



Central  
Clearing House  
and Depository  
(Budapest) Ltd.

## **General Business Rules of KELER Ltd.**

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## I. List of expressions and abbreviations used in the Rules, their definition

### Definitions

<b>Initial margin:</b>	Any collateral specified by KELER CCP to the Clearing Member as collateral of one day risks for settlement of guaranteed regulated market and CEEGEX physical futures transactions by using the SPAN ® Initial margin Calculation Software.
<b>Non-clearing Member:</b>	Any Section member having trading right who concluded a contract with a general Clearing Member of KELER CCP to access KELER settlement services.
<b>Allocation:</b>	A procedure by which relation is established by a person authorized for this purpose under previously announced principles, algorithms, or in the case of a derivative transaction by KELER on the basis of orders received and position management accounts between the persons and the available quantities.
<b>Conversion term:</b>	The period available for submission of the securities according to Paragraphs 10-12 of the Tpt.
<b>Auction transaction:</b>	Any transaction regulated as such in the Trading Code of the Budapest Stock Exchange.
<b>Cash product:</b>	Subject of the cash transaction.
<b>Cash transaction:</b>	A BSE agreement on the fulfillment of physical commodities or warehouse warrants at a previously fixed date.
<b>Government securities:</b>	Any debt securities issued by the Hungarian or a foreign state, the National Bank of Hungary, the European Central Bank or by central banks of any other member states of the European Union.
<b>Commodities market service provider:</b>	Enterprise defined in Paragraphs 9-11 of the Bszt.
<b>Bank guarantee:</b>	A commitment by the bank in which it assumes the obligation to effect payment to the beneficiary up to a defined limit of amount under specified conditions, including in particular the occurrence or non-occurrence of certain events as well as submission of certain documents, and within a fixed deadline.

<b>Bank information:</b>	Written information other than the information requested in relation to the audited balance sheet on the bank and securities account of the client maintained by KELER.
<b>Bank account:</b>	The payment account defined in Paragraph 2 Subparagraph 18 of Pft..
<b>Investment enterprise:</b>	Enterprise defined in Paragraph 4 Subparagraph (2) Point (9) of Bszt.
<b>Collateral value:</b>	Value of an asset accepted by KELER and KELER CCP as collateral at which the relevant asset is taken into account for the purpose of the relevant collateral.
<b>Place of collection:</b>	A custodian designated and authorized in a notice by the issuer to receive the physical shares or the issuer itself.
<b>Internal circle:</b>	A payment operation affecting exclusively the bank accounts maintained by KELER.
<b>BSE product:</b>	The Stock Exchange product and the BSE MTF product.
<b>BSE transaction:</b>	The transaction defined in Section 319 of Tpt.
<b>BÉTa market:</b>	The name of the multilateral trading system for trading cross-border securities operated within the BSE MTF pursuant to the Bszt.
<b>BÉTa product:</b>	The security that is traded on the BÉTa market.
<b>BÉTa transaction:</b>	Transaction concluded on the BÉTa market.
<b>BSE futures transaction:</b>	Standardized sale of BSE product at a determined price for a future date, with KELER CCP involved in the performance.
<b>BSE MTF:</b>	The name of the multilateral trading platform(s) pursuant to Bszt. operated by the BSE.
<b>BSE MTF transaction:</b>	Transaction concluded at the BSE MTF market.
<b>BSE MTF product:</b>	Securities traded at the BSE MTF market.
<b>Brokerage:</b>	The operation defined in Paragraph 5 Subparagraph (1) a) and b) of the Bszt.
<b>Collateral:</b>	Any asset provided by the Clearing Member for fulfillment of a transaction or an obligation.
<b>Collateral asset:</b>	Aggregate name of the assets, collaterals available to the entitled party to cover different margin and collateral requirements stated by KELER and KELER CCP.

<b>Requirement for collateral:</b>	Different collateral requirements defined by KELER CCP for the purpose of reducing the risk and their aggregate value.
<b>Free balance of the collateral:</b>	Part of the collateral over the amount of the collateral that is obligatory to be provided.
<b>CEEGEX transaction:</b>	Transaction in products traded at CEEGEX. CEEGEX “Market Rules” define products traded at CEEGEX.
<b>Company registration:</b>	The procedure of the court of registration or other authority as a result of which the company is established under the Companies Act or pursuant to the governing law of the personal right of the legal entity, i.e. the company is registered with final effect.
<b>Certificate:</b>	Securities issued under the Issuer’s own law, by which the Issuer shall be liable to settle a claim or payment in favor of the security holder depending on the value of the basic product determined at the maturity date fixed in the Final Terms of Certificate.
<b>Final Terms of Certificate:</b>	The document where the issuer of the certificate defines the basic features of the certificate such as method of fulfillment and cases of meeting the settlement obligation.
<b>CO<sub>2</sub> emission unit:</b>	A marketable asset of value that allows emission equivalent to one ton of carbon dioxide within a certain period and that can be used for meeting the obligations as provided for in the Üht.
<b>D day:</b>	Date of generation of a dematerialized share as well as the first settlement day after closing the conversion term.
<b>Delivery:</b>	Fulfillment of derivative transactions by physical delivery.
<b>Demat event:</b>	Summary term of services related to dematerialized securities, provided at the request of the issuer (origination, cancellation, conversion, over-issuance, partial cancellation, squeezing out, change of certificate) that in the context of these Rules may stand for the special service detailed herein or may refer in general to the services herein listed and related to dematerialized securities.
<b>Dematerialized securities:</b>	Collection of data generated, forwarded and recorded electronically as provided for in the Tpt. and in separate regulations that contain the content requisites of securities in an identifiable manner.
<b>Data determining dematerialized securities:</b>	Series of signs digitally recording all requisites of securities provided for in law, the total nominal value of the full series issued and number of the securities issued.
<b>Dematerialized securities</b>	



<b>account manager:</b>	According to Paragraph 140 Subparagraph (1) of the Tpt. the investment enterprise, the credit institution and KELER.
<b>Certificate issued on dematerialized securities:</b>	A document issued by the issuer in one copy and deposited at KELER in the form of a printed or electronic document, not qualified as securities according to Paragraph 7 Subparagraph (2) of the Tpt.
<b>Derivative transaction:</b>	Futures and option transaction concluded on the BSE.
<b>Foreign exchange account:</b>	A payment account maintained in foreign exchange by KELER for the Client.
<b>Bond transaction with DVP settlement:</b>	Transaction regulated as such in the Regulations of the BSE on the Code of Trading.
<b>DVD type securities account transfer:</b>	(Delivery versus Delivery) a transaction during execution of which securities with one or more specific series are debited against crediting of securities with one or more series. Debit and credit items are completed simultaneously.
<b>DVP type securities account transfer:</b>	(Delivery versus Payment) transactions during execution of which securities with specific series are debited against crediting the cash counter value to the cash account kept with NBH or KELER. Debit and credit items are completed simultaneously.
<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 event.
<b>Individual securities custody account:</b>	An account for recording physical securities by denomination and serial number.
<b>Demat event executed electronically:</b>	The demat event that is executed based on the issuer instruction submitted via the KID system or the online application provided by KELER.
<b>Electronic signature:</b>	Electronic signature as provided for in the Eat.
<b>Primary data:</b>	Range of information necessary for issuing an ISIN code.
<b>Settlement:</b>	Clearing provided by KELER CCP and fulfillment provided by KELER jointly, and for transactions not guaranteed by KELER CCP and cross-border transactions clearing and fulfillment provided by KELER.
<b>Settlement cycle:</b>	In case of a deal announced as security with physical settlement the last trading day of the month of expiry, in case of an option the period between the Settlement Day

following exercise and the day of effective execution of the physical settlement (DVP transaction), according to the settlement cycle (T+3 or T+2) of the cash product.

<b>Participant to settlement:</b>	The participant establishing the net payment obligations of the institutions, the eventual central counterparty and the eventual performing party.
<b>Settlement day:</b>	The calendar day on which KELER provides clearing house and central depository services.
<b>Settlement agent:</b>	The person having bank account with KELER and the NBH and maintaining a securities account with KELER that keeps the accounts necessary for the Multinet settlement for the Clearing Member and the Non-clearing Member and provides services in the interest of settlement in accordance with the agreement concluded.
<b>Settlement system:</b>	Mutual agreement concluded by the members of the system on the processing of cash and securities transfers and on position management according to uniform rules.
<b>Clearing House Announcement:</b>	A document containing further detailed, additional requirements, obligations, procedural orders by KELER for KELER's services under authorization of these Rules.
<b>Energy market:</b>	Markets guaranteed and settled by ECC, published in an Announcement.
<b>Energy market non-clearing member:</b>	Person with energy market trading right that concluded energy market non-clearing membership agreement with KELER CCP.
<b>Securities:</b>	An instrument under the scope of the Tpt. or any data defined in regulations, recorded, registered in any other way that possess all requisites stipulated by law and the issuance or appearance of which in this form, by evidence of a certificate or in dematerialized form is allowed by law. Furthermore, securities mean any deed or investment instrument that is classified as securities in the jurisdiction of the place of issuance, irrespective of the form of appearance.
<b>Change of securities:</b>	The change of securities without a change to the ISIN, initiated by the issuer pursuant to which the total nominal value of securities no longer distributed equals the total nominal value of securities that will be distributed.
<b>Depository:</b>	A place designed to safe keep physical securities.

<b>Securities account:</b>	Record on dematerialized securities and related rights maintained on behalf of the holder of the securities.
<b>Denomination unit of securities:</b>	The smallest unit specified by the issuer for physical securities that on its own represents the rights and obligations included in the securities.
<b>Conversion of securities:</b>	Change of method of generation (physical or dematerialized form) of securities.
<b>Issuance of securities:</b>	A successful procedure for the first sale of securities issued by the issuer.
<b>Securities code:</b>	An international code that is a combination of alphabetical characters and numbers, such as the ISIN code, for the identification of securities and other BSE products representing the same rights.
<b>Securities settlement system:</b>	definition pursuant to Paragraph 2 Point a) of NBH Order 10/2009. (II. 27.).
<b>Securities lending:</b>	A transaction defined in Paragraph 5 Subparagraph (1) Point 44 of the Tpt.
<b>Custody of securities:</b>	The service specified in Paragraph 4. Subparagraph (2) Point 44. of the Bszt.
<b>Securities safekeeping:</b>	The service specified in Paragraph 4. Subparagraph (2) Point 43. of the Bszt.
<b>Securities custody account:</b>	Registration of physical securities.
<b>Securities default:</b>	Failure to meet the fulfillment obligation of securities generated by BSE transactions.
<b>Securities series:</b>	Unless otherwise provided for by the Tpt. it means the total quantity offered at a certain date of securities produced similarly and representing the same rights or the total quantity of securities with the same rights issued at various points in time.
<b>Securities secret:</b>	confidential information as provided for in Paragraph 369 Subparagraph (1) of Tpt.
<b>Securities account manager:</b>	The obligor of the securities account contract as provided for in Paragraph 140 Subparagraph (2) of the Tpt.
<b>Securities account:</b>	Securities registration maintained by KELER for showing physical securities and dematerialized securities available to the Client.
<b>Account segregation for securities:</b>	Differentiation between securities available to the Client based on whether the owner of the securities is the Client or its Clients.

<b>Annulment:</b>	A procedure as provided for in Paragraph 7 of Government Decree 98/1995 (VIII. 24.) on the Security Rules Related to the Production, Handling and Physical Destruction of Certain Securities.
<b>Covered position:</b>	The position with regard to which the Clearing Member makes the required quantity of securities available to the Clearing House prior to the obligation of fulfillment.
<b>Supervisory Authority (PSZÁF):</b>	The organization as provided for in Act CLVIII of 2010 on the Hungarian Financial Supervisory Authority (PSZÁF).
<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>Procedure restricting payment:</b>	The bankruptcy proceedings and liquidation proceedings as provided for in the Cstv. as well as the special measures laid down in Paragraph 157 Subparagraph (1) b) of the Hpt., furthermore, the prohibition of payment laid down in Paragraph 176/B Subparagraph (5) of the Hpt., in Paragraph 181 Subparagraph (2) of the Hpt., in Paragraph 128 Subparagraph (1) of the Bszt., in Paragraph 135 of the Bszt., additionally the supervisory measures laid down in Paragraph 400 Subparagraph (1) h), j) and r) of the Tpt. and Paragraph 164 Subparagraph (1) h) i) and o) of the Bszt.
<b>Fix transaction:</b>	Any transaction defined in the Trading Code of the Budapest Stock Exchange as such.
<b>Consumer:</b>	Natural person defined in Paragraph III. of Appendix 2. of Hpt.
<b>Continuous issuance:</b>	Issuance of debt securities as well as investment units of an open-ended investment fund where the sale is effected in a period exceeding sixty days so that tenor of the securities begins from the date of their sale.
<b>Record day:</b>	The settlement day for which the rights of the owners related to securities are defined based on the closing account balances of the same day.
<b>FoP type securities account 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>	Investment enterprise, credit institution defined in Paragraph 5 Subparagraph (1) Point 51 of the Tpt.
<b>Guaranteed regulated market transaction:</b>	Transactions with multinet settlement and derivative transactions..

<b>Gas market:</b>	NFKP and CEEGEX.
<b>Gas market clearing member:</b>	NFKP and CEEGEX clearing member.
<b>Gas market transaction:</b>	Transaction traded at NFKP and CEEGEX.
<b>GIRO:</b>	Interbank Clearing System (BKR).
<b>GIRO clearing cycle:</b>	The period during which InterGIRO platforms - IG1 nighttime, IG2 daytime - clear transactions with cover accepted for clearing.
<b>GIRO daytime clearing '4 hours rule':</b>	The maximum period of time within which the electronically initiated and accepted domestic HUF transfer order submitted prior to the same day execution cut-off time of the payment service provider of the remitting party gets to the payment service provider of the beneficiary customer.
<b>GIRO IG1:</b>	GIRO nighttime clearing method.
<b>GIRO IG2:</b>	GIRO daytime clearing method.
<b>Fungible custody account:</b>	Consolidated recording of physical securities where the account receivables of the Client are only valid for pieces specified by denomination units.
<b>Credit institution:</b>	Any financial institution defined in Paragraph 5 Subparagraph (3) of the Hpt.
<b>Debt securities:</b>	Its definition is the same as that of securities representing debt stipulated in Paragraph 5 Subparagraph (1) Point 57 of the Tpt.
<b>Official publishing site:</b>	An electronic system operated by the Supervisory Authority ( <a href="http://www.kozzetetelek.hu">www.kozzetetelek.hu</a> ) or a public electronic system acknowledged as such.
<b>IBAN identifier:</b>	International cash management identification number defined in NBH Order 18/2009. (VIII.6.) on the operation of cash management.
<b>Temporary blocking:</b>	The process of KELER blocking securities subject to the transaction at the seller, until performance, in the course of securities cover verification related to the execution of transfer transactions.
<b>Immobilized securities:</b>	Any physical securities for which the total issued quantity was deposited at KELER and physical delivery cannot be requested therefrom.
<b>Instrument:</b>	In case of BSE futures transaction it is one expiry of a product included in the List of Contracts. In case of an option transaction, it is an option series.

For gas market transaction an individual product traded in the daily market with all features of the product allowing the matching of buy and sell offers defined.

<b>ISIN identifier:</b>	An international code being the combination of alphabetical characters and numbers for the identification of securities and other stock exchange products representing identical rights.
<b>Subscription allocation:</b>	In case of oversubscription a procedure after closing the subscription where the issuer or the distributor decides on the extent of acceptance of each subscription according to previously announced principles.
<b>Affiliated enterprise:</b>	An enterprise defined in Paragraph 5 Subparagraph (1) Point 65 of the Tpt.
<b>Account kept by KELER:</b>	Register maintained by KELER on financial assets, securities and derivative positions.
<b>KELER web site:</b>	The site available at <a href="http://www.keler.hu">www.keler.hu</a> .
<b>Compulsory buying-in:</b>	A compulsory provision in case of default by the Clearing Member by which KELER CCP attempts to acquire the missing securities.
<b>Compulsory sale:</b>	The compulsory provision in case of default by which in case of default on regulated market, gas market and energy market transactions KELER CCP, in case of default on non-guaranteed transactions KELER attempts to sell the available securities.
<b>Compulsory provision:</b>	Legal consequence applied in case of failure to meet an obligation towards KELER or KELER CCP or an obligation arising from a regulated market, gas market and energy market settlement, which is specified as compulsory provision by the General Business Rules of KELER and KELER CCP.
<b>Trading right:</b>	Authorization in possession of which a person is entitled to participate in BSE, MSE MTF market, MTS market, gas market and energy market trading.
<b>Rate of default interest:</b>	Interest rate provided for in the prevailing Fee Schedule of KELER.
<b>KHR:</b>	Központi Hitelinformációs Rendszer, Central Credit Information System
<b>Issuer:</b>	The legal entity who undertakes to meet the obligation included in the securities in its own name.
<b>Emission unit turnover schedule:</b>	An authentic and public system to record distribution, turnover, return and cancellation of CO <sub>2</sub> emission units.

<b>KID system:</b>	A system established by KELER that ensures electronic communication between KELER and its Clients.
<b>Clearing:</b>	An activity defined in Paragraph 5 Subparagraph (1) Point 70 of the Tpt.
<b>Clearing bank:</b>	In respect of transactions made in the XETRA system the local credit institution with whom KELER made an agreement for fulfilling the functions of a settlement bank.
<b>Clearing Member:</b>	The person that concluded a clearing membership agreement with KELER CCP and a service agreement with KELER for the settlement and fulfillment of guaranteed regulated market or gas market transactions.
<b>Clearing Membership System:</b>	The system operated by KELER CCP in the interest of guarantee undertaking.
<b>Adjusted settlement price: (Ex settlement price)</b>	Recalculated value of the settlement price of a certain share due to a corporate event, at which the relevant derivative open positions are reopened by KELER.
<b>Batch processing:</b>	Simultaneous collective processing of items received at different points in time that are put in the same group if specifies features are identical.
<b>Central register of securities:</b>	A registration system where the data necessary for allocation of ISIN code are processed and recorded.
<b>Central securities account type „A“:</b>	An aggregate registration by securities series, maintained by KELER on dematerialized securities owned by the clearing member and in relation to regulated market transactions by the clearing member being a commodities exchange service provider.
<b>Central securities account type „B“:</b>	An aggregate registration by securities series and by securities account managers, maintained by KELER on dematerialized securities owned by investment enterprise and credit institution Clients, where the securities account manager of the securities registered is the investment enterprise and credit institution itself.
<b>Central securities account type „C“:</b>	Registration of dematerialized securities maintained by KELER for the issuer, where dematerialized securities replacing physical securities not submitted for conversion (i.e. the owner of the securities is not known) are registered by series.
<b>Total central securities accounts:</b>	Aggregate volume of central securities accounts relating to a given series of dematerialized securities representing the total quantity issued.
<b>Central counterparty:</b>	Pursuant to Fetv. the organization acting as an exclusive counterparty in respect of transfer orders of the

	institutions of the system by entering the legal relationship.
<b>Central Counterparty (KELER CCP):</b>	The business association defined by Tpt. that is authorized to undertake obligations for the fulfillment of regulated market transaction and transaction concluded on regulated markets stipulated by law.
<b>Warehouse warrant:</b>	Securities as defined in Paragraph 24 of Krt.
<b>Indirect participant:</b>	The person defined in section 2 (1) h) of the Fetv.
<b>Foreign securities:</b>	Any non-HUF denominated securities included in the register of the outsourced account manager accepted by KELER as well as the instruments, qualified as securities, issued thereon.
<b>External circle:</b>	Recording through GIRO (BKR) or VIBER system any payment transfer involving the payment account managed by KELER or any bank account managed by a third party bank.
<b>Outsourced account manager:</b>	Any institution (bank, national or international clearing house, depository) selected by KELER for managing securities accounts and/or foreign exchange accounts on behalf of KELER.
<b>Announcement:</b>	A document containing detailed, supplementary rules, obligations, procedures based on authorization by the General Business Rules of KELER CCP for the services provided by KELER CCP.
<b>Custodian:</b>	An organization providing securities custody services for its clients on a contractual basis, in possession of a relevant license.
<b>Stopped securities:</b>	Securities subject to the procedure defined in Paragraphs 28-36 of the Act XLV of 2008 on Certain Non-litigious Proceedings.
<b>Secondary data:</b>	Data in addition to the data registered in the central register of securities, required to issue the ISIN.
<b>Client:</b>	All persons using the services of KELER and KELER CCP through a Clearing Member (Non-clearing Member).
<b>Micro enterprise:</b>	Enterprise defined in Paragraph 2. Subparagraph 17. of Pft.
<b>Qualified electronic signature:</b>	The qualified electronic signature in line with the Eat.
<b>MTS market:</b>	the name of the multilateral trading facility (MTF) pursuant to Bszt., operated by EuroMTS
<b>MTS transaction:</b>	Transaction concluded on the MTS market.



