75a.  
Please indicate frequency of vault counts:

Full inventory on a yearly basis and random checks.

AGC: 75b  
Please explain:

AGC: 76, 76d  
Participant Default Protections Resulting from a Participant Failure. If a participant defaults, how is the loss covered? (Choose all that apply?)

- CSD insurance covers the loss
- The CSD guaranty fund covers the loss
- Loss is shared among participants
- Not applicable
- OTHER: The CCP within the KELER Group does have loss sharing mechanism and KELER Ltd. takes part in the CCP's default procedures as a CSD. However it does not guarantee any transactions and does not have own loss sharing mechanism.

AGC: 76a  
Please explain the process:

AGC: 76b

Please explain the process of how the loss is shared:

- Equally, among participants
- Pro-rata based on participant's volume
- Limited to participants with transactions with failing counterparty

AGC: 76d

Please explain:

N/A

AGC: 77

During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

- Yes
- No
- Not applicable

AGC: 77a

How was the situation resolved? Or if you answered "Other," then please explain:

AGC: 78

Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

- Yes
- No
- Not applicable

AGC: 78a.

If yes, please respond to the following questions: What is the size of the fund?

AGC: 78b.  
How is the size of the fund determined?

- By participant volume
- By asset value
- A fixed amount

AGC: 78d.  
How is the fund financed?

- Contributions from owner
- Contributions from participants
- Funding from retained earnings
- Other: Not applicable

AGC: 78e.  
If so, what is the amount or percentage per owner?

AGC: 78f.  
If so, what is the amount or percentage per participant?

AGC: 78h.  
Who is covered by the fund?

- Direct CSD participants only
- The beneficial owner also
- OTHER: Not applicable

AGC: 78j.  
When is the guaranty fund used?

- When a broker defaults
- When a direct participant defaults
- OTHER: Not applicable

AGC: 79

Does the CSD have forms of oversight management for assessing and monitoring of the following?

- Collateral requirements for participants
- Blocking of securities movement before receipt of payment
- Other loss or default protections the CSD maintains
- Settlement controls that minimize or eliminate the risk of default by a participant
- Participant financial strength
- Blocking payment until securities are moved
- Not applicable
- Debit caps for participants
- Participant volumes
- Participant eligibility requirements
- OTHER:

AGC: 79a

Please explain other loss or default protections:

AGC: 79a

Please explain other loss or default protections:

N/A

AGC: 79b

Please explain the requirements:

AGC: 79c

Please explain how these debit caps work:

AGC: 79d.

What type or types of settlement controls

- Blocking or freezing of securities positions
- Controlling DVP settlement
- Simultaneous DVP
- OTHER:

AGC: 79e.

Please explain:



AGC: 79f.  
Please explain:

AGC: 79g.  
Please explain:

N/A

AGC: 79h  
Please identify and explain:

Multilaterally netted positions (Budapest Stock Exchange spot, BSE MTS and MTS Hungary trades) are settled on a DVP basis in batch processing, other DVP transactions are executed in real-time environment on a gross basis.

AGC: 79i  
Please explain briefly how these work:

AGC: 80  
Does the stock exchange have default protections that extend to the CSD, such as the following?

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- No
- Not applicable
- OTHER:

AGC: 80a  
Please explain:

AGC: 81  
BUSINESS RECOVERY PLAN. This section is intended to identify key aspects of the CSD's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP. Do you have a formal business recovery plan?

- Yes
- No

AGC: 81b.

Please identify both the frequency and the last date of testing for the following third party: CSD participants/members

Live BCP test is carried out yearly. Last date: 30 November 2021 live testing of contingency operation on backup location.

AGC: 81c.

Please identify both the frequency and the last date of testing for the following third party: Stock exchange

Live BCP test is carried out yearly. Last date: 30 November 2021 live testing of contingency operation on backup location.

AGC: 81d.

Please identify both the frequency and the last date of testing for the following third party: Central bank

Live BCP test is carried out yearly. Last date: 30 November 2021 live testing of contingency operation on backup location.

AGC: 81e.

Please identify both the frequency and the last date of testing for the following third party: Local brokers

Live BCP test is carried out yearly. Last date: 30 November 2021 live testing of contingency operation on backup location.

AGC: 81f.