<b>NFKP transaction:</b>	Transaction in products (MGP, HEG, KAP) traded at the NFKP and imbalance transactions established by KELER CCP. Products traded at the NFKP are defined in the FGSZ Daily Natural Gas and Capacity Trading Market Rules of Operation.
<b>Public offer:</b>	An event defined in Paragraph 5 Subparagraph (1) Point 94 of the Tpt.
<b>Publicly issued securities:</b>	Securities issued by public offer.
<b>Public offer:</b>	The procedure specified in Paragraph 5. Subparagraph (1) Point 95. of the Tpt. .
<b>Physical securities:</b>	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.
<b>OTC transaction:</b>	Securities transactions other than regulated market transactions.
<b>Recycling:</b>	A mode of fulfillment whereby KELER tries to fulfill the orders given to KELER not only on the requested settlement day but repeatedly thereafter up to a specified date.
<b>Consolidated securities account:</b>	Register of securities maintained by KELER for recording physical securities and dematerialized securities in fungible custody available to the Client.
<b>Cash account:</b>	A cash account defined in Subparagraph 20. of Paragraph 2 of Pft.
<b>Market:</b>	Trading in specific products with a specific settlement method and with specific guarantees.
<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:</b>	A form of cooperation defined in Point (1) i ) of Section 2 of the Fetv.
<b>System relationship:</b>	The form of co-operation defined in Point (1) p) of Section 2 of the Fetv.
<b>System Operator:</b>	The person defined in Point (1) q) of section 2 of Fetv.

<b>Repo extension:</b>	A repo transaction where the parties agree on extending a transaction made earlier, settled but not yet expired, under the original conditions.
<b>Repo transaction:</b>	A transaction provided for in Paragraph 5 Subparagraph (1) Point 110 of the Tpt.
<b>Share class:</b>	A set of securities representing identical additional rights for the shareholder within one particular share type and form.
<b>Share series:</b>	The total quantity offered at a certain date of shares generated in the same way and representing the same rights, or the total quantity of shares issued at various points in time and representing the same rights at a later date.
<b>Participant:</b>	A person provided for in Point (1) j) of Section 2 of the Fetv.
<b>Settlement date:</b>	Date of settlement for regulated market transactions with T+2, T+3 settlement. The day of settlement of the transaction when accounts (cash and securities) are debited and credited.
<b>SWIFT:</b>	Society for Worldwide Interbank Financial Telecommunication –transfer system of international payments.
<b>Regulated market:</b>	Markets stipulated in Section 5 (1) 114 of the Tpt.
<b>Regulated market transaction:</b>	The BSE transaction, the BSE MTF transaction and the MTS transaction.
<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 web site of KELER or are sent directly to the Client (e.g. public procedures, Clearing House Announcements, lists of conditions, form agreements).
<b>Specialized credit institution:</b>	An organization specified in Paragraph 5 Subparagraph (5) of the Hpt.
<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>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>Service agreement:</b>	The form contract concluded between KELER and the clearing member, clearing members entitled to settle gas market and energy market transactions, energy market non-clearing members for the provision of bank account

and securities account management services.

<b>T day:</b>	The stock exchange trading day when a deal is made or the derivative settlement price is changed, and the event related to which rights and obligations are generated.
<b>Corporate event:</b>	In case of securities managed by KELER the event when the owner of the securities is entitled to exercise the rights related to the securities against the issuer (e.g. dividend payment, general meeting, interest payment, etc.).
<b>Permanent data carrier:</b>	An instrument allowing data to be saved permanently for the period required and displaying data saved in unchanged format and with unchanged content.
<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>Fulfillment:</b>	The activity specified in Point 120. of Section 5 (1) of the Tpt.
<b>Performing party:</b>	An organization maintaining the fulfillment accounts of the entities participating in the system and that of the central counterparty and guarantees execution of transfer orders and, if necessary, grants loan to an entity and/or the central counterparty for the purpose of facilitating fulfillment.
<b>Product list:</b>	All the conditions defining the trading and settlement basic data of BSE products established and published by the BSE.
<b>Tolerance level:</b>	A ceiling agreed by the parties when making a securities lending transaction that is the maximum extent of decrease of the collateral value provided by the borrower below the required level of collateral without the generation of obligation to provide additional collateral.
<b>Stock exchange:</b>	An organization provided for in Paragraph 5 Subparagraph (1) Point 122. of the Tpt.
<b>Stock exchange settlement securities sub-account type „M”:</b>	A stock exchange settlement securities sub-account opened for the Client on which the regulated market transaction is settled and which is exclusively for settlement of a transaction relating to securities owned by the Clients of the Client.
<b>Stock exchange settlement securities sub-account type „S”:</b>	A stock exchange settlement securities sub-account opened for the Client on which the regulated market transaction is settled and which is exclusively for settlement of a transaction relating to securities owned by the Client.

<b>Stock exchange product:</b>	A derivative or cash product included in the list of stock exchange products.
<b>Transfer order:</b>	Instruction by a participant to make a sum of money or transferable securities available to the beneficiary by crediting its account maintained with a credit institution or the fulfilling party.
<b>Shareholders registration:</b>	Establishment of the right of disposition over certain securities, identification of shareholders according to the data registered by KELER as well as those provided by the Clients.
<b>Client:</b>	A legal entity being in contractual or indirect legal relationship with KELER for using the services specified in these Rules.
<b>Business day:</b>	The period defined in Point (1) o) of Section 2 of the Fetv.
<b>Business secret:</b>	Data specified in Paragraph 368 of the Tpt.
<b>Real time processing period:</b>	A period defined in the Clearing House Announcement of KELER when KELER processes the transactions according to the provisions of these Rules.
<b>VIBER:</b>	A gross value based real-time settlement system for the execution of high value domestic HUF payment orders performed by the National Bank of Hungary.
<b>Withdrawal:</b>	Withdrawal request at the IG2 platform to transfer back the amount paid.
<b>Warrant (Option warrant):</b>	Marketable securities listed on the BSE that enables to exercise the right for the asset indicated in the securities as determined in the warrant itself, until expiry.
<b>XETRA settlement sub-account:</b>	A dedicated sub-account opened within the consolidated securities account for the settlement of transactions made in the XETRA System.
<b>XETRA collateral account:</b>	An account of technical character opened in KELER's FX Account Management System when settling the XETRA transactions.
<b>XETRA transaction:</b>	A securities transaction made in the XETRA System of Deutsche Börse.
<b>Closing price:</b>	A value defined by the BSE or EuroMTS as such.
<b>Blocking:</b>	An account operation in line with the General Business Rules of KELER by which KELER suspends the authority of the Client to dispose independently over an account.
<b>Private offering:</b>	Offering of securities as provided for in Paragraph 14 of the Tpt.

## Abbreviations

<b>ÁKK:</b>	Államadósság Kezelő Központ (State Debt Management Authority - SDMA)
<b>BSE:</b>	Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság, Budapest Stock Exchange Incorporated Company.
<b>CEEGEX:</b>	Central Eastern European Gas Exchange
<b>ECC:</b>	European Commodity Clearing AG
<b>EGT:</b>	European Economic Area
<b>EuroMTS:</b>	EuroMTS Limited
<b>FGSZ:</b>	FGSZ Natural Gas Transmission Company Limited By Shares
<b>HUPX:</b>	HUPX Hungarian Power Exchange
<b>IG1:</b>	InterGIRO1
<b>IG2:</b>	InterGIRO2
<b>KELER:</b>	Központi Elszámolóház és Értéktár (Budapest) Zrt., Central Clearing House and Depository (Budapest) Private Company Limited by Shares.
<b>KELER CCP:</b>	KELER CCP Központi Szerződő Fél Zártkörűen Működő Részvénytársaság, KELER CCP Central Counter Party Privately Held Share Company
<b>MEH:</b>	Magyar Energia Hivatal (Hungarian Energy Office)
<b>NBH:</b>	Magyar Nemzeti Bank, National Bank of Hungary
<b>NFKP:</b>	Daily Natural Gas and Capacity Trading Market
<b>PSZÁF:</b>	Pénzügyi Szervezetek Állami Felügyelete, Hungarian Financial Supervisory Authority

## 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.

<b>Avtv.:</b>	Act LXIII of 1992 on the protection of personal data and the disclosure of data of public interest
<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>Cstv:</b>	Act XLIX of 1991 on bankruptcy proceedings, liquidation proceedings and voluntary dissolution
<b>Eat.:</b>	Act XXXV of 2001 on electronic signature
<b>Fetv:</b>	Act XXIII of 2003 on settlement finality in payment and securities settlement systems
<b>Fgytv.:</b>	Act CLV of 1997 on consumer protection
<b>Fttv.:</b>	Act XLVII of 2008 on the prohibition of commercial practices that are unfair to consumers
<b>Gt.:</b>	Act IV of 2006 on business associations
<b>Hpt:</b>	Act CXII of 1996 on credit institutions and financial enterprises
<b>Compensation Act:</b>	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
<b>Krt.:</b>	Act XLVIII of 1996 on warehousing
<b>MNB tv.:</b>	Act LVIII of 2001 on the National Bank of Hungary
<b>PSZÁF tv.:</b>	Act CLVIII of 2010 on the Financial Supervisory Authority
<b>Pmt:</b>	Act CXXXVI of 2007 on the prevention and combating of money laundering
<b>Pft:</b>	Act LXXXV of 2009 on the provision of cash management services
<b>Ptk:</b>	Act IV of 1959 on the Civil Code
<b>Tpt:</b>	Act CXX of 2001 on the capital market
<b>Üht.</b>	Act XV of 2005 on trading emission units of gases with greenhouse effect
<b>Government Decree 284/2001. (XII.26.):</b>	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>NBH Order 9/2009. (II.27.):</b>	on the requirements on the general business rules and procedures of the organization providing clearing house services pursuant to the definition of the Tpt.
<b>NBH Order 10/2009. (II.27.):</b>	on the requirements of the procedures of the central depository.
<b>NBH Order 18/2009. (VIII.6.):</b>	on the operation of cash management

**PSZÁF Order 24/2011 (XI.10.):**

on ISIN.

**BSE – KELER**

**cooperation agreement:**

an agreement concluded between KELER and the BSE regulating the cooperation of the two organizations.

**KELER – KELER CCP**

**cooperation agreement:**

an agreement concluded between KELER and KELER CCP regulating the cooperation of the two organizations

**NBH-KELER cooperation agreement:** an agreement concluded between KELER and the NBH regulating the cooperation of the two organizations.

**UnicreditBank**

**special bank**

**account agreement:**

Bank account agreement related to the operation of teller services outside KELER.

**Agreement between KELER and Erste Bank on outsourcing certain depository services:**

The agreement governing the depository services outsourced by KELER.

## I. Introductory provisions

The Central Clearing House and Depository (Budapest) Private Company Limited by Shares (hereinafter: KELER) is a clearing house and central depository operating in the form as provided for in Tpt., Hpt. and Bszt.. The purpose of KELER is to operate the securities settlement system and to act as an efficient background institution of the Hungarian capital market when providing other services allowed by regulations. 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. 33.001-1/1994 of the Supervisory Authority KELER is the organization appointed to perform central depository operation in Hungary.

In line with the Tpt., the Ministry of Finance Decree 1/2010 (I. 8.) and Resolution 33.001-1/1994 of the Supervisory Authority KELER as central depository issues ISINs and is in charge of the central registration of securities.

As a depository, KELER's Depository (hereinafter: Depository) provides physical safekeeping, custody of the securities in the Depository as well as services in respect of physical and dematerialized securities.

KELER outsourced the safekeeping and custody of physical securities. These Rules contain the terms of using this service.

As of 1 January, 2004 KELER is a clearing house operating as a specialized credit institution pursuant to Resolution I-1676/2003 of the Supervisory Authority.

Pursuant to the Tpt. and Government Decree 284/2001 (XII. 26.) on the method of production and forwarding of and safety regulations for dematerialized securities and on the rules of opening and maintaining the securities account, the central securities account and client account, KELER provides comprehensive services relating to dematerialized securities. In respect of dematerialized securities KELER maintains the central securities accounts and pursuant to the provisions of the Tpt. KELER maintains securities accounts.

In case of physical securities KELER acts as a sub custodian in respect of any person using the services provided by any of its Clients.

With respect to the settlement of stock exchange trades, BSE MTF market trades and transactions concluded in the MTS market KELER fulfills the transaction cleared by KELER CCP.

As a specialized credit institution KELER is entitled to grant credits and loans, to provide cash management services in line with the provision of the Tpt. and the Hpt.


On the basis of instructions by its Clients KELER executes OTC and international settlements, manages collaterals, keeps register of shareholders, performs settlements for CO<sub>2</sub> emission unit transactions and operates a securities lending system. Furthermore, it is entitled to conclude securities lending transactions.

KELER charges fees for services provided according to the prevailing Fee Schedule.

KELER pays interest on the cash accounts maintained by KELER in accordance with the Terms and Conditions on Interest Payment.

KELER handles all business and securities secrets as well as any personal data becoming





known to it according to the provisions of the Avtv. and other applicable regulations.

For proof of identity KELER shall accept a valid identity card or passport, for proof of power of representation a certificate of incorporation in case of a business association or cooperative, for other organizations the authentic document defined in the regulation relating to the organization concerned.

## II. General Provisions

The requirements of the prevailing regulations of Hungary and the European Union relating to the operation of KELER apply for the operation of KELER. The governing law of the relationship between KELER and its Clients is the Hungarian law.

These Rules contain detailed rules for services provided by KELER, the rights and obligations of KELER and the persons using its services (hereinafter: Clients) when providing/using the services. Furthermore, the Rules contain provisions on cooperation between KELER and its Clients, on provision of information and on data management.

The procedural matters related to the provisions of these Rules as well as any further detailed provisions by authorization of these Rules are specified in the Clearing House Announcements, Lists of Conditions, Fee Schedule and other information materials.

The rules applicable for extraordinary situations shall be defined in the relevant procedure that KELER makes available to its Clients.

KELER's General Business Rules and its amendments will be accepted by the Board of Directors. The Rules will enter into force when the Supervisory Authority approves them, approval by the Supervisory Authority in line with the provisions of the Tpt. is provided with the consent of the NBH as competent authority.

In case of changes to these Rules and to parts of other procedures and public regulatory documents governing issues as stipulated in NBH Orders 9/2009 (II.27.) and 10/2009. (II.27.) KELER ensures that its Clients become familiar with the modifications and can make comments in the manner and until the deadline stated on the website. Accordingly KELER publishes on the website the planned modifications at least 6 business days prior to the meeting of the body making decision thereto. If the planned modification is of a comprehensive nature or of large volume, changes are made public at least 11 business days prior to the decision. 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 case of modification to regulations on fees, commissions and costs;
- in case of changes to the type and extent of risk management tools defined in procedures;
- if providing the opportunity of giving prior opinion prevents safe and efficient operation.

Clients can send eventual comments on modifications to the e-mail address [keler@keler.hu](mailto:keler@keler.hu).

Should these Rules or any other regulatory document contain modifications that are disadvantageous from a cash management aspect for the Client considered Micro enterprise or Consumer, KELER shall send to such Client the modification in printed form or on permanent data carrier as defined in Pft. two months prior to the effective date of the modification.

If the Client considered Micro enterprise or Consumer does not inform KELER until the effective date of the modification on non-acceptance of the modification, KELER shall consider the Client consented to the modification. In this case the bank account agreement legally concluded earlier shall remain valid with modified content. Until the effective date of the modification the Client considered Micro enterprise or Consumer shall be entitled to terminate the bank account agreement without the payment of any fees, costs or other payment obligation. The condition of such unilateral termination of the bank account agreement is that the Client meets all cash management obligations and obligations involving cash management also towards KELER and KELER CCP.

In case of any other amendment to these Rules the Client is entitled to terminate its form contract with KELER within 30 days from the effective date of the amended Rules provided the Client complies with any other condition herein stated. Should the Client not exercise its right of termination within the said deadline, KELER will consider that the Client accepted the amendment of the Rules and recognized them as binding for itself. The effective form contract established earlier will remain in force with the content being in accordance with the amendment.

For the purpose of implementation of the content of these Rules the Client shall undertake to create internal regulations and cooperation with KELER and KELER CCP that are in compliance with the provisions of the regulations of these organizations and provide for compliance therewith.

In accordance with the provisions of these Rules KELER has the right to enforce its collateral right and to make compulsory provisions. The bail stipulated in KELER's settlement system will not be cancelled if liquidation notice of the Client is published.

## **2.1. The Clients of KELER**

KELER provides services to persons that are entitled to make use of the service concerned in accordance with the provisions of regulations, comply with the requirements of the procedures of KELER, undertake to comply with reporting obligations defined by KELER, meet the material and technical conditions for the use of services stipulated by KELER and accept the procedures of KELER as obligatory for themselves.

The persons below listed are entitled to use the services of KELER as clearing house, except for the supplementary activity assisting clearing house operation:

- investment enterprise, foreign investment enterprise,
- credit institution, foreign credit institution,
- commodities exchange service provider, foreign commodities exchange service provider,
- investment fund manager,
- issuer, foreign issuer (exclusively in respect of securities owned by them),
- stock exchange, foreign stock exchange,
- organization performing clearing house activity, foreign organization performing clearing house activity,
- participant of an organized market as provided for in law,
- organization performing central depository activity, foreign organization performing central depository activity,
- central counterparty, foreign organization undertaking central counterparty operation,
- the Hungarian State,
- the institution managing the estate of the Hungarian State,
- the National Bank of Hungary.

## **2.2. Services of KELER**

### **2.2.1. List of Services**

KELER as a central depository and clearing house provides the following services specified in these Rules to its Clients:

- issuance of securities code,
- central register of securities also containing the central register of securities stopped and cancelled that are delivered to KELER and are in the scope of the Tpt.,
- issuance, registration and cancellation of dematerialized securities,
- issuance of an instrument on securities issued in Hungary for the purpose of distribution abroad,
- issuance of an instrument on securities issued abroad for the purpose of distribution in Hungary,
- clearing DVP transactions concluded outside the regulated market,

- financial settlement of transactions cleared,
- non-cash (by product) fulfillment of a transaction cleared,
- securities fulfillment of cleared transaction,
- provision of cash management services, including management of bank accounts and foreign exchange accounts,
- lending money,
- safekeeping and registration of financial instruments and related Client account maintenance, custody and related securities account maintenance, for physical securities registration of such securities and maintenance of Client account,
- operation of a securities lending system,
- lending securities,
- settlement of CO<sub>2</sub> emission unit transactions.

Furthermore, KELER is entitled to perform supplementary activities specified in the Tpt.

### **2.2.2. Restrictions relating to individual activities (services)**

KELER is entitled to require a collateral from Clients using its services.

The collateral serves as bail for fulfillment of the transaction in compliance with the terms of the relevant agreement and can be used by KELER in case of default by the Client without limitation. The Client must guarantee that the collateral can be used at all times.

KELER as a central depository keeps a central securities account for the securities account manager. KELER maintains the central securities account on the securities submitted for conversion but not accepted for the issuer.

KELER is entitled to maintain a cash account and other bank accounts in Hungarian Forint and foreign currencies for all its Clients..

KELER maintains bank accounts for its Clients and the Clients thereof in order to handle their funds and collateral in a segregated manner.

KELER provides cash management services linked to the operations defined in Section (3) of Paragraph 335/A of the Tpt., in accordance with the form contract concluded with the Client.

KELER keeps cash accounts and bank accounts (hereinafter: bank accounts) in accordance with the form contract concluded with the Client.

Due to clearing house operation KELER as a third party settles DVP and other capital market transactions for domestic credit institutions with the involvement of the cash account of the credit institution kept in HUF at the NBH.

KELER provides services of securities code issuance, central securities registration and keeping the register of shareholders for issuers in respect of securities issued by them and organizations undertaking stock exchange operation according to the Tpt. and other applicable regulations.

### **2.2.3. 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 NBH and the operation of BSE and Clients. Accordingly, following the announcement of the regulation on the order of working days around legal holidays in the year concerned KELER initiates a consultation with KELER CCP, NBH and BSE to establish the legal holidays of the year concerned.

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

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

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

## **2.3. Account contracts**

Account maintenance services provided by KELER are available upon completing the applicable and public form contracts and forms.

KELER provides the service after the contract entered into force and the form is signed by both parties.

KELER provides services available for clearing members only to persons in a clearing member legal relationship with KELER CCP. KELER CCP continuously sends to KELER the prevailing list of clearing members, thus the applicant is not required to provide proof of being a clearing member.

KELER provides services that are available to energy market Non-clearing Members to persons exclusively that have an energy market non-clearing member legal relationship with KELER CCP.

KELER shall be entitled to refuse concluding a contract with the applicant if the applicant cannot prove without any doubt compliance with the requirements of the present Rules. If this is the case within 30 days of receipt of the application by KELER the applicant will receive a written notice on refusing contract conclusion and the reason thereof. If the applicant sends written comments on the reason of refusal to KELER within 30 days of receipt of refusal, KELER will respond to such comments within 15 days. Without deadline the applicant shall be entitled to repeatedly make an application if the requirements of the present Rules and the content of the refusal of the previous application are fully taken into view.

The Client is entitled to open several consolidated securities accounts which, however, are linked in respect of the relevant clearing member in terms of risk management by KELER and the guarantee provided by KELER CCP.

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

### **2.3.1. Conditions of account opening**

#### **2.3.1.1. Bank and securities account opening**

##### **2.3.1.1.1. General regulations**

The Client has to submit an application for opening a bank and/or securities account to KELER in writing, in the Hungarian language. The Client shall attach the following documents to the application in original, attested by a public notary or in an electronic document with qualified electronic signature (in case of a foreign Client the documents and the application must be submitted in English or with an authentic Hungarian translation):

- articles of incorporation,
- original signature specimen, or original signature sample or other document evidencing authorization of the representative to sign on behalf of the organization represented,
- signature card,
- an account or service agreement signed by authorized signatories,
- a document not older than 30 days evidencing that the Client is included in the applicable registration or if the organization is established by regulation certification thereof,
- document evidencing right of representation of the representative of the Client if the right of representation cannot be established based on the document regarding registration by authorities,
- for Clients that KELER keeps bank accounts the document evidencing tax number and statistical number of the Client if such cannot be established based on the document regarding registration by authorities,

- in case of a foreign Client a document certifying authority registration under the personal jurisdiction of the Client,
  - license by the supervisory authority if the Client performs an activity subject to a license,
  - for participants of the system authorization and form regarding the finality of payment,
  - in case of foreign participants of the system a written legal declaration prepared by the lawyers of the foreign participant regarding full compliance with the requirements of Sections ea) eb) and ec) of Paragraph 10 of the Fctv..
- On a case by case basis and exclusively if a foreign Client outside the EEA is concerned, regarding the method and extent of certifying compliance with the condition defined in Section ed) of Paragraph 10 of the Fctv. KELER decides in accordance with the purpose of the regulation and requests a country opinion issued by an external legal advisor.
- Forms on compliance with the provisions of the Pmt. in case of Clients that are subject to due diligence in line with the Pmt.

The branch office in Hungary of a foreign enterprise registered within the EGT shall conclude the account agreement in the name and on behalf of the enterprise with foreign seat.

KELER is entitled to modify the securities account number, the bank account number and the IBAN identifier related to the opened securities if it notifies Clients thereof 30 days prior to the modification.

Clients considered Consumers using gas market services are to provide the following documents for account opening in original or as notarized documents, or as electronic documents with certified electronic signature:

- form on compliance with the provisions of Pmt. to be submitted by Clients that are subject to due diligence,
- service agreement executed by the Client.

The Client considered Consumer is required to present the original of documents proving personal identity (personal identity card or passport and address card).

Prior to concluding the agreement KELER completes customer rating in line with Bszt. and provides related information. Prior to concluding the agreement KELER requests Clients to state whether they are Micro enterprises or Consumers pursuant to Pft. In case of a Client considered Micro enterprise or Consumer, prior to concluding the agreement KELER provides prior information to the Client in line with Pft.

The form contracts included in the service agreement are governed by the applicable provisions of these Rules.

#### **2.3.1.1.2. Securities sub-account opening**

There is no limit on the number of sub-accounts can be opened under a consolidated securities account. The condition of opening a sub-account is that the Client provides at least the code (number of the sub-account) and other identifier of the beneficiary of the sub-account and consents to provision of the data.

If consent is provided by the beneficiary the account holder is responsible for making sure that the securities in the sub-account are in fact owned by the party for whom the sub-account is kept. In case of share registry completed with shareholder registration no automatic registration is made, unregistered data will be shown in aggregate as a separate line in the share registry managed by KELER.

In the event that the beneficiary of the consolidated securities account opens a named sub-account within the consolidated securities account maintained with KELER, based on the declaration by the Client information must be indicated whether the Client consented to automatically showing its data in the register of shareholders of the issuing company managed by KELER.

#### **2.3.1.1.3. Bank account opening**

KELER automatically opens additional bank accounts necessary for using the services provided - Client and Non-clearing Member bank account, collateral bank accounts (S/M and Non-Clearing Member) necessary for the fulfillment of guaranteed regulated market trading, purchase price collateral bank accounts (S/M) as well as other collateral bank account or custody bank account.

#### **2.3.1.1.4. Involvement of settlement agent**

KELER provides for the fulfillment of transactions cleared by KELER CCP for Clearing Members with no account required for fulfillment with the involvement of the settlement agent they mandated. The Clearing Member advises KELER and KELER CCP on using the service. In this case the settlement agent, except for credit institutions, must have the necessary bank and securities accounts at KELER.

#### **2.3.1.2. Foreign exchange account opening**

For making use of foreign exchange based settlements KELER opens a foreign exchange account and foreign exchange sub-accounts segregated by currencies thereunder. When opening the foreign exchange account KELER opens automatically the sub-accounts in the currency necessary for the fulfillment of regulated market transactions, energy market transactions. Identification of each sub-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 only for the currencies defined.

### **2.4. Account segregation**

KELER guarantees segregation at own and Client level on the accounts managed.

### **2.5. Disposal over the account**

Unless law or an authority expressly provides otherwise KELER shall accept any instruction to an account exclusively from the Client.

The Client shall notify in writing the names of the persons having the right of representation and the authentic signature specimen of the person authorized to sign on a form standardized for this purpose (signature card, registration form).

If a Client considered Consumer wishes to authorize other persons to dispose over the account, the Client is to inform KELER in writing on the signature card.

KELER will accept any order from the Client only if signed by a person registered on the signature card as referred to above.

KELER shall not accept any restriction as to the amount concerned in terms of right of representation.

Clients can send orders to KELER as follows:

- via the electronic customer relationship system,
  - o via the KELER web site (only for ISIN issuance and for demat events)
  - o via KID or
  - o in a SWFIT message sent in compliance with the KELER SWIFT Rule Book,
- with postal or personal delivery on a form used for this purpose, or
- in encrypted fax message.

KELER will check the right of signature and accept only instructions for transactions with the pre-notified, authentic signature, or in case of orders sent in the electronic customer relationship system only instructions with electronic signature.

In case of any change to the rights of representation advised KELER considers the representative and its signature registered effective as long as the new signature card being in compliance with the change is put into effect.

If an instruction by the Client is signed by a person not authorized to sign or the signature deviates from the specimen registered, KELER rejects the instruction and provides the reason of rejection, with simultaneous advice to the submitting party thereof.

KELER considers that instructions submitted electronically are given by persons with right to dispose over the account. The Client is responsible to ensure that only persons authorized by the Client for this purpose can access instruments for providing electronic instructions.

Additionally KELER shall be entitled to accept instructions received in non-encrypted fax:

- if the Client concludes an individual agreement with KELER thereon,
- on a case by case basis, when following signature verification KELER requests telephone confirmation by the Client regarding the details of the instruction. The Client submitting the instruction is responsible for the authenticity of instructions and damage resulting therefrom.

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

Unless these Rules or regulations provide otherwise KELER does not make partial fulfillment.


KELER accepts instructions from the securities account manager in respect of dematerialized securities only electronically.

Without separate instruction by the Client but with notification thereto, based on authorization provided by the Client in accordance with these Rules KELER is entitled to debit the account of the Client with the amount of interests, commissions, fees, additional fees and costs related to account maintenance in case of failure to meet an obligation towards KELER with the amount of costs arising and in cases defined in regulations in accordance with the provisions herein stated. If a foreign intermediary (e.g. custodian) is involved in the course of providing service by KELER to the Client (e.g. fulfillment of BÉTa market settlement), 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.

Under these Rules the Client authorizes KELER to collect the payables of the Client towards KELER CCP in accordance with the agreement concluded with KELER CCP. The Client authorizes KELER to make available the balances of accounts kept by KELER for the Client to KELER CCP to the extent necessary for the settlement of guaranteed transactions.

In case of a credit institution in the VIBER system KELER is entitled to submit cash management orders in Hungarian Forint to the NBH on behalf of the credit institution in order to





meet payment obligations arising from these Rules and the General Business Rules of KELER CCP. The Client authorizes KELER to make available the balances of accounts kept by KELER for the Client to KELER CCP to the extent necessary for the settlement of guaranteed transactions.

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

Without separate instruction by the Client, based on authorization provided by the Client under these Rules, KELER is entitled to pass debit and credit entries related to settlement to the bank accounts and sub-accounts of the Client in the course of settlement.

KELER shall publish the order of submitting and fulfilling individual instruction types in Clearing House Announcements.

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

In case of provision by the Supervisory Authority, a liquidator or any other authority KELER will suspend the right of disposal of the Client for the period provided for by the organ having the right to do so. 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. The person appointed by the authority initiating the arrangement shall be entitled to exercise the right of disposal.

Based on the decree of the authority 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 case of provisions by regulations and violation of the requirements stated in these Rules and in the General Business Rules of KELER CCP and in 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.

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

### **2.7.1. Cases of account termination**

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

- a) termination of the Client without any legal successor,
- b) withdrawal of the license of the Client by the Supervisory Authority,
- c) termination of the contractual relationship for the account,
- d) in the cases defined in the point on handling outstanding receivables of KELER,
- e) application for termination.

### **2.7.2. Precondition for termination of an account**

At the initiative of the Client or in case of withdrawal of the license by the Supervisory Authority KELER is entitled to terminate the accounts of the Client 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,
- d) KELER CCP provides consent to account termination.

If there is both a bank account and a securities account and further debit and credit items are expected in the bank account of the Client, the securities account can be terminated on its own if the balance thereof is zero.

In case of termination of the consolidated securities account of an investment enterprise and a credit institution KELER will inform the Supervisory Authority.

At the request of the settlement agent regarding the termination of its cash and securities accounts KELER terminates the accounts stated in the request if the above conditions are complied with.

### **2.7.3. Termination of the account contract**

#### **2.7.3.1. Termination by KELER**

KELER is entitled to terminate the account contract with a notice of 30 days in writing. In case of a Client considered Micro enterprise or Consumer the termination period of bank account termination by KELER is 60 days, except if the Client commits serious or repeated breach of obligations stipulated in these Rules. KELER may terminate the contract of a clearing member only in case the license of operation of the Client is withdrawn by the Supervisory Authority, the clearing membership legal relationship of the clearing member with KELER CCP is terminated or if KELER is entitled to do so due to an outstanding account receivables toward KELER.

#### **2.7.3.2. Termination by the Client**

The Client may exercise its right of termination only if it

- a) met all the obligations as provided for in these Rules,
- b) has no outstanding debt to KELER or KELER CCP,
- c) gives instruction as to the balance remaining on the account.

Withdrawal by the Client of an authorization provided to KELER in line with these Rules that is for the approval of payment operations constitutes a termination of the bank account agreement by the Client. The withdrawal of the authorization does not take effect during the period of termination.

The Client is entitled to terminate the account contract with a notice of 30 days in writing. The Parties may agree on a different period of notice.

### **2.8. Handling liabilities towards and receivables from KELER**

#### **2.8.1. Handling liabilities towards KELER**

KELER will act according to this Point in case of any liabilities due to KELER on any grounds.

Measures by KELER in case of liabilities of the Client are as follows:

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. In accordance with the provisions of these Rules KELER is entitled to take any freely disposable asset owned by the Client as collateral for settlement of any liability of the Client specified in this Point. Simultaneously with the written call KELER will block all freely disposable assets owned by the Client and deposited at KELER up to the necessary extent.

The necessary extent means the amount presumably necessary to cover the existing actual debt and further costs incurred in the future, which cannot be more in total than 1.2 times as much as the outstanding debt. In case of taking securities as collateral their assessment will be made by KELER according to the provisions relating to default of regulated market securities settlement.

In accordance with the rules on bail of the Civil Code the assets will be transferred from the Client to KELER, i.e. the subject of bail will be transferred (blocked). KELER shall inform the Client in writing without delay on taking its assets as bail. The bail will also extend to the freely available assets owned by the Client and becoming available at a later date as long as the debt is outstanding. KELER will maintain the blocking only up to the value of the prevailing amount of the outstanding debt.

2. After expiry of the deadline set in the call KELER will debit the account of the Client with

the amount of the debt and will charge the late interest stated in the Fee Schedule in case of a Client having a bank account with KELER that the Client provides an authorization to KELER pursuant to these Rules. In case of a credit institution KELER will get the NBH account of the credit institution debited pursuant to the authorization of the Client provided under these Rules.

3. If the debt is not settled in the course of the above steps KELER will sell the assets of the Client taken as bail in a compulsory sale, the resulting amount shall be used to settle the debt.
4. Should the receivables of KELER not or not fully return as a result of the above steps KELER is entitled to terminate the account contract with simultaneous notification of the Supervisory Authority and to institute the possible legal proceedings.

In case of delay in payment the Client is liable to pay default interest until the date of payment.

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

At the time of termination KELER transfers the funds and securities recorded on the account of the Client according to instructions given by the Client; if the transfer is not successful KELER will take the funds and securities in responsible safekeeping.

In case of dematerialized securities responsible safekeeping is implemented by transferring them to a blocked sub-account to be opened in the name of the holder of the account terminated under KELER's main account.

After settlement of the debt and termination of the account contract KELER will send a written settlement to the Client.

## **2.8.2. General rules for the settlement of Client receivables**

Based on authorization by the Client under these Rules KELER is entitled to debit the bank account of the Client with the fees of KELER and the fees of KELER CCP and with the amount of its outstanding obligations towards the Client, in case of a credit institution to debit through VIBER the cash account thereof kept with the NBH. The assets owned by the Client and deposited with KELER serve as bail for the receivables of KELER from Clients.

## **2.9. Obligation of cooperation, notifications**

### **2.9.1. Obligation of cooperation**

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

### **2.9.2. Notification by KELER**

#### **2.9.2.1. General rules of notification**

KELER will forward notices to the Client electronically, in fax, mail or by phone in accordance with the provisions of the present Rules and the contract concluded with the Client.

KELER shall publish general notices on its web site, in the KID system and also electronically on the web site designated by the Supervisory Authority for disclosure purposes.

In case of a Client considered Micro enterprise or Consumer in the cases defined in Pft. KELER informs the Client of the change in printed form or on permanent data carrier.

KELER is not liable for damage resulting from the errors of postal delivery.

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 takes five calendar days as usual mailing time for domestic mails.

In addition to postal delivery, at the case by case written request of the Client KELER also faxes notices to the Client. Faxed notices are considered transmitted if KELER can prove the fax message was sent.

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 take liability for damage resulting from messages that were sent without encryption or digital authentication due to the technical conditions not provided for 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.

KELER makes available to the public these Rules, its Fee Schedule and all other regulatory documents relevant to Clients, in case of changes to documents the prevailing versions of documents at its registered office in premises open to customers, on KID, on the electronic

system operated by the Supervisory Authority or recognized as such ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) and ensures that such documents are continuously available on its website.

These Rules and other regulatory documents of KELER are in Hungarian, however KELER continuously publishes on its web site the English translation of these Rules, the Fee Schedule, the Procedure on the management of extraordinary situations and the Procedure on complaint management. 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.

Unless other regulations require printing KELER prepares primarily electronically the reports, statements and advices for gas market Clients that can be accessed by FGSZ and gas market Clients on the IT Platform of FGSZ RI and in KID.

Gas market Clients can access banking services related statements and information in the KID system.

#### **2.9.2.2. Provision of bank and securities account information**

In accordance with the agreement between the Client and KELER, KELER provides information in relation to the accounts maintained by it as follows:

- a) on phone or personally by using a password (code) and at the same time giving the company name and the name of the person calling, or
- b) in writing in an application signed by authorized signatories.

KELER is not responsible for any consequences arising from giving information in line with the regulations as referred to above.

The password may be a code consisting of at least 10 characters (letters or numbers) provided by the Client in writing.

KELER will hand over to the Client its response to the written bank information requested duly signed by the Client within 3 business days of receiving the request at the latest. The fee of providing bank information is contained in the prevailing Fee Schedule of KELER.

#### **2.9.3. Notification by the Client**

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 case of electronic communication documents with qualified electronic signatures can be submitted if it is expressly provided for herein.

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 and KELER CCP 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) the Client submits an application for bankruptcy or liquidation proceedings to the court, or liquidation proceedings have been instituted against the Client,
- d) any change occurred in the person of an executive officer or the registered office,

- branch office, company name or legal status has changed, by submitting 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),
- e) there is any change to the persons authorized to sign on behalf of the Client,
  - f) the Supervisory Authority license of the Client licensed by the Supervisory Authority is withdrawn,
  - g) there is any change during the term of the business relationship established with KELER in the data recorded on the form completed in relation to the execution of obligation stipulated in Pmt., KELER is to be notified within 5 business days of becoming aware of the changes.

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 at the competent court of registration calls 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 notifies the Supervisory Authority, BSE, KELER CCP, the competent court and the court of registration on the fact that the company fails to observe the legal provisions and the provisions of its deed of foundation in respect of its organization and operation.

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

## **2.10. Account statements, transaction confirmations**

### **2.10.1. General rule of account statements**

KELER makes the account statement available to the Client electronically according to the contract concluded with the Client.

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

### **2.10.2. Special rules of sending account statement**

Following the closing of the day KELER will

- a) forward the account statement in KID,
- b) in a message sent in accordance with the SWIFT Rule Book of KELER or in e-mail,
- c) based on separate agreement to the address stated by the Client.

### **2.10.3. Bank account and securities accounts**

KELER sends an account statement in Hungarian to Clients on changes in the balance of the bank account and the securities account and on instructions executed.

The bank account statements containing GIRO daytime clearing include English expressions also.

For securities accounts KELER also prepares a comprehensive account statement for the Client on the closing balance on the last business day of each calendar month.

## **2.11. Electronic customer relationship systems**

KELER provides for electronic communication through the KID system and messages in line with

the KELER SWIFT Rule Book.

Based on contract(s) concluded the Client can use any or both electronic customer relationship systems.

However, the Client will have to use the same electronic customer relationship system for giving related instructions (cancellation, suspension, etc.) to an instruction already submitted, and all status feedback will be provided in the customer relationship system used to send the original instruction.

KELER sends end of day account statements and confirmations to the electronic customer relationship system(s) that the Client has valid agreement for.

#### **2.11.1. Operation of the KID system**

The KID system is to be utilized in line with the provisions of the Eat., the regulations and form contracts of KELER.

Data generated in the KID system are electronic instruments that are provided with an electronic signature with increased safety. Until the contrary is evidenced, data included in an electronic instrument must be considered non-falsified.

The terms of use of the KID terminal are specified in the service agreement and the KID User Manual.

In the communication system it is always the Client that initiates making the contact.

Statements can be inquired after the daily closing but at the latest after 7:00 hours on the next settlement day.

Downloaded statements can also be viewed in KID retrospectively. The balances and daily information show only the information last inquired.

##### **2.11.1.1. Orders refused by KID**

KID will not accept any order with format errors.

The date included in the package (file) identifier of the orders forwarded on the KID terminal is the date of dispatch; one package may contain orders relating to one settlement day only.

If orders arrive for the current day as settlement day after the cut-off times specified, KID will refuse them. The Client has the possibility to correct the refused package within the specified time and to resend the package with a new value date in accordance with the general regulations.

When checking the time of submission the system always takes into account the time indicated on KELER's central computer.

#### **2.11.2. Messages in line with KELER SWIFT Rule Book**

As an alternative to KID KELER ensures communication via SWIFT and in e-mail in the cases defined in the KELER SWIFT Rule Book that is to be used in line with the provisions of the regulations and form contracts of KELER.

Instructions can be submitted to the system in line with the rules of the KELER SWIFT Rule Book.

When accepting instructions KELER completes the identification of the instructing Client based on its BIC code.

#### **2.11.3. Services that can be accessed via the Internet**

In line with the provisions of these Rules the services of KELER that are published in the Clearing House Announcement can be accessed via the Internet.



## **2.12. Right of control of KELER regarding the electronic customer relationship systems**

KELER is entitled to complete checking at the Client (including onsite checks) as follows:

- a) in order to check compliance with the requirements of the rules,
- b) in case of the Client violating the requirements of the rules,
- c) for the purpose of establishing the increase of risk resulting from participation in the system.

In case of errors or abnormal operation of the electronic customer relationship systems or events reported by the Client KELER is entitled to check on site the operation of the electronic customer relationship system.

### **III. Central depository operation**

#### **3.1. The central depository activities**

KELER performs the following central depository activities:

- allocation of ISIN codes,
- maintaining the central register of basic securities data also containing the central register of securities stopped and cancelled,
- provision of services related to dematerialized securities,
- issuance of an instrument on securities issued in Hungary for the purpose of distribution abroad,
- issuance of an instrument on securities issued abroad for the purpose of distribution in Hungary.

From among the following online applications the ones that are published in the Clearing House Announcement are available at the web site of KELER:

- a) e-ISIN system,
- b) eDEMAT system.

Persons authorized by the issuer and registered by KELER as persons authorized to use services via the Internet are entitled to use services available via the Internet. The issuer is entitled to authorize several persons to use services available via the Internet. One person can be authorized by several issuers to use the e-ISIN and eDEMAT systems.