Please identify both the frequency and the last date of testing for the following third party: Any other third party

Live BCP test is carried out yearly. Last date: 30 November 2021 live testing of contingency operation on backup location.

AGC: 81a, 81h.

Does your Business Recovery Plan include:

- Back-up of all computer files
- Back-up files stored and locked
- Off-site operations facility
- Off-site data storage
- OTHER:

AGC: 82

How quickly can the main system be reactivated in the event of an outage?

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable

AGC: 83

If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing?

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable

AGC: 84

Will the CSD publicly announce any system interruption?

- Yes
- No
- Not applicable

AGC: 84a.

To whom will the CSD disclose any system interruptions?

- To all direct participants
- To the CSD regulators
- To direct and indirect participants
- To the public via the internet
- In the press
- OTHER:

AGC: 84b.  
If so, please list webpage address:

www.keler.hu

AGC: 84c.  
If so, please list all publications:

AGC: 84d.  
Please explain:

AGC: 84e.  
How will the CSD disclose any system interruptions?

- Public announcement
- By e-mail
- By telephone
- Press release
- OTHER: Via KELER's proprietary communication system and its website (www.keler.hu)

AGC: 84f.  
Please explain:

Via KELER's proprietary communication system and its website (www.keler.hu)

AGC: 85  
In the past three years, has it been necessary to activate the recovery plan in a live situation?

- Yes
- No
- Not applicable

AGC: 85a.  
If yes, how much time was needed to implement the recovery plan?

- Less than 1 hour
- 1 - 2 hours
- 2 - 4 hours
- Longer than 4 hours

AGC: 85b.

How much time was needed to recover and restore business to normal operations?

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours

AGC: 85c, 85d.

What was the impact to the market?

- As a result of the system failure, all fines and penalties for late settlements were waived
- All cash settlements took place more than one business day late
- All securities settlements took place more than one business day late
- All cash settlements took place one business day late with value one day late
- All securities settlements took place one business day late with value one day late
- All cash settlements took place one business day late with good value
- All securities settlements took place one business day late with good value
- Even though there was a system failure, all fines and penalties for late settlements were still assessed
- All cash settlements took place as scheduled on the same day with good value
- All securities settlements took place as scheduled on the same day with good value
- OTHER:

AGC: 86

Has there been any material loss by the CSD during the past three years?

- Yes
- No
- Not applicable
- Other: Operational losses are strictly confidential; therefore we cannot provide these figures and related impact or actions due to confidentiality reasons.

AGC: 86a.

If there has been a loss, please describe the cause, the final impact and the action taken to prevent a recurrence:

AGC: 87

Has the CSD been subject to any litigation involving a participant during the past three years?

- Yes
- No
- Not applicable

AGC: 87a.

Please explain the circumstances and resolution:

AGC: 88, 88a

Has the CSD realized revenues sufficient to cover expenses during the past three years?

- Yes for all three years
- Yes for two of the last three years
- Yes for one of the last three years
- None of the last three years
- Not applicable

AGC: 89, 89b

Does the CSD maintain a reserve for operating losses?

- Yes
- No
- Not applicable

AGC: 89a.

Please describe and indicate reserve (for operating losses) amount:

Based on audited data of financial year 2021, capital requirement for operational risk under pillar I. is approximately USD 3,2 million (USD/HUF exchange rate at 31 December 2021: 325,71).

AGC: 90

Has the regulatory body with oversight responsibility for the CSD issued public notice that the CSD is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

- Yes
- No
- Not applicable

AGC: 90a.

Please describe:

AGC: 90b.

In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the CSD?

- Yes
- No
- Other: N/A

AGC: 90c.

If yes, please describe:

AGC: 90d.

If no, why not?

AGC: 91

Does the CSD have insurance to cover losses in the event of Default on settlement commitments by the CSD or a participant?

- Yes
- No
- Not applicable

AGC: 91a

What is the amount of the coverage?

AGC: 91b

What is the amount of the deductible?

AGC: 92

Does the CSD have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

- Yes
- No
- Not applicable

AGC: 92a.

What is the amount of the coverage?

HUF 100 million per event and HUF 150 million per year

AGC: 92b.

What is the amount of the deductible?

HUF 5 million per event

AGC: 93

Does the CSD have insurance for Operational Errors?

- Yes
- No
- Not applicable

AGC: 93a.

What is the amount of the coverage?