#### **3.2. Allocation of ISIN identifiers**

KELER allocates an ISIN identifier to securities to be issued as physical or dematerialized securities series, in a public or private offer by domestic or foreign issuers in Hungary and for other stock exchange products. The ISIN can be requested by providing the necessary data. The issuer can request an ISIN by completing the form provided to the issuer by KELER or the form available at the web site of KELER or in the online application that can be launched at the web site on KELER.

For ISIN requests missing data cannot be provided later, incomplete requests will be rejected.

The issuer is obliged to inform KELER on changes to the data provided to KELER in relation to the ISIN.

The BSE is responsible for requesting the ISIN identifier for any derivative instrument traded on the stock exchange, prior to the first trading day of the new instrument.

The issuer is responsible for requesting a new ISIN identifier for additional issuance of securities representing rights also represented by already BSE-listed securities if the BSE-listing for the amount of additional issuance occurs at a point in time other than the generation of the dematerialized securities.

KELER is entitled to allocate an ISIN identifier to international or Euro-Bonds the total quantity of which is deposited or issued at KELER.

Detailed rules for allocation of ISIN identifiers are specified in the Clearing House Announcement on the Allocation and cancellation of ISIN identifiers. The ISIN identifiers allocated are published on KELER's website.

KELER is responsible for the accurate allocation, registration of the ISIN identifier but is not responsible for the content of the data provided and for any damage from such data being inaccurate or invalid.

### **3.3. Central register of securities:**

#### **3.3.1. Scope of securities registered**

In the frame of the central securities registration activity KELER registers the following data available to KELER:

- data of securities publicly issued in Hungary,
- data of securities issued privately regarding which KELER concluded an agreement with the issuer for the provision of data,
- list of securities forbidden and cancelled that are in the scope of the Tpt and are reported to KELER.

#### **3.3.2. Registration of securities issued in Hungary**

Pursuant to applicable regulatory provisions 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 series of securities or the issuer.

There is an obligation to report in particular the following changes:

- change in the method of producing the securities,
- change in currency,
- change in nominal value,
- change in nominal value issued,
- termination of series.

If the change is the result of a decision by the issuer, in case of equities changes are to be reported without delay once the decision is registered by the court of registration, in case of other securities changes are to be reported immediately after the decision is made.

In case of dematerialized securities simultaneously with reporting, in accordance with the provisions of prevailing regulations, the issuer must give instruction on the method of implementation of the change in the securities series.

If in the course of operation KELER finds that the issuer did not meet the obligation of reporting or failed to give instruction on the implementation of change in respect of the securities, KELER will contact the issuer in writing and calls it to take the necessary measures.

Should the measures that were failed to be taken are not taken within the applicable deadline, for the purpose of restoring the lawful operation KELER informs the Supervisory Authority, the competent court and the court of registration on the fact that the company fails to observe the legal provisions and the provisions of its deed of foundation in respect of its organization and operation.

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

KELER shall also be entitled to call the Client's attention to the measures to be taken for implementation of the change and set a reasonable deadline.

For accepting physical debt securities for custody at KELER and for generation of dematerialized securities for the central securities account the issuer is obliged to provide to KELER on an electronic data carrier, in the form requested by KELER the due dates of planned events with payments in relation to the securities series.

Detailed rules for central registration of securities issued in Hungary are specified in the relevant Clearing House Announcement.

KELER is entitled to provide data registered by it both inside and outside the country.

### **3.3.3. Management of debt securities to be listed on the BSE**

In case of debt securities listed or to be listed on the BSE, until the 3rd settlement day prior to the start date of the interest period the issuer is obliged to advise the amount of accrued interest. If an external data is required to establish the accrued interest that is not available to the issuer until this deadline, the accrued interest cannot be established, thus the issuer can deviate from this deadline.

The issuer is obliged to provide to KELER electronically, in the form defined by KELER, the amount of accrued interest for each settlement day of the new interest period.

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

Based on the public notary decrees arriving to KELER, KELER records the securities in the scope of the Tpt. that are being forbidden or declared invalid. Public notary decrees on securities involved in procedures to declare them invalid are available on the web site of the Magyar Országos Közjegyzői Kamara ( National Chamber of Hungarian Public Notaries).

KELER assumes no liability for authenticity, content of the data, such data are for information purposes.

## **3.4. Services related to dematerialized securities**

### **3.4.1. General rules**

In case of dematerialized securities KELER performs services in respect of demat events on the basis of the contract concluded with the issuer and in respect of securities accounts on the basis of contracts concluded with the Clients.

In the course of operation related to dematerialized securities KELER acts in line with the requirements of Government Order 284/2001. (XII. 26.).

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 accepts and keeps on the central securities account all dematerialized securities that are in compliance with the provisions of these Rules and are issued publicly or privately in Hungary.

Dematerialized securities are originated by crediting them on the securities account.

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

The issuer will instruct the issuance of securities in dematerialized form in the manner defined by  
KELER.

KELER published the cut-off times applicable for instructions in a Clearing House Announcement.

Prior to the execution of the demat event the issuer will inform KELER on the legal basis of issuing dematerialized securities and will provide to KELER the documents with the basic data of the dematerialized securities. KELER publishes a Clearing House Announcement on the documents to be submitted to KELER in advance.

Clients can provide to KELER the request on services related to dematerialized securities and the documents required for the services requested

- a) in printed form: by mail or personally submitted at the Client Service of KELER,
- b) as electronic document: sent to e-mail address [iktato@keler.hu](mailto:iktato@keler.hu) or submitted via the web site of KELER.

KELER is entitled to charge different fees depending upon the channel used to submit the documents to KELER.

KELER checks that the documents submitted comply with all legal requirements and contain all data, whether the event related to the dematerialized securities series can be executed based on the documents, that the documents support the certificate issued on the dematerialized securities. In case of equities – if it is subject to registration by the court of registration – the condition of demat event execution is registration of the company law change by the court of registration.

Prior to making credit entries on the central securities accounts KELER matches data provided by the issuer, in case of mismatch KELER requests the issuer to correct data.

If data correction is not completed by the deadline stated by KELER or the Client shown in the allocation table among owner data has no agreement with KELER to maintain securities accounts KELER rejects to issue the dematerialized securities.

The issuer is liable for the authenticity of the data provided.

Modification in the data of securities recorded/credited based on mistaken data provided by the issuer can be completed only based on a new certificate with the participation of the authorized representative of the issuer.

#### **3.4.2. Central securities accounts**

KELER maintains a central securities account on the dematerialized securities by security type, series and securities managers, broken down by own and Clients' securities. Pursuant to Section (3) of Paragraph 11. of the Tpt. KELER maintains a central securities account also for the issuer.

With previous notification to the issuer, KELER terminates services for maintaining a central securities account in relation to the securities concerned if the following conditions are met:

- a) settlement of existing transactions, debt as well as assignment of the total quantity of securities recorded on the accounts for the securities concerned,
- b) cancellation of the dematerialized securities,
- c) termination of the license for maintenance of securities accounts,
- d) following consolidation as provided for in the Tpt. and data archiving.

#### **3.4.3. Methods of executing demat events**

Depending upon the method of involvement of the issuer demat events can be executed as follows:

#### **3.4.3.1. Personally managed demat event:**

Completed in the personal presence of the issuer, in the possession of documents previously made available, at a time agreed by KELER, with the printed and duly signed instructions of the issuer, by a committee formed by the representatives of KELER and the issuer, at the head office of KELER.

#### **3.4.3.2. Electronically executed demat event:**

##### **3.4.3.2.1. With the use of KID:**

Exclusively for issuers with KID system, completed without the personal presence of the issuer, in possession of documents previously made available, by issuer instructions data submitted in KID, with the certificate being in printed form, duly signed and mailed or delivered with courier.

In the system of KID the following services can be used:

- origination
- over issuance
- cancellation of entire series.

##### **3.4.3.2.2. With the use of eDemat system for issuers with electronic signature authorization**

For issuers registered in the eDemat system, without personal presence by the issuer, by submitting electronic documents and the data of the issuer instruction in eDemat system and by submitting the electronically signed certificate.

The following services can be used in eDemat:

- origination,
- over issuance,
- cancellation of entire series,
- change of certificate.

##### **3.4.3.2.3. With the use of eDemat system, for issuers with no electronic signature authorization**

For issuers registered in the eDemat system, without personal presence by the issuer, by submitting electronic documents and the data of the issuer instruction in eDemat system and by submitting the printed, duly signed certificate.

The following services can be used in eDemat:

- origination,
- over issuance,
- cancellation of entire series,
- change of certificate.

#### **3.4.3.3. Remotely managed demat event**

Without personal presence by the issuer, with documents previously made available, the duly signed certificate is submitted in printed form or delivered by courier.

The following services can be used in this way:

- cancellation of entire series,
- change of certificate,
- in case of termination of entire securities series or instruction related to a securities data change that requires no account operation (e.g. change in issuer data, change in expiry date, change in assignment restrictions, etc.).

If personal involvement is required or the securities are originated through KID the issuer issues a certificate that is not a security in one copy that is deposited with KELER.

If securities are originated in the online application operated by KELER the certificate required by the Tpt. is to be issued as an electronic document with electronic signature and is to be made available to KELER.

If the demat event involves the invalidation of a certificate issued on earlier issued dematerialized securities, the issuer is to provide to KELER its declaration thereon.

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.

Details of the service stated in Point 3.4.3. are regulated in the applicable Clearing House Announcement.

#### **3.4.4. Groups of services related to dematerialized securities**

Service related to dematerialized securities without account movement:

- a) change of the certificate that is not a security issued on the dematerialized securities.

Services related to dematerialized securities with account movement:

- a) first issuance,
- b) over-issuance,
- c) partial cancellation,
- d) cancellation of entire series.

#### **3.4.5. Services related to dematerialized securities with account movement**

Prior to crediting the securities on the central securities accounts KELER checks that data provided by the issuer match, in case of mismatch KELER requests the issuer to correct data. KELER does not check whether the data provided by the issuer in relation to the credit entry to the account are correct, KELER checks only whether the account number instructed by the issuer exists and whether instructions related to dematerialized securities can be executed on that account.

If the form of data submitted is not correct or the Client named in the data provided in relation to the credit entry on the account has no direct or indirect securities account maintenance legal relationship with KELER, KELER rejects to credit the dematerialized securities on the central securities account.

The issuer is liable for the authenticity of the data provided.

Modification in the data of securities issued / credited based on data provided by the issuer can be made based on a new certificate only.

In case of demat events with account movements the issuer instruction consists of:

- the certificate that is not a security and is issued in compliance with legal regulations and
- data required to complete the credit entry.

In the course of the demat event executed by a committee the issuer provides to KELER the data required to complete the credit entry in the standard form required by KELER on a data carrier with a list attached on the content of the data carrier.

In case of a demat event executed in the KID system or via the online application operated by KELER account details required for both securities master data and beneficiary securities accounts are controlled.

KELER invalidates the certificate that is not a security prior to the change, by showing the time of invalidation. KELER does not discard invalidated certificates.

### **3.4.6. Origination of dematerialized securities and over-issuance**

#### **3.4.6.1. First issuance - origination**

Origination of a securities series is considered first issuance if the securities have no security precedent originated in any form.

The issuer is entitled to define the date of origination of the dematerialized securities (value date) as a date other than the date when the data of the securities are entered into the computer data system; however, the value date cannot be earlier than the date of entering the data of the securities into the computer system.

The compulsory elements in terms of content of the certificate necessary for the origination of dematerialized securities are contained in the applicable regulations.

#### **3.4.6.2. Over-issuance**

Increase of the originally issued number of pieces and series value of dematerialized securities series is considered over-issuance.

In case of over-issuance the issuer shall advise only the number of pieces involved in the increase. The certificate issued earlier on the dematerialized securities series is to be validated in line with the rules of certificate invalidation once the over-issuance is successfully executed.

##### **3.4.6.2.1. Over-issuance in case of BSE-listed securities series**

The issuer of securities included in the List of contracts of the BSE in case of over-issuance of securities representing the same rights as the already listed securities is obliged to initiate the BSE-listing of the over-issued securities in line with the applicable regulations of the BSE.

In case of over-issuance related to securities already included in the List of contracts of the BSE, if the listing at the BSE of the securities issued later is not completed simultaneously with over-issuance, for the period between the origination of securities and the BSE-listing the issuer will have to request a new ISIN identifier for the over-issuance to make sure that the newly issued but not yet BSE-listed securities are not traded on the BSE.

On the day of BSE-listing of the newly issued securities the newly issued securities (over-issued amount) shall be converted to securities representing equal rights as the securities already listed on the BSE, that is the two securities series will be consolidated and KELER cancels the temporary ISIN identifier issued.



### **3.4.6.3. Securities conversion**

In case of securities series conversion the one or more legal predecessor securities series identified with an individual ISIN is / are converted to one or more legal successor securities series or over-issued securities.

Once the conversion is successfully completed the legal predecessor securities series are deleted from both the securities and central securities account, the legal successor securities series are created as new series or created as the over-issuance of an already existing securities series.

The condition of the conversion process is that the total nominal value of the legal predecessor securities is the same as the total nominal value of the legal successor securities series and that the nominal values of all legal predecessor securities series are the same as the nominal value of the legal successor securities series or the nominal value of the legal predecessor securities series is the whole number multiple of the nominal value of the legal successor securities series.

In case of conversion the legal successor securities are credited to the securities account where the legal predecessor securities are cancelled, the conversion has no impact on rights related to the securities, therefore for example account blockings continue to be in force for the legal successor securities.

#### **3.4.6.3.1. Conversion into dematerialized securities of securities produced or instructed to be produced physically**

In case of conversion the dematerialized securities can be generated after the physical securities are declared invalid.

In case of conversion into dematerialized securities of physical securities or securities instructed to be issued physically the rules on origination are to be applied.

The issuer is liable to collect, invalidate and destroy physical securities instructed to be converted, KELER will not check collection, invalidation and destruction.

As a result of the conversion the dematerialized securities will be originated with an ISIN different than the ISIN of the physical securities series.

#### **3.4.6.4. Procedure in case of squeezing out**

If pursuant to the rules of the Tpt. on acquiring controlling interest by acquiring more than 90 % of the voting rights as a result of the purchase bid the person making the purchase bid exercises the right of purchase (squeezing out) and the shareholder charged with an obligation to sell fails to transfer the shares subject to the purchase right to the person making the purchase bid, the issuer will declare such shares invalid (the number of pieces involved will be stated).

The issuer shall decide on the issuance of new shares instead of the shares declared invalid.

After making decisions on invalidation and on the issuance of new shares and following submission of the decree of the Supervisory Authority concerning the public purchase bid, in accordance with the provisions of Government Decree 284/2001 (XII. 26.) KELER shall cancel the invalidated shares from the central securities accounts at the value date instructed by the issuer, i.e. after the securities are cancelled on the securities account by the securities account manager and in line with the quantities cancelled thereby. The deadlines applicable in the course of invalidation and the duties of individual participants will be documented by KELER in procedures consulted with the issuer. Based on the procedure KELER will publish a notice on KID. The issuer shall publish a notice on the invalidation according to the provisions of the procedure and related procedures according to the provisions of rules relating to the issuer.

In case of shares listed on the BSE the value date of cancellation is the last settlement date of the share concerned calculated by taking into account the last trading day and the settlement cycle of the share. Shares are cancelled on the value date after the last settlement is completed.

After submission of the required documents, in line with the rules of partial cancellation and the rules of certificate invalidation KELER first cancels from the securities accounts the invalidated dematerialized securities with the value date determined by the issuer, then new securities are originated according to the rules on over-issuance.

Following invalidation KELER generates the new shares based on the certificate for the generation of dematerialized securities and the instructions of the issuer.

#### **3.4.6.5. Invalidation of dematerialized securities, cancellation from accounts**

KELER cancels dematerialized securities pursuant to the cancellation request submitted by the issuer or its legal successor.

KELER executes cancellation based on the request and documents supporting the request.

The issuer shall notify KELER in writing on termination of the rights and obligations included in the dematerialized securities. The notification shall contain a certification on the fact that the issuer met its obligations.

Based on the notification of the issuer KELER advises securities account managers on the value date of cancellation of the dematerialized securities from the central securities accounts. On the basis of this notification and in line with the provisions of its procedures the securities account manager is obliged to cancel the dematerialized securities from the securities accounts kept with it.

Before cancellation of the dematerialized securities KELER and the securities account manager shall archive data relating to the dematerialized securities concerned and the software displaying data for a period of 20 years.

The data consists of the basic data of the securities and the closing data of the account.

The securities will cease to exist when they are cancelled on both the securities account and the central securities account.

The issuer will be provided with a document confirming cancellation. In case of a share cancellation can be completed only based on a non-appealable decree of the court of registration or a certificate of incorporation containing the changes and not older than 30 days. The above process does not apply to withdrawal of open-ended investment units due to their continuous distribution.

Simultaneously with the cancellation KELER invalidates the certificate on the dematerialized securities and records the time of invalidation.

The invalidated certificate cannot be discarded.

Should KELER become aware of the fact that the issuer was deleted from the company register with final effect on the basis of notification by the court acting in the proceedings or by the court of registration without the issuer giving prior instruction to cancel the securities, KELER will cancel the dematerialized securities issued by the terminated issuer from the central securities accounts after the cancellation of the issuer from the company register with final effect.

In this case KELER will publish the value date of invalidation (cancellation) of the dematerialized securities on its official web site and will notify the securities account managers on the value date of the cancellation in a notice published on KID. KELER will invalidate the certificate on the date announced.

#### **3.4.6.5.1. Partial cancellation of dematerialized securities series**

Reduction in the quantity of dematerialized securities kept in central securities accounts is implemented with partial cancellation

With partial cancellation the ISIN identifier of the dematerialized securities series does not change.

Partial cancellation can be completed if the issuer defines what amount of securities is to be withdrawn on which securities account of which clients and provided securities account managers co-operate in the execution of the partial cancellation.

KELER executes partial cancellation of dematerialized securities with the personal involvement of the issuer only.

#### **3.4.6.5.2. Cancellation of the entire dematerialized securities series**

In case of the cancellation of the entire dematerialized securities series, simultaneously with the request of the demat event with cancellation, the issuer certifies with documents submitted that conditions of cancelling the dematerialized securities from the central securities accounts are met.

In case of equities the securities can be cancelled after the series are cancelled from the company register.

In case of cancellation of debt securities prior to maturity the issuer has to state/prove that the conditions of cancellation prior to maturity are met.

Based on the advice by the issuer KELER informs securities account managers on the expected value date of cancellation of dematerialized securities from the central securities accounts.

Based on the advice the securities account manager can cancel the dematerialized securities from the securities accounts it keeps in line with the provisions of its procedures.

#### **3.4.6.5.3. Cancellation due to the maturity of the securities**

Based on the certificate issued on the securities KELER registers the maturity date of securities with maturity and publishes the data that is available to it, including the case when the payment date is not identical to the maturity date. .

The request of the issuer to cancel securities due to their maturity date is required to cancel securities due to their maturity. The value date of cancellation cannot be earlier than the maturity date.

### **3.4.7. Management of investment fund units**

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

KELER accepts units issued by open-ended investment funds pursuant to the agreement executed by the fund manager on behalf of the issuer and the securities account manager in charge of daily origination.

In case of an investment unit issued by an open-ended investment fund, KELER originates and withdraws the investment units daily at the instruction of the fund manager or the securities

account manager (authorized Client). KELER sets the necessary rights for the authorized Client so that this process can be implemented.

At subscription KELER generates the quantity subscribed of the investment units on central securities accounts according to regulations relating to the original issuance. As in case of open-ended investment fund units the number of pieces and the total nominal value is not shown on the demat certificate, the certificate is not changed in these cases in relation to daily origination and cancellation.

Daily generation and withdrawal of the investment units during the continuous offering as provided for in the appropriate paragraph of the Tpt. is based on orders of the fund manager or its representative submitted.

Orders for generation and withdrawal of certain securities series can be allocated to one Client only.

The orders can be entered either continuously during the processing or in a consolidated manner after aggregation.

KELER will not examine the credit and withdrawal transactions, the party initiating such transactions takes full liability thereto.

At the instruction of the authorized Client, in the course of daily over-issuance investment units will be credited to the sub-accounts for the generation of dematerialized securities of the beneficiary Clients. In case of withdrawal of investment units, the investment units to be cancelled are to be transferred to the dedicated sub-account of the authorized Client and the daily cancellation can be initiated against that sub-account.

If the amount of securities to be withdrawn at the instruction of the Client authorized for over-issuance/cancellation cannot be found on the dedicated sub-account, KELER will reject the instruction.

If the investment fund manager decides to segregate investment units representing assets of the investment fund that became illiquid, it is obliged to inform KELER:

- on the decision made,
- the series of investment units involved in segregation,
- on the number of pieces of the segregated investment units, and
- on the distribution among investors.

Simultaneously the investment fund manager is to initiate the segregation of the investment unit involved in segregation from the series and the origination of the segregated investment unit series designated with series sign 'IL'.