HUF 100 million per event and HUF 150 million per year

AGC: 93b.

What is the amount of the deductible?

HUF 5 million per event

AGC: 94

Does the CSD have Errors and Omissions insurance?

- Yes
- No
- Not applicable



AGC: 94a.  
What is the amount of the coverage?

HUF 100 million per event and HUF 150 million per year

AGC: 94b.  
What is the amount of the deductible?

HUF 5 million per event

AGC: 95  
Does the CSD have insurance for the Premises?

- Yes
- No
- Not applicable

AGC: 95a.  
What is the amount of the coverage?

HUF 100 million per event and HUF 250 million per year

AGC: 95b.  
What is the amount of the deductible?

10 %, but min.HUF 50.000 per event

AGC: 96a.  
If so, what is it for?

1. Property insurance including robbery 2. Employers liability 3. Chief officers liability insurance

AGC: 96b.  
What is the amount of the coverage?

No answer.

AGC: 96c.  
What is the amount of the deductible?

No answer

AGC: 96, 96d  
Does the CSD have any other insurance?

- Yes
- No
- Not applicable

AGC: 97

Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.

Allianz Hungaria Ins. Co. (Professional liability insurance, D&O liability insurance), UNION Vienna Insurance Group (Third party liability insurance; Property insurance; Electronic equipment insurance; Employer's liability insurance) Colonnade Insurance S.A. (Cyber insurance)

AGC: 97a.

Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

Allianz Versicherungs AG, Germany UNION Vienna Insurance Group

AGC: 97b.

What is the term of the policy?

No answer.

AGC: 97c, 97d

Who does the insurance cover?

- CSD
- Direct CSD participants
- Final investors
- Not applicable
- OTHER:

AGC: 98

If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:

AGC: 98a.

filecount - Upload document here:

0

AGC: 99

The WFC, the AGC, CPMI and IOSCO encourage respondents to make their disclosure reports publicly available. Do you agree to make your response publicly available?

- Yes, my full response will be publicly available. I agree that my response can be published on the website of the WFC and on the website of the regional CSD association(s) which my CSD is a member of.
- Yes, my response will be public, but only for my answers to AGC questions.
- Yes, my response will be public, but only for my answers to PFMI questions.
- No, I do not wish my response to be publicly available.

AGC: 99a  
How will you be making your answers publicly available?

- Upon request
- Website
- OTHER:

AGC: 99b  
This disclosure can also be found at the following web address(es):

<https://english.keler.hu/Key%20documents/Questionnaires/>

AGC: 99c  
First and Last Name of the contact person:

Ms Eva Toth-Bede

AGC: 99d  
How do you prefer to be contacted?

- mail/air courier
- Fax
- Telephone
- e-mail

AGC: 99e  
Telephone number (please include the international country code):

+3614836288

AGC: 99f  
Fax number

AGC: 99g  
What is the preferred street address for mailing requests?

Rákóczi út 70-72, H-1074 Budapest, Hungary

AGC: 99h  
Email address of the contact person:

eva.toth-bede@keler.hu

AGC: 100

AGC members from time to time receive requests from their direct investor-clients for an informational copy of a CSD's completed questionnaire. Such requests typically lead to interactions between personnel at the CSD in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories. Do you approve of AGC members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

- Yes
- No

AGC: 101

Does your organization have a documented cyber security policy in place?

- Yes
- No

AGC: 102

Please confirm that your staff receive relevant training about this policy.

- Yes
- No

AGC: 103

Please provide an overview of your policy for continuity of business in the event of a large data breach or cyber attack against your organization.

KELER has developed detailed actions plans for such situations. The action plans contain steps for identification, protection recovery; internal and external communication contacts are included as well.

AGC: 104

In the last 12 months have there been any changes to the policy?