If the investment fund manager made a decision on the partial or full termination of the segregation, it is obliged to inform KELER on:

- the decision made,
- the investment unit series concerned,
- the number of pieces of the segregated investment units, and
- on the distribution among investors

and requests the partial cancellation of investment units with series sign 'IL' or the full cancellation of the series and converting back the investment units concerned into the investment unit series involved in the segregation.

#### **3.4.7.2. Conversion of units of closed-end investment funds into open-ended units**

The issuer of the closed-end investment fund units to be converted into open-ended investment fund units advises KELER in writing at least fifteen settlement days prior to the maturity date of the closed-end investment fund that the closed-end investment fund is to be converted into an open-ended fund and advises the terms of conversion, such as the date of yield payment and the terms of conversion.

The conversion of the closed-end investment fund into an open-ended investment fund does not involve a change to ISIN.

If the issuer wishes to convert the investment fund units and maintain the continuous distribution of closed-end investment fund units, conversion data are to be input in the systems of KELER at the latest on the 4th day prior to maturity date and the certificate on the open-ended investment fund units and further documents required are to be submitted to KELER in due time, and a trilateral agreement is to be executed on the daily origination and cancellation of open-ended investment fund units with the Client authorized for origination and cancellation.

KELER completes this conversion process only if the issuer is personally present.

#### **3.4.7.3. Special rules on interim shares**

Interim shares are managed by KELER according to paid amount levels separately for each securities series. Interim shares in the same paid amount level constitute an interim share series. In case of any further payment effected to an interim share all shares affected by the payment will be deleted from the series in the earlier paid amount level and they will be generated in the series belonging to the higher paid amount level.

KELER will not verify payments, the issuer shall take liability related to interim shares issued, generated in excess to the financial contribution actually made.

#### **3.4.7.4. Special rules on certificates**

Together with the Final Terms of certificates the distributor of the certificates in Hungary has to submit an application regarding Stock Exchange settlement, on the form provided by KELER, until the 5th trading day preceding the first day of Stock Exchange trading of the certificate. KELER issues a statement on accepting the certificate.

The certificate 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 case of termination (except for the expiry of the certificate) defined in the Final Terms the issuer or the distributor of the certificate is obliged to inform the BSE and KELER without delay (on phone and in fax) after becoming aware thereof.

## **IV. General depository operation**

### **4.1. Custody of physical securities**

#### **4.1.1. Fungible custody of securities issued in Hungary**

KELER provides custody services for physical securities issued in Hungary either on a fungible basis or keeps them as individual deposit.

The condition of accepting securities privately issued in Hungary for fungible custody is that the issuer and KELER agree in writing on continuous provision of data relating to the securities issued.

The condition of KELER signing the agreement is that the issuer makes available to KELER all documents that are necessary for the acceptance of the securities and the documents are in compliance with the regulations of KELER.

The list of the required documents is contained in the document package sent by KELER to the issuer.

After reviewing the available documents KELER will issue a declaration of acceptance for fungible custody of the physical securities.

#### **4.1.2. Custody of securities issued abroad**

KELER keeps physical securities issued abroad, delivered to its depository exclusively as individual deposit.

#### **4.1.3. Delivering securities for fungible custody to the Depository**

##### **4.1.3.1. Receipt of the securities**

Securities can be delivered to the Depository in a package properly sealed. A package properly sealed means an envelope of the delivering party closed with a seal or any other wrapping material equivalent to it in terms of quality and safety (e.g. disposable plastic safety bag specifically created for delivering securities).

The Depository will sign and stamp the delivery note attached to the package to acknowledge receipt of the securities in a properly sealed package with alleged content.

In case of a delivering party outside Budapest and securities delivered directly from the printing house the place of delivery of the securities to KELER is the Depository.

KELER does not accept delivery of compensation notes.

#### **4.1.3.2. Receipt of securities**

##### **4.1.3.2.1. Registration of receipt of securities**

KELER will credit the securities delivered to the Depository to the securities account only after a detailed verification. The detailed verification is completed by a committee authorized for this purpose.

The committee opens and checks one by one the content of the package properly sealed. The Client is obliged to accept the result of the receipt by the committee.

Securities that are not suitable for receipt, except for the securities subject to verification by a document expert or damaged securities delivered for replacement will be returned by the Depository to the delivering party.

The Client handing over the package shall be liable for forged or falsified securities.

##### **4.1.3.2.2. Verification of securities**

All securities are subject to verification as follows:

- securities are complete and not damaged formally,
- securities are suitable for storing,
- the rider is an inseparable part of the securities,
- the serial number of the securities is valid (it is included in the serial numbers given by the issuer, furthermore it is not prohibited or declared null and void by a notary public),
- the blank endorsement of the securities is in line with regulations and the chain of the preceding endorsements is without errors and complete formally.

#### **4.1.4. Procedure in case of securities suspected to be falsified**

If during registration of the securities received the Depository finds securities suspected to be falsified, KELER will immediately notify the issuer and the Client delivering the securities.

KELER will not credit any securities suspected to be falsified to securities accounts, such securities will be returned to the sender on the settlement day following receipt.

The issuer of the securities is obliged to take measures to investigate the validity of the securities suspected to be falsified (investigation by a document expert).

#### **4.1.5. Crediting of the securities received**

Securities accepted as marketable by the Committee and not being subject to destroying procedure in the authority of notary public will be credited to the securities account on the day of physical receipt by the Depository.

If the Client requests the securities to be credited to the account of another Client, simultaneously with the delivery to the Depository the applicant Client is obliged to send one copy of the delivery note issued by it also to the holder of the account to be credited.

The Depository will acknowledge receipt and registration of the securities by issuing a depository delivery certificate. The delivery to the Depository will be legally effective when securities are credited to the securities account.

#### **4.1.6. Procedure in case of securities subject to destroying (stoppage) by a notary public**

If the securities deposited in the Depository or delivered to the Depository were stopped by a notary public KELER will immediately advise the acting notary public, the issuer and the Client that delivered the securities.

If KELER has not yet credited the securities received to the securities account, it will immediately return the amount stopped to the Client.

If KELER already credited the securities received to the securities account (i.e. the proceeding by the notary public relates to securities already registered by KELER on the account), KELER will deliver the securities with the stopped serial numbers to the Client.

If securities can be segregated within the sub-account KELER sends a written call to the delivering Client to take the following measures within ten settlement days:

- a) apply for the free of charge release from the Depository of the securities subject to the proceeding, or
- b) release KELER from the securities secret obligations pursuant to Section (2) of Paragraph 118 of the Bszt (that is authorize KELER to provide data relating to the Client to the notary public issuing the order in the interest of repealing the stoppage).

Should the above deadline pass without any result, i.e. the Client fails to comply with KELER's call, KELER will deliver the securities concerned to the Client that delivered them, at the expense of the Client.

If the decree on stoppage is repealed, KELER will put back the securities segregated to the securities account of the Client.

#### **4.1.7. Procedure in case of securities declared invalid by a notary public**

If the securities transferred to the Depository were declared invalid KELER will immediately advise the acting notary public, the issuer and the Client delivering the securities.

If KELER has not yet credited the securities received to the securities account, it will immediately return the amount declared invalid to the Client.

If securities already deposited in the Depository are declared invalid by the notary public after securities are credited to the securities account, KELER will proceed as follows:

If the amount declared invalid is available on the securities account of the Client, KELER will immediately deliver the securities declared invalid to the Client free of charge.

If securities cannot be released KELER will call the Client that delivered the securities that were declared invalid to ensure within ten settlement days crediting to the securities account of marketable securities representing the same rights and in the same number of denomination units as the amount of securities declared invalid.

If the Client complies with the call, following receipt of the marketable securities by the Depository, the Depository will release free of charge to the Client the securities that were declared invalid.

#### **4.1.8. Handling of securities declared invalid by the issuer**

If a securities series or a part thereof in fungible custody at KELER is declared invalid by the issuer, KELER shall act as follows:

- KELER will inform the custodians in the KID system of the date when securities were declared invalid;



- in case of securities that can be delivered KELER will give the business day when securities will be delivered/released to the Client. Such securities will be released without submitting a request of delivery;
- in case of securities that cannot be delivered due to inappropriate composition of denomination units KELER shall be entitled to hand over to the issuer 10 days after publishing the notice in KID and on the web site of KELER. Simultaneously with the delivery of such securities KELER will hand over to the issuer the data of custodians and the data of securities managed by them.

#### **4.1.9. Procedure for handling documents attached to securities**

KELER does not deal with any power of attorney, deed, decree, sentence, license by the guardianship court etc. attached to the securities. Such documents will be returned by the Depository to the sender without delay.

#### **4.1.10. Release of securities**

##### **4.1.10.1. Application for release**

Release of securities can be applied for by submitting to KELER the form standardized for this purpose. In case of fungible securities KELER blocks the amount to be released until delivery following receipt of the release application.

No release may be applied for in case of securities immobilized during the total term.

Any application received without stipulation of denomination until 14:00 hours on the settlement day concerned will be performed by the Depository at the earliest on the next settlement day or at the requested value date.

If the applicant wishes to receive a certain combination of denominations KELER will check whether it is possible and decide on the composition of denomination of the securities to be delivered. If the release cannot be fulfilled in the requested denominations KELER will indicate this fact on the application for release that KELER returns via fax to the applicant.

##### **4.1.10.2. Liability rules in case of securities release**

In case of release from the Depository KELER will release securities with blank endorsement. The party receiving the securities released shall be liable for completing endorsements.

In case of release of securities the Client is obliged to accept the quantity indicated in the delivery certificate authenticated by KELER's committee.

##### **4.1.10.3. Debit entry related to the securities released**

Simultaneously with the securities release by the Depository the securities account will be debited. The debit entry related to the account remains in force also if the addressee fails to take receipt of the securities on the settlement day concerned. KELER will take securities not taken receipt of into responsible safekeeping.

If the applicant of the release (holder of the securities account to be debited) requests that securities are delivered to the address of another Client, simultaneously by submitting the application to KELER the applicant is obliged to forward a copy of the application form to the delivery address.

##### **4.1.11. Fungible safekeeping**

In case of fungible safekeeping KELER segregates and records securities only by series.

In case of securities in fungible custody the Client is not entitled to claim certain denominations and series numbers of the securities credited to the account, claims are valid only for the amount defined by denomination unit.

KELER undertakes safekeeping of securities only that bear an uninterrupted chain of endorsements and have blank endorsement.

#### **4.1.12. Individual custody of securities, warehouse warrants issued in Hungary and foreign physical securities**

KELER keeps securities and warehouse warrants issued in Hungary as individual deposit pursuant to the agreement concluded with the Client and registers them in individual custody accounts.

The rules related to securities in fungible custody apply for receiving and delivering securities in individual custody accounts, however in case of securities in individual custody accounts the Client is entitled to claim denominations and serial numbers of the securities.

In case of securities recorded on an individual custody account the Depository will not verify serial numbers, KELER will safe keep the securities received and keep them at the disposal of the Client that is the owner of the individual custody account.

In case of securities kept on an individual custody account the Depository will not check the uninterrupted chain of endorsements, nor the endorsement of the securities to the Client.

In relation to endorsement the holder of the securities can claim compensation only from the relevant Client.

KELER will only accept warehouse warrants with blank endorsement (commodities and warrants).

In respect of securities registered in an individual custody account delivery in and out can be completed, transfer is not allowed.

In case of securities registered in individual custody accounts, with the exception of warehouse warrants at the written instruction of the Client the Depository completes invalidation and destroying.

#### **4.2. Depository services related to dematerialized securities issued in Hungary and physical securities kept in fungible custody at KELER**

##### **4.2.1. Services provided by the Depository**

KELER ensures the following services at the written order of the issuer:

- payments at the due date,
  - payments at maturity without requirement of identification of the holders,
  - payments at maturity with requirement of identification of the holders,
- identification of the holders (without payment),
- physical invalidation and destroying of physical securities and coupons (also in respect of securities in individual custody), and
- other services relating to securities issued in Hungary.

##### **4.2.2. Rules relating to the record date of corporate events involving payment**

Until the record date of the corporate event only securities with a valid coupon granting right for payment at the record date concerned and securities without any seal confirming payment are allowed to be delivered to the Depository.

After the record date only securities without coupon (or if there is no coupon securities with a stamp replacing coupon) can be delivered to the Depository.

### **4.2.3. Other depository services relating to securities issued in Hungary**

#### **4.2.3.1. Management of securities with expiry**

In case of securities with expiry – except for the units of investment fund with expiry - KELER blocks the total quantity of securities from the day following the record date until expiry date.

Securities blocked are not allowed to be used for securities operations during the period of blocking.

Based on the declaration of the issuer KELER will cancel the expired securities on the securities accounts on the day of submitting the declaration, provided the issuer can confirm it met payment obligations imposed.

Expired securities in relation to which the issuer failed to meet past due obligations will remain blocked until cancellation from the securities account.

#### **4.2.3.2. Rules of payment in relation to securities in fungible custody**

In respect of securities in fungible custody the issuer shall give written instruction to KELER regarding the due payment, coupons or seals confirming payment, additionally in case of shares regarding shareholders registration by providing details as follows:

- start date of payment,
- whether payment is to be made according to the relevant regulation or to some other conditions,
- in case of shareholder registration the method of allocation (with or without serial numbers),
- requirements in respect of the due coupons:

1. The issuer requires the release of coupons.

1.1. Release prior to E Day is required.

Coupons are released to the issuer or its agent on E-2 day, simultaneously with the submission of the payment instruction.

1.2. Coupons are requested to be released after E Day, at a day agreed with KELER

Coupons are released to the issuer or its agent on the date agreed.

In both of the above cases KELER will have the coupons forwarded by its official securities delivering agent to an address in Budapest, if the issuer or recipient is located outside Budapest coupons are released at the Depository..

2. The Issuer does not require release of the coupons.

The Depository will cut coupons from the total quantity of securities kept with it, coupons will be invalidated immediately and destroyed after the retention time required in regulations.

- requirements with regard to the seal confirming payment.

### **4.3. Physical invalidation and destroying of physical securities and coupons**

#### **4.3.1. Invalidation of physical securities and coupons**

In case of securities in fungible custody KELER completes invalidation of securities and coupons at the written order of the issuer.

Pursuant to the written order of the issuer the Depository will safe keep the invalidated securities until the date of destroying or hands them over to the issuer.  
The Depository performs coupon invalidation only if the Depository destroys the coupons.

#### **4.3.2. Destroying physical securities and coupons**

In case of securities in fungible custody at the written order of the issuer KELER undertakes to destroy securities and coupons that were invalidated by KELER.

#### **4.3.3. Invalidating and destroying physical securities and coupons in case of termination of the issuer**

Should KELER become aware of the fact that the issuer was deleted from the company register with final effect without having given instruction to cancel the physical securities in fungible custody in the Depository, based on notification by the court acting in the liquidation proceeding or by the court of registration, following cancellation of the issuer from the company register with final effect KELER will take measures for delivering the physical securities issued by the cancelled issuer to the depositors, if this is not possible for invalidating and destroying the physical securities issued by the terminated issuer.

KELER will publish the value date of invalidation and destroying the physical securities on its web site and will inform securities account managers on the value date of the cancellation in a notice published on KID.

#### **4.4. Handling invalid securities**

##### **4.4.1. Handling securities that became invalid due to the termination of the issuer**

KELER allows to deposit the securities of terminated companies on a special account where the securities are physical securities delivered to the Depository and cannot be delivered out, or dematerialized securities already registered in the account management system of KELER. By Client KELER opens a technical Client securities account to which only the securities of terminated companies can be transferred by the Clients via KID. By transferring the securities that became invalid due to the termination of the issuer the custodian / the Client consents to the Depository destroying the securities once the legal obstacles to destroying are terminated. The holders of account are not liable to fee payment in relation to securities that became invalid and are deposited on this account.

## **V. Maintenance of bank and securities accounts by KELER**

### **5.1. Management of orders**

#### **5.1.1. Receiving orders**

The cut-off time for submitting orders, the form of submission (electronic, manual certificate) is specified in KELER's Clearing House Announcement on cut-off times to receive orders and deadline of performance.

KELER considers an order is received if the order regarding securities or bank accounts is successfully received electronically prior to the applicable cut-off time.

In case of a certificate appearing as a deed the time of receipt is identical with the time of receiving the order by KELER or with the time of submitting the order that will be shown by KELER on the order.

If the order is rejected due to a reason of logic (format or content) it will be an exception to the above provisions.

#### **5.1.2. Withdrawing the order**

The Client is entitled to require cancellation of the instructions sent to KELER, in compliance with the rules on matching the transactions, as long as the transfer and payment orders put into a queue are not completed; the submitting party may withdraw them electronically or in a letter containing the instruction thereto.

The letter submitted for withdrawal will be expressly marked as such and shall clearly contain reference to the order to be withdrawn. The order submitted will be cancelled by KELER from the items to be recorded. The party submitting the order receives information thereto in the daily statement.

An order with real time processing submitted by the Client can be withdrawn only electronically.

In case of successful electronic withdrawal the item will be automatically cancelled from the settlement systems. The party submitting the order receives information on successful or failed withdrawal in the electronic customer relationship system that was used for submitting the original order.

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

#### **5.1.3. Finality of orders**

KELER will consider orders final if they were received and in case of value dated transfer, transfer that can be recycled and payment orders if KELER successfully completed the blocking, verification of cover necessary for fulfillment.

### **5.2. The sequence of fulfilling orders**

#### **5.2.1. Rules defining sequence of fulfillment**

The account management systems of KELER process orders submitted either in real time or in batch.

In accordance with these Rules and the provisions of applicable regulations KELER is entitled to define the sequence of fulfilling orders.

From among the orders the execution of transfer order by authorities and the decree on transfer have priority over the execution of other payment operations.

KELER as a member of VIBER fulfills payment orders in VIBER initiated by the Clients according to the interbank rules of procedure stipulated by the NBH.

In the course of real time operation of KELER the sequence of fulfilling orders is defined by priorities and within priorities by the time or receipt.

The priority of transactions depends on:

- the conditions applied in the VIBER system of the NHB,
- priority settings defined in KELER's settlement system, and
- the conditions defined by the Client.

### 5.2.2. Priority and queue management

Real time processing is completed with complex priority and sequence management. The sequence of fulfilling individual (debit) transactions is defined according to the following priority schedule.

- a) *KELER priority*: priority defined by KELER for individual transaction types, published in Clearing House Announcement that cannot be changed by the Client.
- b) *Client priority*: within transactions with equal KELER priority, the Client is entitled to define the sequence of performing individual transactions according to the values specified in the Clearing House Announcement. The Client gives its priority value associated to the transaction, as part of the transaction.
- c) *Sequence of receipt*: the transactions with equal KELER and Client priority will be performed according to the sequence of their receipt by KELER.

When defining the sequence of performance, KELER will take into consideration the debit transactions related to the account. Credit transactions will be fulfilled immediately. KELER will process transactions received by main and sub-accounts according to the priorities described above.

Management of the sequence of securities orders is different by types of accounts. In case of stock exchange settlement securities sub-accounts and consolidated securities accounts the system puts into a queue the items (orders) received, to be settled on the current day that were not yet recorded by Clients and securities, and additionally by securities main and sub-account.

The system always attempts to process the item standing first in the queue with the highest KELER and Client priority that was received earliest. If this can be booked, the system passes on to the next item in the queue.

If there is insufficient cover for the transaction concerned, the relevant queue of the Client will stop, i.e. the system will not try to process the item ranked later in the queue that otherwise could be fulfilled (in terms of amount). The Client will be notified on the stopped status of the queue without delay.

The queue created can be "released" as follows:

- providing the cover required for booking the item,
- changing the priority of the item standing first in the queue to a lower priority, or
- suspending or deleting the item concerned.

In case of a DVP transaction, only the queue of securities (on the side of the seller) is amended by changing the priority of the transaction. In case of DVP transactions priority of the money queue is not applicable or it will be automatically overridden if it is completed.

For all other real time transactions the Client itself can set the priority of the transaction concerned when submitting the order. In case of an item not yet booked (still in the queue) the Client can freely change the related Client priority by a message sent for this purpose.

### **5.2.3. Batch processing**

The types of the batch processing orders and settlement are defined in the relevant Clearing House Announcement of KELER.

Batch items with daytime clearing are processed in phases at the times stated in the applicable Clearing House Announcement of KELER, by taking into account the cycles created by GIRO. KELER verifies cover and makes booking entries several times within each cycle.

KELER will determine the sequence of fulfillment within each accounting group according to the priority associated with the transaction, the time of submission of the order as well as the sum of the order.

KELER verifies cover for orders related to the settlement day concerned and received until the time of processing. In the course of processing the settlement system strives to fulfill as many transactions as possible.

## **5.3. Securities account**

KELER maintains securities accounts for Clients participating in the securities settlement system defined in regulations and operated by KELER. After concluding an account contract for keeping securities account KELER opens a main securities account for its Clients.

Debit and credit entries related to securities will be completed on the sub-accounts to be opened under the main account.

At the request of the Client KELER opens as many sub-accounts as requested.

A sub-account shall be considered a securities account in line with the provisions of the Tpt. that is kept by KELER on dematerialized securities owned by the Client.

At a request to this effect KELER will keep the dematerialized securities owned by the Clients at a separate sub-account.

Any securities in custody at KELER will be deposited to a custody sub-account. Dematerialized securities and securities in fungible custody owned by the Client may appear on the same sub-account.

The securities in individual custody are deposited to a sub-account separated from the custody sub-account.

Blocked securities are registered in a blocked sub-account.


The sub-account for generation and cancellation of dematerialized securities will be opened automatically when opening the main account.

At the advice of KELER CCP, when a Client becomes a clearing member the sub-accounts for stock exchange settlement and sub-accounts necessary for securities fulfillment will be opened automatically.

## **5.4. Securities operations performed on the securities accounts**

### **5.4.1. Value date of the order**

Value dated order can be submitted at the latest within fifteen settlement days preceding the value date of the order concerned. KELER attempts to fulfill any order submitted as value dated order on the requested value date, in case of recycling for twenty settlement days following the value date. In case of instructions that can be recycled where the value date requested in the order is a past value date compared to the time of submission, the period of recycling is twenty settlement days following submission. Any transaction not performed by the end of the relevant value date (settlement day) will be cancelled, except for primary transaction, default of multinet transaction and recycled transactions.



The recycled transaction will be automatically deleted on the twentieth day following the date when the instruction of the Client was submitted. Recycling is possible only in case of a transfer without movement of funds, DVD and DVP securities account transfer.

KELER will notify the Client on the transactions submitted but not fulfilled on the value date or by the recycled value date that were thus cancelled.



## **5.4.2. Securities account transfer**

### **5.4.2.1. General provisions**

KELER performs the securities account transfer operations on a gross basis, proceeding from one transaction to the other. The securities account transfer on gross basis may be of DVP, DVD or FoP type.

The order for the transfer is accepted by KELER only from persons having a securities account with KELER.

KELER performs transfer transactions from the current balance of the securities account.

#### **5.4.2.1.1. Declaring an order ready for settlement**

In case of securities account transfer, both the Client to be debited and the Client to be credited has the possibility to give a settlement (validation) order in addition to the transfer order, separately, in the interest of executing the transaction.

The Client can give a validation order for the main account and for an individual transaction. The statement of the Client is necessary for main account level validation, based on which a validation order linked to the account given is obligatory for all securities account transfers related to the same account.

If the Client fails to give a validation declaration, KELER will apply an „automatically validated” setting on the relevant main account, that is transactions on such a main account do not require any validation order. In case of transactions made within the own main account there is no need for validation order.

#### **5.4.2.1.2. Suspending the order**

Settlement of the transfer submitted by the Client to a validated securities account can be unilaterally suspended as long as the transaction is not booked. Suspension is possible exclusively in case of already validated transactions.

If the suspension of the transaction is withdrawn the transaction becomes validated again.

#### **5.4.2.1.3. Cancellation of the order by the Client**

The securities account transfer submitted by the Client may be unilaterally cancelled with a cancellation instruction by the Client.

### **5.4.2.2. Types of the securities account transfer**

#### **5.4.2.2.1. FoP type transfer**

During a free of payment transaction KELER performs debits and credits related to a specific securities series on the securities accounts.

The orders submitted will be automatically matched by KELER. KELER will verify securities cover on the value date, in real time for the transactions declared to be settled (validated) and matched based on the instructions of both the Client to be debited and the Client to be credited or based on account setting.

The Client to be credited is entitled to give a declaration by sub-accounts so that the order should be fulfilled only in case of a transfer acceptance order given by itself.

For execution of the transfer transaction at least the order for transfer of the Client to be debited is necessary.

In case of a transfer order of the Client to be executed between two sub-accounts under its securities account the Client does not need to submit any transfer acceptance order.

#### **5.4.2.2.2. Special transfer related to securities kept in individual custody account**

KELER accepts and executes a special transfer order in relation to securities in individual custody accounts from and for the custodian / account holder that maintains an individual securities custody account at KELER.

Special transfer for individual custody accounts can be submitted only in printed form, in fax or personally. KELER executes transfer orders submitted in printed form and complying with the requirements regarding content and form within 2 hours of receipt.

KELER executes special transfer orders for the securities serial numbers of securities in individual custody accounts shown in the transfer order.

Validation, suspension and cancellation instruction cannot be given in relation to special transfer orders relating to securities in individual custody accounts.

#### **5.4.2.2.3. DVD type transfer**

When executing a DVD transaction, that is a “Delivery versus Delivery” transaction KELER performs debit entries relating to one or several securities series against credit entries related to one or more securities series. Debit and credit entries are made simultaneously.

The order is fulfilled if the securities to be debited and credited are fully available on the securities accounts of the Clients.

#### **5.4.2.2.4. DVP type transfer**

When executing a DVP that is “Delivery versus Payment” transaction KELER completes a debit entry related to a specific securities series against crediting the counter value on a bank account kept with the NBH or KELER. Debit and credit items are made simultaneously.

The DVP type securities account transfer is performed based on the independent instruction of the Client delivering and receiving the securities. The settlement note to be submitted by both counterparties will be matched by KELER.

In case of settlement notes submitted prior to the value date KELER attempts to match them as from the date of receipt, in case of settlement notes submitted on the value date, from receipt on the value date or continuously during the period of recycling. Only fully matched, settlement notes are submitted to further processing.

DVP type securities account transfer can be applied as follows:

- OTC,
- repo,
- primary, non-guaranteed transactions that can be concluded in the Equities and Debt Sections of the BSE (fix, stock exchange auction and DVP settlement bond deals),
- physical delivery of derivative transactions and
- for securities transactions fulfilled through a foreign clearing house.

Booking entries to the account of the Client to be debited and the account of the Client to be credited are made simultaneously. Booking entries are final and irrevocable.

#### **5.4.2.3. Processing DVP type transfers**

##### **5.4.2.3.1. Verification of securities cover**

As a first step of securities settlement securities cover is verified. KELER verifies securities cover in a comprehensive manner on the account indicated in the order of the selling Client.

Verification of cover is made based on the current securities account balance of the Client. If securities cover verification is successful securities are temporarily blocked until financial cover

verification is completed.

If securities cover verification is unsuccessful the transactions is put into a queue. KELER continuously attempts to execute the transactions in the queue. At the end of the day KELER cancels the transaction with insufficient cover or recycles it according to the content of the instruction.

#### **5.4.2.3.2. Verification of financial cover and making booking entries**

Following successful verification of securities cover financial cover is verified on the bank account stated in the instruction by the Client purchasing the securities.

In line with the provisions of the general rules the bank account of the Client concerned is maintained

- a) by KELER, or
- b) by the NHB.

In case of sufficient financial cover and confirmation thereto final and irrevocable financial fulfillment is completed on the account stated by the Client.

Should sufficient financial coverage not be available on the account stated of the Client to be debited, the transaction will be queued in KELER or the NBH and the relevant account management system will continuously attempt to execute the transaction unless it is withdrawn (cancelled) in the meantime.

The temporary blocking of the securities concerned is continuous on the account of the selling Client. At the end of the settlement day or at the end of the last day of recycling the transaction still being in the queue will be cancelled and the securities will be released on the account of the seller.

According to the original instruction verification of financial cover is completed on the account stated by the Client, if financial cover is not available other financial assets of the Client concerned cannot be involved in the fulfillment.

#### **5.4.2.3.3. Booking entries on the securities side**

Once booking entries on cash accounts are completed final and irrevocable settlement on the securities side is performed in the course of which securities already blocked are released and KELER will debit the account of the Client on the sell side and simultaneously credit the account of the Client on the buy side as indicated in the original order.

### **5.4.3. Blocking on the securities account**

#### **5.4.3.1. General provisions of blocking**

The Client is entitled to give an order to KELER for blocking securities, except for the cases defined in regulations. As a general rule KELER shall issue certificate(s) of deposit on the blocked securities at the request of the Client.

In case of blocking dematerialized securities the instrument confirming blocking is the statement of blocking. (Hereinafter certificate of deposit and statement of blocking are jointly referred to as certificate of deposit.)

The certificate of deposit can be requested only at the time of initiating blocking.

In case of securities with expiry the expiry date of blocking can be at the latest the second settlement day preceding expiry of the securities. In case of an investment unit with expiry blocking is completed on the 5<sup>th</sup> settlement day prior to payment. If the holder of the securities is entitled to alienate the securities during the term of blocking the Client 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.

The blocked securities cannot be used for securities operation during the term of blocking, except for securities under compulsory blocking the Client is not entitled to alienate securities.

Blocking at the instruction of an authority is exception to the above provision, such blocking lasts until the date defined by the authority.

If at the time of blocking a certificate of deposit or a statement of blocking is issued, returning the certificate of deposit is the condition of release of the blocking before the expiry date of blocking, accordingly release of blocking cannot be requested on the electronic customer relationship system.

In case of a share the date of expiry of the blocking is defined according to the provisions of the Tpt.

Should certificate(s) of deposits cannot be returned for some reason (lost or destroyed), KELER and the holder of the certificate of deposit shall document this in minutes. The minutes will be signed by KELER and the agent of the Client. Only a person authorized for this purpose can sign the minutes.

#### **5.4.3.2. Groups of blockings**

##### **5.4.3.2.1. Unilateral blocking**

The Client has the right to initiate unilateral blocking on its securities account maintained at KELER. After checking the order in terms of shape and form KELER completes the unilateral blocking against the freely available securities balance on the securities account indicated.

At the instruction of the Client the blocking can be released at any time, even before the original expiry date.

##### **5.4.3.2.2. Joint blocking**

In case of joint blocking the Client and one of its Clients jointly submit a request for blocking with the aim that the blocking can be cancelled before expiry of the securities only if both parties consent thereto. Submitting certificates of deposit and both copies of the statements of blocking to KELER will be considered the joint consent of the counterparties.

For the implementation of joint blocking the Client opens a named securities sub-account for its relevant Client, blocking can be completed only on the named sub-account. A named sub-account can be opened in the name of one holder only.

An original declaration regarding blocking of the securities (description of the securities, quantity, expiry, mailing address) of the ordering party (holder of the sub-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 Client.

The letter of instruction must include that the Client of the Client accepts the provisions of the present Rules of KELER as binding for itself. KELER will not check whether the letter is signed by authorized signatories, the Client is responsible therefore.

Partial release of the blocked securities is not possible.

KELER issues certificate of deposit in two originals on the securities blocked. KELER hands over one copy of the certificate of deposit to the Client at Client Service. KELER will send the second copy of the certificate of deposit to the mailing address of the Client of the Client indicated in the letter of instruction in a letter with acknowledgement of receipt. The Client and its Client will be liable for all consequences of providing incorrect mailing address, of using postal services and of losing the certificate of deposit.

KELER takes the minutes simultaneously with the release of the blocking only. The Client and

its Client are entitled to repeatedly block the released securities.

#### **5.4.3.2.3. Beneficiary blocking**

In case of beneficiary blocking the Client shall indicate the beneficiary client having a securities account at KELER that is entitled to release the blocked securities before expiry or, if necessary, to alienate them. KELER issues a certificate of deposit in two originals on the blocking completed.

Special cases of beneficiary blocking are as follow:

- trilateral blocking,
- blocking for collateral, hedged position with KELER, KELER CCP as beneficiary.

##### **5.4.3.2.3.1. Trilateral blocking**

In the course of trilateral blocking the holder of the securities as performing party creates a collateral on behalf of the obligor being in contractual relation with it.

Creation of collateral is necessary for meeting the obligations of the obligor towards the beneficiary.

The performing party is entitled to initiate trilateral blocking on behalf of a third party indicating the obligor of the transaction linked to collateral provision.

KELER issues a statement of blocking in three originals.

KELER notifies the Clients concerned on trilateral blocking in the electronic customer relationship system.

##### **5.4.3.2.3.2. Blocking with KELER and KELER CCP as beneficiary**

In case of transactions of the Client where the Client is obliged to provide collateral, the Client is entitled to provide collateral by blocking an instrument included in the prevailing Terms and Conditions on Acceptance of KELER and KELER CCP with KELER and KELER CCP indicated as beneficiaries.

Exclusively the Client concerned is entitled to submit an order thereto.

The obligation for granting collateral to KELER and KELER CCP can also be performed by blocking the securities representing the collateral not on the securities account of the obligor but on the securities account of settlement agent in contractual relationship with the obligor.

KELER completes blocking in the period stipulated in the Clearing House Announcement on cut-off times to receive orders and deadlines of performance, provided the necessary securities collateral is available on the account indicated in the instruction of the Client.

Assessment of the blocked securities for collateral purposes is completed in accordance with the List of Conditions of KELER and KELER CCP.

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

A special form of beneficiary blocking is blocking in the interest of a so-called covered position that is different in terms of calculating the initial margin.

Blockings for a covered position will automatically cease to exist on the day of performance.

##### **5.4.3.2.3.3. Methods of releasing beneficiary blocking**

Beneficiary blocking can be released as follows:

- a) on the basis of instruction by the beneficiary indicated by the Client, submitted at the latest until 11:00 hrs on the day after the expiry date 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 instruction is submitted also, “exercising rights of beneficiary” is to be shown on both instructions.
- b) if the beneficiary does not submit an instruction KELLER releases blocking after 11:00 hrs on the day following the expiry day of the blocking, in this case the Client can freely dispose over the securities released.

Release of the trilateral blocking before expiry may only be made based on the instruction of the Client and by submitting all three copies of the statements of blocking.

#### **5.4.3.2.4. Compulsory blocking of the securities account**

KELLER 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 Client gives such an instruction.

During the blocking the title of the blocking –such as particularly bail, lien, custody by court, action of replevin, judicial enforcement – and the person must be indicated to the benefit of whom the blocking was registered as well as the period of blocking. Unless otherwise provided, the blocking is valid until the last day of the year following the current year.

The Client shall send the statement of blocking to its Client and the person to whose benefit the entitlement was registered as well as to the competent court, executor and other relevant authorities.

In case of cancellation of the registration of entitlement KELLER will advise the Client accordingly, the Client will forward this information to all the persons that were advised at the time of establishing the entitlement.

If the Client of the Client is entitled to alienate the securities during the period of blocking, the Client 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 that it acquired the ownership of the securities, the Client shall ensure without delay that the securities are transferred to the securities account indicated by the new holder.

The securities account manager is obliged to show the fact of blocking also on the securities account.

The Client shall be liable for failure to block the securities account related to the securities being subject to blocking.

Blocking related to central securities account type “B”, that is securities owned by the Clients of the Client is to be initiated not at KELLER but at the securities account manager. The blocking becomes valid only if the fact of blocking is registered by KELLER.

The letter of instruction for the converted securities remains in force until its use for release of the first blocking.

#### **5.5. Special rules on maintaining bank accounts in HUF**

KELLER can execute HUF payment orders of a credit institution – except for collaterals deposited in HUF –through VIBER. In the VIBER system KELLER is entitled to submit HUF payment orders to the NBH on behalf of the credit institution to meet payment obligations arising from these Rules.

For payment operations that are not considered cash management service pursuant to Hpt., between KELLER and the Clients participating in the system defined in Fetv. and payment

operations related to the custody of securities defined in Bszt. the provisions of Pft. and NBH Order 18/2009. (VIII.6.) shall apply with the deviations defined in these Rules and other regulatory documents of KELER on cash management.

The rules applicable for Micro enterprises and Consumers defined in regulations on cash management shall apply only to Clients considered Micro enterprises or Consumers.

The Clearing House Announcement on the cut-off times to receive orders and deadlines of performance contains applicable deadlines for payment orders related to clearing.

#### **5.5.1. Methods of payment**

In the framework of cash management activity KELER applies the following methods of payment:

- transfer (within this simple transfer including internal transfer, transfer by authorities and decree on transfer),
- cash withdrawal. KELER provides for cash payments exclusively in the form of cash withdrawals and cash deposits completed at the Teller Services of the commercial bank contracted as published in the Clearing House Announcement on the operation of the external teller services of KELER.

#### **5.5.2. HUF payment transactions executed by KELER**

Transactions on the HUF bank accounts kept by KELER are executed as follows:

- settlement of debit/credit orders arriving in GIRO, within IG1 and IG2 clearing method,
- settlement of debit/credit orders arriving in VIBER,
- settlement of transfers by authorities and decrees on transfer received within IG1 clearing method,
- financial settlement of DVP and other capital market transactions and financial settlement of payment orders with real time processing,
- internal settlement of debit/credit orders,
- 
- orders given by KELER CCP.

KELER credits to the account of the Client only the items that comply with the provisions of the prevailing applicable cash management regulations and the KELER Clearing House Announcement. Any item not in line with the provisions, unidentifiable items will be recorded in a suspense account. If the remitting credit institution identifies the item in writing, it will be credited to the appropriate HUF bank account, otherwise KELER will reject the item.

Erroneous items related to GIRO transactions are rejected in the clearing method in which the original order was received.

The HUF payment orders initiated by the Client may involve movements of funds among the following accounts:

- the account of the Client and the holder of an account maintained by an external credit institution,
- accounts of Clients,
- — accounts of the Client and KELER,
- accounts of the Client and KELER CCP, and
- the sub-accounts of the Client.

In case of insufficient financial cover the transaction concerned will be put in a queue at KELER and the cash account management system continuously attempts to execute the item.

KELER attempts to execute within the day the items with insufficient cover of GIRO intraday

clearing in the forthcoming clearing cycle stated in the Clearing House Announcement. KELER cancels orders with insufficient cover in case of insufficient cover at the end of the day.

In the original settlement method, in line with the provisions of the Clearing House Announcement the Client can withdraw transactions received for processing under GIRO clearing and not yet collateral verified. Withdrawal of transactions initiated by the Client and already cleared, that is the paying back of the amount transferred can be completed in IG2 only, following the initiation of the withdrawal.

KELER forwards to its client the withdrawal request received with respect to funds credited to the account of the Client under IG2 clearing. The Client can decide to accept or reject the withdrawal by way of instruction letter only. If the withdrawal request is accepted the instruction letter of the Client also authorizes KELER to dispose over its account, that is to pass debit entry to the account.

The Client has the possibility to withdraw the transaction in the queue, to change the priority by taking into consideration the provisions of the relevant Clearing House Announcement. Should the Client fail to take this opportunity, the order will be cancelled at the end of the settlement day.

### **5.5.3. Details required to execute payment orders**

KELER accepts payment orders electronically and on printed blank payment order forms and on payment orders marked "KELER".

KELER processes items submitted in printed form and with GIRO processing in IG2 clearing only.

KELER will not perform any order received by fax except for the instruction letter for a financial lending transaction and the letter withdrawing a payment order with batch processing sent by the Client and instruction letter on execution or rejection of withdrawal.

If performance of a transaction is subject to authority license by provision of law and if the law requires KELER to check the license, KELER is obliged to make sure that license exists. KELER will refuse the order if the required license does not exist.

### **5.5.4. Rejecting a payment order**

KELER will reject any manual payment order and cancel any payment order received electronically that are issued by mistake, are incomplete or issuance is inappropriate for other reasons, with clear indication as to the reason of rejection.

### **5.5.5. Special rules relating to the HUF deposit sub-account maintained for the issuer and the distributor**

#### **5.5.5.1. Types of deposit bank accounts**

KELER distinguishes deposit bank accounts as follows:

- a) deposit bank account opened for the issuer and the distributor in case of securities issuance,
- b) issuer deposit bank account opened for depositing the consideration of non-accepted dematerialized securities in case of dematerialized conversion,
- c) issuer yield bank account.

#### **5.5.5.2. General provisions for deposit sub-account**



Deposit bank account can be opened under the bank account. The deposit bank account cannot be used for purposes that are not listed in Point 5.7.5.1.

The condition for opening a deposit bank account is the existence of a relevant account contract.

KELER is not entitled to withhold under any title the amount deposited in the deposit sub-account.

On the balance of deposit sub-accounts KELER pays interest as defined in the List of Conditions on Interest Payment of KELER, based on individual agreements KELER may deviate from the provision thereof.

#### **5.5.5.3. Special rules for deposit sub-accounts opened for securities issuance**

If during issuance the issuer or the distributor receives consideration from the investor, the amount paid during issuance is to be kept on a deposit account kept with a credit institution. The persons participating in the issuance are obliged to immediately ensure that the funds received by them are deposited at a deposit account. Until fulfillment of the repayment obligation in case of failure of the issuance or until it is stated that no repayment obligation exists, the amount deposited at the deposit account cannot be used.

The issuer, if a distributor is involved the issuer and the distributor jointly advises KELER in writing on the result of the securities issuance.

If the offer made to acquire the securities is partially or fully unacceptable for reason specified in the prospectus, the issuer or the distributor is obliged to repay within seven days of closing the offer period the full amount received for the securities that cannot be issued and is deposited in the deposit account.

#### **5.5.5.4. Special rules relating to issuer deposit sub-accounts opened for the consideration of non-accepted dematerialized securities in case of dematerialized conversion**

By presenting the securities declared invalid the holder may require that dematerialized securities are released to it. If securities are already sold or the debt securities expired or the investment fund issuing the investment unit ceased to exist, the owner of securities is entitled to receive the consideration of the dematerialized securities sold or the amount due at expiry.