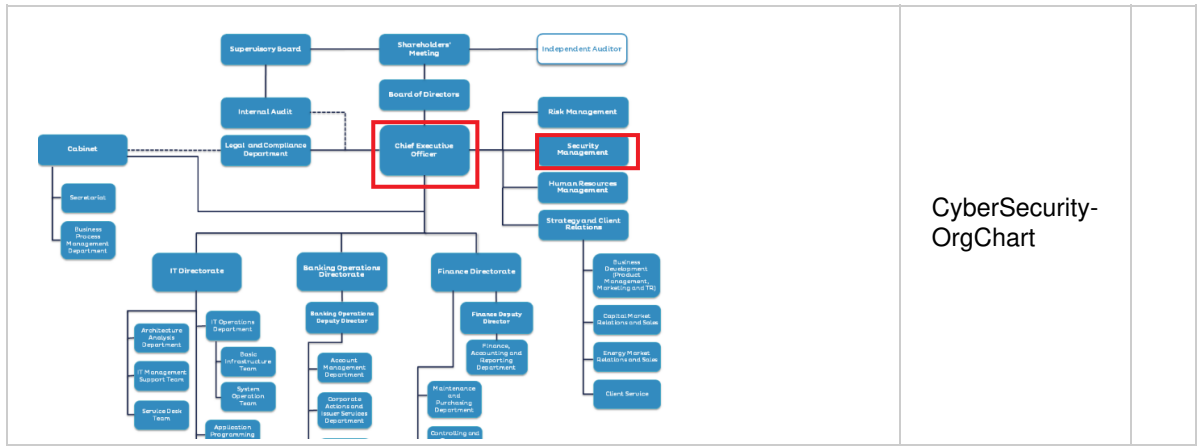
- Yes
- No

AGC: 105

Please advise how often you review the policy.

- Annually
- Semi-annually
- Other

AGC: 106  
filecount - Please provide (as an attachment) a diagram showing where your cyber security function resides and who it reports to.



CyberSecurity-  
OrgChart

AGC: 107  
How does your organization identify which business functions carry a cyber risk

KELER conducts cyber risk assessment yearly and ad-hoc ones as well.

AGC: 108  
Do you conduct ongoing testing and monitoring processes to ensure that all internal and external connectivity and system configurations are not at risk of cybersecurity breaches?

- Yes
- No It is executed quarterly.

AGC: 109  
What technological controls and protections are in place for your systems and networks?

Intrusion Prevention / Detection System, Firewalls, Web Application Firewall, Data Leakage Prevention system, Virus and malware detection system.

AGC: 110  
Does your organization use multi-factor authentication

- Yes
- No

AGC: 111

Where your organization has outsourced activities or functions to a third-party provider, is your cyber risk exposure documented?

- Yes
- NoNot documented yet.

AGC: 112

What measures does your organization have to ensure early detection of a cyber attack?

Intrusion Prevention / Detection System, Web Application Firewall, Data Leakage Prevention system, Virus and malware detection system

AGC: 113

What is the agreed resumption time for critical operations following a cyber attack?

Based on CSDR regulations KELER should restore itoperation within two hours. We have plans and technology to meet this requirement.

AGC: 114

How would you advise clients of a successful cyber attack against your organization?

The clients would be informed in the channels defined in General Terms and Condition documents.

AGC: 115

In the last 12 months has your organization been subject to a cyber attack that impacted the service you provide to us? If yes, please provide details.

- Yes
- No

AGC: 116

Are the following elements of your cybersecurity framework tested pre and post deployment of changes?

- Vulnerability assessment
- Scenario based penetration tests
- Testing of incident response process and technical/business/operations (e.g. table-top exercise)
- OTHER:

AGC: 117

For cloud technology and associated cyber security risks, do you have procedures and controls in place to protect our information from mishandling or theft?

In the comments section could you please explain how these procedures and controls tie back to your record retention policy?

- Yes
- NoKELER does not use cloud technology for client related processes and operation. It uses only MS Teams for collaboration with several feature restriction including Data Leakage Prevention rules.

AGC: 118

Does your organization conduct dark web searches for signs of a breach (internet protocol or customer/client personally identified information for sale)?

- Yes
- NoKELER receives warning from the parent company if they recognize relevant information.

AGC: 119

Is your organization aware of SWIFT's Customer Security Program (CSP)?

- Yes
- No

AGC: 120

Does your organization ensure compliance with SWIFT's CSP controls?

- Yes
- No

AGC: 121

Does your organization respond to requests for your institution's attestations?

- Yes
- NoGenerally yes, however supporting documents cannot be shared with external parties in most cases.

AGC: 122

Does your organization request the attestation details of your counterparties and incorporate the responses into ongoing relationship and risk management programs?

Yes

No We have developed a partner and client questionnaire to understand our counterparties' risks facing on different areas including cyber security. The counterparties should fill the questionnaire regularly.