Until the holder provides instructions the issuer shall keep the consideration of the securities sold or the amount due at expiry on a deposit account opened with a credit institution.

If the holder fails to submit an application within the applicable deadline, the holder is obliged to pay the costs arising until enforcement of its claim.

For lapse of the monetary claim replacing the claim for delivering the securities the rules relating to the period of limitation of claims represented by securities are applicable.

#### **5.5.5.5. Issuer yield bank account**

A bank account facilitating the technical implementation of yield payment by the issuer from which account the issuer or its agent pays the amount serving cover for yield payment to the owners of securities.

### **5.6. Teller transactions**

Cash turnover related to bank accounts is completed by depositing and withdrawing funds at the teller of a commercial bank authorized by KELER.

KELER will publish the name of the commercial bank contracted to manage cash transactions and the procedure related to cash paid in and withdrawn in a Clearing House Announcement.

## **5.7. Management of foreign exchange accounts**

KELER maintains foreign exchange accounts for its Clients through KELER's foreign exchange nostro accounts.

KELER will credit the foreign exchange amounts credited to these nostro accounts to the individual Clients in the appropriate currency based on the confirmations (advices, statements of account) provided by the institutions keeping the nostro accounts.

For payment operations involving the Clients participating in the system defined in Fetv. and payment operations related to the custody of securities defined in Bszt. settled in foreign currencies the provisions of Pft. and NBH Order 18/2009. (VIII.6.) shall be applied with the deviations defined in these Rules and other regulatory documents on cash management of KELER.

### **5.7.1. Transaction types recorded on foreign exchange accounts**

On the foreign exchange account KELER completes debit and credit entries as follows:

1. At the instruction of the Client:
  - a) for internal and external foreign exchange transfers,
  - b) in relation to corporate events of securities representing ownership,
  - c) in case of debt securities in relation to foreign securities settlement, interest payment and redemption,
  - d) for foreign exchange conversion and foreign exchange advice transactions.
2. On the basis of credit and debit transactions initiated by KELER's nostro account manager.
3. Based on authorization provided by KELER, KELER CCP and by the Client under these Rules:
  - a) debit and credit entries, conversion necessary for the provision of foreign exchange clearing services, initiated at its own discretion,
    - aa) for financial settlement related to gross DVP settlements,
    - ab) for the settlement of transactions made on XETRA,
    - ac) for securities sell and buy transactions related to the settlement of foreign securities,
  - b) in case of compulsory provisions.
4. Based on authorization by KELER CCP:
  - a) debit, credit, conversion necessary for providing settlement services in foreign currencies, made at its discretion,
    - aa) in order to fulfill regulated market transactions settled in foreign currencies
    - ab) in the interest of energy market fulfillment
  - b) in case of compulsory provisions.

KELER executes the orders placed for a foreign exchange account at the value dates specified in the settlement schedule for the relevant foreign exchange.

### **5.7.2. General provisions for debit/credit entries on foreign exchange accounts**

In case of a foreign exchange payment order by the Client related to foreign settlements KELER verifies the foreign exchange cover at the time of submitting the instruction. The verification of cover is exclusively based on the available foreign exchange balances, that is foreign exchange amounts to arrive later from foreign exchange conversions, or amounts confirmed with an advice but not yet confirmed by the foreign exchange nostro bank cannot be transferred.

Until execution KELER will block the foreign exchange amount indicated in the order on the foreign exchange account of the Client. The blocked foreign exchange amount cannot be used for other transactions.

Based on the confirmation of the foreign exchange account manager KELER will release the blocking and will actually debit the foreign exchange account of the Client.

The blocking will not be released automatically on the settlement day: if it is expected that the basic transaction will not be fulfilled, KELER will release the blocking by canceling the basic transaction.

The final credit and debit amount, based on advices by the foreign exchange account manager of KELER and compliance with other conditions defined for transactions, will be the foreign exchange amount credited/debited with final effect on the foreign exchange account of the Client.

The posting day of the debit/credit order is the day of processing by KELER, the value date is the instructed value date.

Foreign exchange amounts related to a corporate event of securities representing ownership will be credited to the foreign exchange account of the Client based on the foreign exchange credit advice of the nostro account manager of KELER and based on other information relating to the corporate event. Value date is the day of processing by KELER.

Pursuant to the advice made by KELER regarding the corporate event concerned, KELER is entitled to initiate a debit item up to the foreign exchange amount involved in the corporate event on the basis of instruction (for the basic transaction) by the Client.

KELER is entitled to provide technical foreign exchange credit facility to the foreign exchange account kept with KELER of its Client based on the debit advice of the nostro account manager of KELER and to charge credit interest for the credit period.

### **5.7.3. Settlement transactions for foreign securities**

#### **5.7.3.1. Purchase of foreign securities (basic transaction)**

When processing securities buy transaction KELER verifies cover based upon the available balance of the foreign exchange account concerned. If sufficient cover is available the amount corresponding to the transaction is blocked and will be assigned awaiting fulfillment status until settlement abroad. If cover is insufficient KELER puts the original order in a queue and will fulfill it only if the full amount of the cover is available. Transactions with insufficient cover can be cancelled. The sequence of processing depends on the time when the item was put in the queue (FIFO principle). Priority will define the sequence of processing when orders are received at the same time.

If the transaction is fulfilled at the outsourced account manager, based on confirmation (debit advice) by the outsourced account manager KELER will release the blocked cover and will debit the foreign exchange amount corresponding to the transaction amount to the foreign exchange account of the Client. Value date of the debit is the day of processing at KELER.

#### **5.7.3.2. Sale of foreign securities (basic transaction)**

On the basis of confirmation (credit advice) by its foreign exchange account manager and the settlement advice on the foreign securities sales transaction, KELER will credit the foreign exchange amount of the basic transaction to the foreign exchange account of the Client. Value date of the credit entry is the value date of processing at KELER.

#### **5.7.4. Foreign exchange conversion**

#### **5.7.4.1. General provisions**

KELER provides foreign exchange conversion services for its Clients with a HUF bank account kept by KELER.

KELER executes foreign exchange conversions only in the settlement currencies and for foreign exchange conversion dates published in the Clearing House Announcement.

#### **5.7.4.2. Foreign exchange buy transaction**

The order for foreign exchange conversion may be initiated in compliance with the provisions of the Clearing House Announcement of KELER.

The Client is to provide the foreign exchange equivalent on its HUF account.

On the value date of the conversion KELER will debit the HUF account of the Client with the purchase price of the foreign exchange.

If the required equivalent amount is not available on the HUF account of the Client, KELER automatically deletes the conversion.

#### **5.7.4.3. Cross currency conversion**

Cross currency conversion can be requested with T+2 settlement only.

The instruction has to contain the currency and amount to be sold and the currency to be bought. If the Client fails to provide cover on its foreign exchange account KELER will automatically cancel the conversion. If cover is available, KELER will block the amount to be sold on the account of the Client.

KELER completes the cross currency conversion through the conversion bank and following settlement KELER will debit with the amount sold and credit with the amount purchased the appropriate foreign exchange accounts of the Client.

#### **5.7.4.4. Foreign exchange sell transaction**

Foreign exchange conversion can be initiated in compliance with the provisions of the Clearing House Announcement of KELER.

Following receipt of the instruction for foreign exchange sell KELER checks whether the foreign exchange account balance on the processing day is sufficient to fulfill the transaction.

In case of insufficient cover KELER automatically cancels the foreign exchange sell order.

If foreign exchange cover for the transaction is sufficient KELER executes a conversion order on behalf of the Client.

#### **5.7.5. FX advice (pre-advice)**

As an independent instruction an FX advice can be submitted to KELER. By its submission the Client declares that it gave an order for debiting its HUF account or foreign exchange account kept at another bank and it would make the foreign exchange amount indicated in the advice available on KELER's nostro foreign exchange account kept with Clearstream Luxembourg by the indicated value date.

KELER undertakes to credit the amount of the pre-advice to the Client at the date of crediting the nostro foreign exchange account without any further identification of the beneficiary.

Should the advice not be fulfilled on KELER's nostro account in the amount and by the value date indicated, KELER is entitled to charge the Client submitting the advice with any fee, duty

and interest that may be imposed by the nostro account manager.

**5.7.6. Transaction initiated by KELER's nostro account manager(s)**

KELER is entitled to record the credit/debit item posted by its external nostro account manager on KELER's account to the credit/debit of the foreign exchange account of the Client indicated by the nostro account manager and accordingly identified, without asking the Client.

**5.7.7. Transaction initiated by KELER**

For ensuring fulfillment of the transactions settled in foreign exchange KELER is entitled to make credit/debit entries to the foreign exchange account of the Client based on authorization provided by the Client under these Rules in the cases herein defined, including among others in relation to derivative and multinet settlement, creation of collateral, purchase price settlement required in foreign exchange, energy market settlement and compulsory provisions. KELER executes automatically transactions made on XETRA and affecting the foreign exchange account designated for XETRA trades, based on the list of transactions received from the appointed clearing bank.

## **VI. Settlement of regulated market transactions not guaranteed by KELER CCP**

### **6.1. General provisions**

KELER provides settlement services without guarantee undertaking by KELER CCP with respect to the following stock exchange and over-the-counter transactions.

A transaction concluded on the stock exchange can be a bond deal with fix, auction and DVP settlement as well as cash transaction made in the commodities section and warehouse warrant transaction. Special rules are applicable to the warrant transactions traded on the Stock Exchange.

Securities transactions concluded outside the stock exchange are OTC, primary and repo transactions.

In case of settled transactions of these types the Client executes segregation between the own and client Accounts by adjustment at the end of the day.

### **6.2. General rules of settlement related to non-guaranteed transactions concluded on the BSE**

According to the terms and conditions of the BSE Regulations non-guaranteed transactions can be concluded in the equities and debt securities section.

In case of such transactions settlement of the debt securities is made on T+2 day, settlement of the securities representing ownership is allowed within a period of minimum T+1 day but maximum T+7 days, depending on the stock exchange deal.

Settlement of the transactions is made on the indicated settlement day in a segregated manner, on gross value basis, according to the rules relating to the performance of DVP type securities account transfers.

KELER provides settlement services to the stock exchange trader concluding a transaction at the BSE that is not guaranteed in accordance with the applicable form contract.

The condition of settlement of transactions concluded by the customer of the Client is that there is a form contract concluded between the Client and KELER.

KELER automatically cancels all transactions not performed by the end of the settlement day of the transaction.

Only the BSE is entitled to initiate amendment of the transactions that have not been settled yet.

### **6.3. Settlement of warrants**

#### **6.3.1. Priority days of warrant conversion**

Priority days of warrant conversion are as follows:

- a) Last stock exchange trading day in case of a warrant issued for foreign securities listed on the BSE: E-8 day.

E-5 is the record date. The person is entitled to convert the warrant who is after settlement at the end of this day the holder of the warrant or that announced in its instruction given for this purpose the intention to participate in the conversion. As from E-4 KELER will block the warrants to be converted in the indicated quantity.

- b) Accordingly, the last time when operations can be implemented on the securities accounts is the end of trading on E-5. In case of the last conversion opportunity before expiry of the warrant this is the last day when instruction can be given for operations concerning the warrant.
- c) At opening on E-4 KELER shall send a position report to the client on the warrants managed on the securities account at the time of closing on the record date and, on the basis of instruction given by the Client on E-5 it will block the warrant to be converted.
- d) At the latest on E-2 KELER will provide the piece number of the warrants to the issuer or its representative that the individual clients want to convert, broken down by clients, and, in case of warrant conversion with financial settlement, also the bank account number given earlier on a form established for this purpose, where the Client wants the remittance to be made.

### **6.3.2. Conversion of a purchase warrant to physical settlement**

As from the fourth settlement day (E-4) preceding the conversion day fixed at the time of issuing the warrant KELER will block the warrants to be converted at the instruction of the Client given for this purpose.

KELER does not take part in the financial performance of the warrant, it is performed by the Clients directly towards to the issuer of the warrant or to the agent authorized by the issuer. Based on the earlier instruction of the Client, KELER will remit the warrant blocked for conversion to the account indicated by the issuer of the warrant with E day as value date (or with a value date determined and published by the issuer).

The issuer will give instruction on allocating the underlying securities to the appropriate accounts against the converted warrant.

### **6.3.3. Conversion of a purchase warrant to financial settlement**

Conversion of a covered purchase warrant shall be made as described in the relevant Point, except for the issuer of the warrant will not remit the underlying securities but the difference between the current exchange rate for the underlying securities as defined at the time of issuing the warrant and the redemption fee to the bank account indicated by the account holder converting the warrant (and forwarded by KELER to the issuer of the warrant).

### **6.3.4. Conversion of a sell warrant by financial settlement**

Conversion of the sell warrant with financial settlement is made similarly to the procedure described in the relevant Point with the difference that the issuer of the warrant remits the difference between the conversion price and the actual rate of the underlying securities (calculated as determined at the time of issuing the warrant) to the bank account number indicated by the Client.

The expired warrant will be transferred by KELER to an account automatically blocked at the date of expiry at the cost of the issuer.

The basic content elements of services relating to the warrant will be stipulated by KELER in an individual agreement on the warrant concerned.

## **6.4. Settlement of securities transactions other than regulated market transactions**

### **6.4.1. OTC transactions made outside the regulated market**

KELER handles instructions provided by two Clients relating to a transfer in line with the rules on OTC transactions concluded outside the regulated market.

KELER performs the OTC transactions made outside the regulated market according to the DVP type securities account transfer.

Matching will be made by KELER also for the instructions for which the purchase price indicated on the settlement note submitted by the Clients delivering and receiving the securities differ by an amount within the limit or equivalent to the limit provided for in the relevant Clearing House Announcement, no matching will be made in case of difference exceeding the limit. In case of settlement notes submitted and matched with different purchase price, the basis of the settlement will be the purchase price given by the buyer when performing the transaction.

KELER will handle instruction as instructions to be recycled where the Client requested recycling or where the field of price was not completed.

In respect of OTC transactions made with the NBH issues not regulated in these Rules will be governed by the provisions of the respective regulation of the NBH.

#### **6.4.2. Settlement of primary market transactions**

On the basis of issuance (allocation) data received from the issuer or its agent in a form as agreed upon by the parties, KELER will perform settlement of the primary market transaction.

Settlement process of the primary transaction is the same as the DVP securities account transfer, with the one exception that the settlement notes will not be submitted and matched. For the settlement of the primary transaction, linked to the securities sub account, the client on the sell side can provide the number of the cash account to be debited directly.

Unless otherwise agreed by the parties, until the start of verification of cover only the issuer or its agent may initiate the amendment of the primary market settlement order.

Any matter not regulated in these Rules will be governed by the regulation of the issuer in respect of the primary market transactions.

#### **6.4.3. Settlement of repo transactions**

##### **6.4.3.1. Types of repo transactions**

Repo transactions are transactions as follows:

- a) repo transaction of general collateral type and
- b) repo transaction of delivery type.

In case of repo transaction of general collateral type KELER blocks the securities being subject of the transaction on the account of the seller with the buyer as beneficiary.

In case of a repo transaction of delivery type the securities being subject of the transaction will be credited to the account of the buyer, the buyer can freely dispose over the securities during the term of the repo transaction.

##### **6.4.3.2. Extension of the term of the repo transaction**

On the basis of agreement concluded by the Clients, the repo transaction can be extended both for the whole transaction or for a part of it.

The instruction for extension of the repo has to be submitted by both parties to KELER until the cut-off time defined in the Clearing House Announcement. The order for extension of repo will be matched and settlement will be made only for the matched transactions.

In case of extension of the repo transaction the financial settlement at the expiry is made for the repo interest / purchase price difference.



### **6.4.3.3. Expiry of the repo transaction**

The settlement is performed on the date of expiry. On the financial side settlement of the repo interest/purchase price and on securities side release of the blocked securities in case of repo transaction of general collateral type is completed and the securities are debited/credited to the relevant accounts in case of a repo transaction of delivery type.

In the event that on the day preceding the date of expiry of the repo transaction KELER does not get any instruction for extension of the repo (instruction by both Clients that can be matched), it will consider the repo transaction expired. On the financial side settlement of the repo interest and the purchase price is completed and on the securities side release of the blocked securities in case of repo transaction of general collateral type and debiting/crediting the securities concerned on the relevant accounts is completed in case of a delivery type repo transaction.

Should the party with a financial obligation of an expiring repo transaction fail to fulfill its payment obligation (fails to provide sufficient cover on the account), KELER will automatically credit the securities concerned to the account of the original buyer of the repo transaction after real time processing in case of a repo of collateral type, while the securities remain on the account of the buyer of the transaction in case of a delivery repo.

## **6.5. Settlement of transactions relating to CO<sub>2</sub> emission unit**

### **6.5.1. Introduction**

For Clients who have signed the respective form contract with KELER, KELER provides services for the settlement outside the BSE of CO<sub>2</sub> emission units. The emission units are transferred between the buying and selling parties through the account kept for KELER in the emission unit trading schedule.

Trading in CO<sub>2</sub> emission unit is settled on a gross value basis, under the principle of Delivery versus Payment, going from one transaction to the other.

### **6.5.2. Concluding the transaction**

The transfer of CO<sub>2</sub> emission unit involving movement of funds is performed on the basis of an independent order by the Client supplying or receiving the CO<sub>2</sub> emission unit which is to be submitted on the settlement note made available by KELER, free of all errors regarding form.

The Clients have the right to submit the settlement notes to KELER in an encrypted and signed e-mail or in an encrypted fax. The settlement note to be submitted by both parties will be matched by KELER. Only fully matched settlement notes can be submitted to further processing. Instruction submitted in unmatched settlement notes will be automatically cancelled by KELER at the end of the settlement day.

Any order submitted on a settlement note can be unilaterally cancelled by the Client before related booking entries are made.

### **6.5.3. Settlement of the transactions**

In case of settlement note submitted prior to the settlement day KELER attempts to match continuously the settlement notes from the date of receipt and in case of settlement note submitted on the settlement day, on the settlement day from time of receipt.

As a first step of settlement, the verification of cover is completed in terms of the CO<sub>2</sub> emission unit and if it is successfully completed, verification of financial cover is completed. If both sides of the deal are covered, settlement is completed. KELER does not make partial fulfillment.

The deadlines for submitting settlement notes, for providing cover and for settlement will be announced by KELER in the Clearing House Announcement on cut-off times to receive orders

and deadlines of performance.

#### **6.5.4. Verification of cover on the side of CO<sub>2</sub> emission unit**

The seller will provide cover for the CO<sub>2</sub> emission unit necessary for settlement of the transaction by transferring it to KELER's account kept in the emission unit trading schedule. When settling a transaction, the verification of cover relating to CO<sub>2</sub> emission unit is made at first. Verification of cover is made regarding the balance of the CO<sub>2</sub> emission unit transferred by the Client.

#### **6.5.5. Verification of financial cover and making booking entries**

The buying clearing member is obliged to deposit the cover of the purchase price on the own and client purchase price deposit sub-account kept with KELER, broken down by own and client cover by the required deadline and in the required way. Credit institutions have to deposit the HUF purchase price cover on KELER's central purchase price deposit account.

The verification of financial cover will take place after a successful verification of cover in terms of the CO<sub>2</sub> emission unit.

If necessary financial cover is available, the final and irrevocable financial fulfillment will be carried out on the cash accounts for this purpose, i.e. the Client on the buy side will be debited and simultaneously, the Client on the sell side will be credited.

#### **6.5.6. Transfer on the side of CO<sub>2</sub> emission unit**

Simultaneously with passing the booking entries related to the cash side final and irrevocable settlement on the side of CO<sub>2</sub> emission unit is performed, during which KELER transfers the quantity of CO<sub>2</sub> emission unit indicated in the transaction from its account kept in the emission unit trading schedule to the account of the buyer kept in the emission unit trading schedule.

The settlement of the transaction is finalized with the settlement of the CO<sub>2</sub> emission unit and the cash side, KELER sends advices the Clients thereon.

#### **6.5.7. Management of uncovered positions**

In case of default on the side of CO<sub>2</sub> emission unit or on the cash side, KELER calls the Client concerned to provide cover. If during the period available for settlement the cover is not provided, the transaction is qualified as uncovered and KELER will not try to settle it any more.

On the settlement day following the settlement period without any result, KELER will transfer back the CO<sub>2</sub> emission units of the seller and the financial cover of the buyer.

### **6.6. Settlement of compensation notes**

KELER CCP settles compensation notes transactions concluded at the BSE in accordance with the rules applicable to transactions with multinet settlement with the difference that receipt of compensation notes is not by KELER but by the investment firm, credit institution authorized by the issuer for this purpose.

The investment firm and the credit institution authorized to take receipt of compensation notes forwards by transfer the compensation notes delivered by it to the account of the beneficiary. For the transfer in addition to the main account code of four digits the sub-account code type „S”, i.e. S00000 or type „M”, i.e. M00000 are also to be given depending on whether the Client requests credit to its own or its Client's account.

In the course of registration of compensation notes KELER will not indicate the value provided for in the Compensation Act under nominal value of the compensation notes but the value of the denomination unit x number of pieces.

## **VII. Settlement of international transactions**

### **7.1. Settlement services for foreign securities**

#### **7.1.1. General provisions**

##### **7.1.1.1. Acceptance of foreign securities**

For the purpose of registration, management and international (cross-border) settlement of foreign securities KELER will conclude an account management agreement with the foreign custodian selected by KELER. Registration of securities in the portfolio of the Clients and their clients is completed at the outsourced account manager of KELER without segregation.

On the accounts kept by KELER the Client completes transaction by definition for its own account, unless the Client instructs otherwise.

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

In case of offering of foreign securities, KELER guarantees recording of the foreign securities under an individual contract concluded with the foreign custodian or clearing house.

If the issuer lists acceptable foreign securities on the BSE, at the written request of the issuer, KELER will issue a statement of acceptance for stock exchange settlement pursuant to the data registered by the foreign custodian.

The securities credited through the outsourced account manager appear on the securities account of the Client 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 outsourced account manager where broken securities due to various clients are recorded. KELER informs the client in e-mail 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 client amount to a round number of securities, KELER transfers the credited securities to the securities account of the client.

##### **7.1.1.2. „Multi-market” securities**

Securities issued in specific countries can be traded in several stock exchanges and markets – among others, at the BSE. Accordingly, such „multi-market” securities can be settled in the settlement systems of several central depositories serving the domestic and international markets. Transferring securities among different markets is possible within the framework of a „cross-border” settlement, subject to the links existing among the different settlement systems.

Despite the fact that securities represent the same rights regardless of the various markets, from a settlement and practical point of view they cannot be seen as identical. Securities generated in KELER’s system, or adopted and recorded therein from a certain capital market can be settled in the capital market of another country only after conversion among the security markets. However, due to the complexity of „cross-border” transactions, such conversion takes a longer time, which must be taken into consideration by the client when accepting a fulfillment deadline in another market. In addition, the client must also take into account the additional expenses arising during the conversion.

In the various markets differences may occur when processing corporate events relating to „multi-market” securities. This is due to the fact that intermediaries offering direct services to KELER in the individual markets might not offer the same conditions for participation in the specific corporate event.

### 7.1.1.3. Settlement of foreign securities

In the course of international settlements KELER allows the Client to settle transactions without payment (FOR, free of payment) and with payment (A/P, against payment). KELER settles orders on a gross basis, and forwards them without verification of cover and unvalidated to the outsourced account manager. Thus orders are subject to matching regardless whether sufficient cover is available at the client account. However, the condition of successful deal settlement is that the client 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 outsourced 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 fax) if orders cannot be submitted in the KID system. KELER forwards orders received from account holders to outsourced account managers in line with the FIFO (First In, First Out) principle, that is in the sequence of submitting. The cut-off times for receiving orders are detailed in the „Clearing House Announcement on cut-off times to receive and execute orders”.

KELER shall continuously forward to the Client any information provided by the outsourced account manager on the relevant transaction considerably influencing the status of the transaction to be settled. Subject to the service provided by the outsourced account manager, KELER will ensure for corporate events that the rights of the Client deriving from the securities concerned are not violated.

Regarding foreign securities transactions KELER distinguishes transactions as follows:

- a) transactions within KELER,
- b) transactions within the system of KELER's outsourced account manager (non-local market transactions), that is internal circle transactions, and
- c) 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 foreign custodian settlement of internal circle transactions is completed among the accounts kept in the system of the outsourced account manager of KELER, in line with the rules of the outsourced foreign account manager. If the custodian bank allows execution of a transaction involving several systems with the submission of one instruction, the fee of the relevant transaction may be different than the fee of internal transaction fees that is individually defined by the custodian bank.

For settlement of the "local market" transactions the outsourced account manager itself uses the services of additional account managers (subcustodians). Settlement of the transactions is primarily made in the system of this middlemen, according to the rules thereof.

Important information on settlement on so-called local markets transactions of various foreign markets and the cut-off times for submitting instructions are defined in the „Clearing House Announcement on cut-off times to receive and execute orders”. The Client is responsible to comply with the limitations and obligations (sanctions, taxes and interests) specified in the “Clearing House Announcement on cross border settlement of foreign securities” and to become familiar with the rules relating to the settlement of local markets not listed in the document.

Based on individual consideration KELER can decide to take into account certain circumstances (e.g. national holidays, local market bank holidays) and deviate from the gross settlement

process. KELER will take out the settlement of such transactions from automated processing and such transactions will be settled manually only, individual fees will be applied. KELER takes no liability for eventual damage, sanctions resulting from lack of knowledge of such information and will pass such damage and sanctions to the Client in all cases.

If in the course of transaction settlement the foreign custodian 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 fulfillment are fully available on the account of the Client in due time, in the interest of successful settlement.

## **7.1.2. Free of Payment (FOP) transactions**

### **7.1.2.1. Acceptance of foreign securities (transfer credit)**

In accordance with the data of the instruction for acceptance submitted by the Client, if necessary with observation of the rules of matching, KELER forwards the order to the outsourced account manager.

On the basis of the securities credit advice of the outsourced account manager KELER will credit the securities account/sub-account of the Client indicated in the instruction without delay.

### **7.1.2.2. "Delivery" of foreign securities (transfer debit)**

The Client may submit instruction for „delivery" of foreign securities for the foreign securities credited to its consolidated securities account.

The instruction is forwarded automatically, without verification of cover to the outsourced account manager as an unvalidated message, however, the transaction can be settled only after validation.

If the securities cover required for settlement is available at the account of the Client, securities will be blocked in the securities account. Following successful blocking of securities KELER validates the transaction and forwards the instruction to the outsourced account manager in line with the data of the order.

Based on the debit advice by the outsourced account manager KELER will release the securities earlier blocked for the transaction without delay and thereafter it will debit the consolidated securities account/sub-account of the Client indicated in the instruction.

## **7.1.3. Transactions against payment (A/P)**

Settlement of the foreign exchange side of transactions against payment is completed in line with the rules of the regulation on foreign exchange settlements.

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

In case of purchase transactions linked to issuance of securities the Client 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 the Client.

### **7.1.3.2. Purchase of foreign securities**

After acquiring the master data of the securities if necessary, KELER will forward automatically

as unvalidated messages to the outsourced account manager the foreign securities buy instructions submitted by the Client without verifying foreign exchange cover, however, transactions can be settled only after validation. When cover required for settlement is available on the cash account of the Client, blocking of the funds required is completed. Following the successful blocking of foreign exchange KELER will validate the transactions.

On the basis of confirmation of fulfillment of the transaction by the outsourced account manager KELER will release blocking of the foreign exchange and debit the relevant registration account of the Client with the amount concerned and on the securities side KELER will credit without delay the consolidated securities account/sub-account indicated in the instruction of the Client.

#### **7.1.3.3. Sale of foreign securities**

The Client may submit instruction for sale of foreign securities for the foreign securities credited to its consolidated securities account electronically that will be forwarded automatically by KELER, without verification of cover to the outsourced account manager as unvalidated message, however, transactions can be settled only after validation. When the cover required for settlement is available at the consolidated securities account specified by the Client, securities are blocked. Following successful blocking of securities KELER validates transactions.

Based on confirmation of the outsourced account manager for the transaction concerned, KELER will release without delay the securities blocked for the transaction earlier, and afterwards, it will debit the consolidated securities account/sub-account of the Client indicated in the instruction and simultaneously credit the foreign exchange account of the Client in the appropriate foreign exchange.

#### **7.1.3.4. Canceling foreign securities transactions**

Cancellation requests related to earlier submitted instructions will be processed depending upon whether the instruction submitted by the Client is forwarded to the outsourced account manager.

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

#### **7.1.4. Management of corporate events relating to foreign securities**

KELER shall ensure “participation” on all corporate events in respect of the foreign securities of the Client that are provided by KELER’s outsourced account manager for the securities concerned.

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

On the basis of information received from KELER’s outsourced account manager, 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 events of foreign securities are not (not necessarily) identical with the procedure rules applied for Hungarian securities.

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

#### **7.1.4.1. Corporate events 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 event, the securities or cash movements on their accounts will be effected automatically at the decision of the issuer.

#### **7.1.4.2. Voluntary/choice corporate events 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 event 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 case of corporate events if the Client has the opportunity to submit an instruction, KELER will proceed according to the instruction of the Client, if no instruction is available, according to the default procedure published in the information material of the corporate event relating to the respective securities.

If owing to a special corporate event, the Client has claim to cash compensation (e.g. compensation of fraction shares) KELER will execute recording of the compensation of the account of the Client only after the credit item is actually made to the account of KELER kept by the outsourced account manager.

Due to the characteristics of international custodian chains, non-segregated registration and rounding applied by the outsourced account manager for the corporate events, it cannot be excluded that in case of certain corporate events 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.

#### **7.1.5. Procedure relating to taxation**

KELER pays the yield paid in cash to the Client 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. Should there be no preferential tax rate the highest tax rate in use in the country of the issuer is applicable. KELER informs account holders on the possibilities and terms of applying preferential tax rates.

If preferential tax rates can be used KELER will inform account holders and will request to submit all document necessary that it will forward to the foreign custodian (e.g. W-8-Ben form and registration form for using preferential American tax rates). In order to identify the final beneficiaries KELER will forward allocation instructions to the foreign custodian bank for each preferential payment and will pass the transaction costs thereof to the account holders.

### **7.2. Settlement services for transactions made in the XETRA system**

#### **7.2.1. General provisions**

In cooperation with the BSE, KELER provides settlement services for the securities transactions made in XETRA system of the Deutsche Börse (hereinafter: XETRA transactions). Clearing of the XETRA transaction is performed by EUREX (the CCP clearing house of XETRA transactions), while settlement is completed by Clearstream Bank Frankfurt, the German central depository. KELER has a securities account with Clearstream Bank Frankfurt and concluded an agreement with a local credit institution (clearing bank) providing services for performance of clearing member and settlement bank functions.

The services provided by KELER for settlement of the XETRA transactions are subject to the services provided by third persons being in direct or indirect relationship with KELER, and for KELER's activity the respective regulations of such persons, in particular the exchange settlement rules of Deutsche Börse, EUREX (CCP Clearing House of the XETRA transactions), the clearing bank and Clearstream Bank Frankfurt are applicable.

The range of securities acceptable by KELER for XETRA settlement are determined by the securities acceptable in the XETRA System. The basic data of securities determine whether the rules on central guarantee provided by EUREX apply to the securities concerned. If central guarantee is provided for the settlement of the transactions relating to the securities concerned, then the fee for the settlement of CCP transactions is applicable for the transaction. If the securities are not subject to the central guarantee, the transaction fee will not be defined in line with the fee for CCP transactions. The securities appear on the consolidated securities account of the Client only as account receivables, physical delivery in and out is not possible.

KELER's Client trading directly through the XETRA system shall provide the documents necessary for opening an account and for acquiring trading right, based on which KELER will have the Client registered with the clearing bank. The XETRA transaction can be settled through KELER only thereafter.

For settlement of the transactions made in the XETRA system the Client has to open a dedicated sub-account (XETRA settlement sub-account) within the consolidated securities account of the Client maintained by KELER.

Verification of securities cover and fulfillment is completed in relation to this dedicated XETRA settlement sub-account.

The securities registered on the dedicated XETRA settlement sub-account are also registered at the clearing bank on a segregated sub-account.

Financial performance is completed through the EUR foreign exchange account of the Client maintained by KELER.

KELER will directly receive the transactions made in the XETRA system from its clearing bank, therefore the Client does not need to report these transactions to KELER. In accordance with the German market standards the dealt transactions are settled on the basis of a settlement cycle of T+2.

The Client is responsible for being aware of the German clearing and settlement rules for performance of XETRA transactions. KELER takes no responsibility for any possible damage, sanctions that may be arising from failure to comply with the above, and KELER will pass them to the Client.

The rules for settlement, account management of foreign securities credited on the basis of XETRA transactions within KELER are identical with the rules on securities issued in Hungary.

Submission of a cross-border settlement order relating to a dedicated XETRA settlement sub-account is not allowed through the electronic customer relationship system. KELER settles such transactions based on manual transactions.

The outsourced account manager differentiates two transaction types on dedicated accounts. There are transactions within the market, the so-called CASCADE transactions, in the course of settlement of which the outsourced account manager does not cross the borders of the given market. Transactions outside the market will be settled in the CREATION system.

### **7.2.2. Stock exchange settlements / fulfillments**

KELER will receive the list of transactions made in the XETRA system on T day from the clearing bank in the morning of T+1 day. Settlement of the XETRA transactions will be made for



the transactions included in this notification. KELER will forward the list of transactions to the Client in the morning of T+1 day in e-mail.

The XETRA system allows Clients to buy securities of Hungarian issuers directly from other markets. Once such transactions are settled KELER completes conversion to transfer the Hungarian securities to the Hungarian local market, the additional costs thereof will be passed to account holders.

#### **7.2.2.1. Acceptance of securities (purchase)**

KELER does not make any preliminary verification of cover in respect of purchase transactions. On the basis of financial debit advice of the clearing KELER will initiate debit entries against the Client's foreign exchange account, in the EUR equivalent amount of purchase transactions.

It is the responsibility and obligation of the Client to ensure that sufficient financial cover is available for its T day purchase transactions on T+2 day. The Client has to provide the cover as defined in the document entitled "Information on foreign exchange remittances to KELER". In case of insufficient cover the debit entries remain in the queue.

Parallel with the debit entries on the cash side, on the basis of the securities credit advice by the clearing bank and if the counter value of the transaction is available in due time KELER will credit the securities to the XETRA settlement sub-account of the Client.

#### **7.2.2.2. "Delivery" of securities (sale)**

KELER completes no prior verification of cover for sell transactions. Based on the securities side debit advice of the clearing bank KELER debits the securities account of the client with the number of pieces of securities stated in the sell transactions.

It is the responsibility and obligation of the Client to ensure that the necessary securities in respect of the transactions made on T day are available on its dedicated XETRA settlement sub-account maintained by KELER by 9:00 hrs on T+2 day.

On the basis of the securities debit advice of the clearing bank it takes the collateral securities from the Client's XETRA settlement sub-account. Simultaneously, it credits the Client's EUR foreign exchange account with the counter value of the transaction in accordance with the debit advice of the clearing bank relating to the cash side. In case of insufficient cover debit items are queued.

### **7.2.3. Handling defaults**

#### **7.2.3.1. General provisions**

KELER reserves the right to use any enforcing mechanism for the purpose of efficient settlement of the transactions that were made available to it by the clearing bank both on the securities and cash side, and to charge the Client with the costs thereof.

Since a XETRA transaction cannot be cancelled KELER reserves the right to cover all liabilities arising from the default as well as the costs of any compulsory provision that may be initiated by KELER and/or the clearing bank from the defaulting Client, from its collateral blocked as cover for the XETRA transactions or from the amount received as consideration for the relevant transaction. In the event that the collateral related to the XETRA transaction and the bank or securities side counter value of the settlement of the transactions do not cover the costs of the compulsory provisions and any other possible expenses incurred by KELER, KELER has the right to withdraw the free balance of collaterals of the Client and its own securities as a collateral and, if necessary, to sell them in compulsory sale.

KELER reserves the right to exclude the Client who defaulted repeatedly and to a large extent from the settlement system in the way that it requests the clearing bank to delete the defaulting member from the list of XETRA members submitted. As a consequence the clearing bank will

automatically refuse the settlement of the transactions made by the Client.

#### **7.2.3.2. Financial default**

In case of a purchase transaction use of the settlement facilitating mechanism is automatic, thus the transaction will be settled in the German market in case of sufficient securities cover provided by the seller, even if the Client does not have sufficient financial cover on the foreign exchange account kept by KELER. Therefore if a Client does not have sufficient EUR cover on its foreign exchange account for fulfillment of its securities purchase transaction after the deadline stipulated in these Rules, KELER has the right to block the securities deriving from the purchase transaction on the dedicated XETRA settlement sub-account indicating KELER as beneficiary and to handle them as collateral until financial settlement.

If the Client has provided the necessary cover in foreign exchange with some delay, after settlement of the expenses incurred in the meantime the Client can claim the securities deposited as collateral.

#### **7.2.3.3. Default on the securities side**

If a Client does not have sufficient securities cover on its XETRA settlement sub-account for performance of sell transactions by the deadline stipulated in these Rules, settlement of the transaction will fail on T+2 day either partially or entirely, and KELER will pass all expenses and compensation claims arising therefrom to the Client.

Should the requested securities be later available and if no enforcement mechanism is used that is offered by the clearing bank, KELER will take measures to fulfill the transaction in the next settlement round.

#### **7.2.4. Obligation to provide collateral**

The Client participating in the clearing and settlement service in relation to transactions made in the XETRA system has the obligation to provide daily collateral. The basic condition for using the services is the fulfillment of obligations for providing collaterals continuously and in due time.

The range, extent of the collaterals as well as any other details in respect of the collateral are laid down in KELER's Clearing House Announcement entitled "Collaterals of XETRA settlements".

KELER will have the daily collateral requirement determined by the clearing bank created by the Client but at least the minimum amount provided for in the Clearing House Announcement entitled "Collaterals of XETRA settlements".

KELER reserves the right to

- a) unilaterally increase collateral obligations of the Client being late in providing collateral, for an unlimited period of time,
- b) exclude from the settlement system the Client that is continuously late in performing or defaults in terms of meeting the obligation to provide collateral by requesting the clearing bank to delete the defaulting member from the list of XETRA members submitted by it. As a consequence the clearing bank will automatically refuse the settlement of the transactions made by the Client.

#### **7.2.5. Lending of securities**

For the purpose of facilitating XETRA settlements KELER may provide securities lending services to its Clients having a XETRA settlement sub-account under a special „General Agreement for Lending Securities“. The detailed rules relating to the securities lending are regulated in this General Agreement.

#### **7.2.5.1. Collateral for securities lending**

For securities lending KELER has the right to require a collateral from the Client and to unilaterally change the extent of the collateral during the term of the loan due to change of risks. The rules for granting collateral are regulated in the “General Agreement for Lending Securities”.

## **VIII. Other services provided by KELER**

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

#### **8.1.1. General provisions**

Members of GIRO and VIBER can establish bank card and securities limits by blocking securities defined by the NBH for this purpose on the securities account kept at KELER. Blocking for bank card and cash limits is completed under separate titles.

The Client 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 NBH.

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 favor of the NBH can only be made in relation to securities on the own account of the Client that are owned by the Client.

#### **8.1.2. Limit increase**

Limit increase is initiated by the Client 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 cover verification KELER will block the securities for the purpose of limit. KELER shall notify the NBH and the Client concerned on the blocking.

#### **8.1.3. Limit reduction**

##### **8.1.3.1. Automatic reduction of limit**

The limit value of the Client 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 NBH on the reduction of the limit on E-1 day, at the end of the daily limit blocking period.

##### **8.1.3.2. Reduction of limit at the instruction of the Client**

The Client 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 made according to the instruction of the NBH.

If the NBH notifies KELER that release of the blocked securities is allowed, KELER will release the blocking and informs both the NBH and the Client concerned thereon. In case of release of blocking of securities blocked for limit, partial fulfillment is not allowed.

### **8.2. KELER ensuring the possibility to exercise proprietary rights**

At the instruction of the issuer and/or the Client KELER will ensure the possibility of exercising the proprietary rights in respect of securities managed.

#### **8.2.1. Provisions concerning corporate events executed at the instruction of the issuer**

### **8.2.1.1. General provisions**

On a corporate event that can be executed according to these Rules KELER will inform Clients through the KID system.

If a corporate event cannot be executed according to these Rules, KELER will consult the issuer regarding the rules of procedure that are compulsory and will make them public in the KID system.

The shareholder registration requested by the issuer is for the whole amount of securities kept in custody at KELER on the record date.

The Client will provide ownership data to KELER regarding the amount of securities at its disposal.

The Client shall give the bank account number to KELER in advance for which all remittances concerning corporate events involving financial movement are requested to be made. KELER will have the indicated account number shown on the payment instruction to the issuer.

Should the Client fail to give its account number, KELER will give to the issuer in relation to corporate events with financial movement the number of the Client bank account kept with KELER.

The Client will be liable for eventual damage arising from failure to provide the cash account number.

Maintenance of the register of shareholders can be performed for individual issuers under different rules. The issuer is responsible for calling the shareholders' attention to the special rules relating to the register of shareholders concerned, including provisions defined by KELER.

Blocking of securities in favor of the NBH can only be completed for securities on the own account of the Client that are in its property.

## **8.2.1.2. KELER ensuring the possibility to exercise proprietary rights of shares**

### **8.2.1.2.1. General provisions**

In case of a corporate event involving payment (payment of dividend, payment of interim dividend and share dividend) the issuers of all public shares are obliged to require shareholder registration from KELER.

In case of a corporate event at least 10 business days must pass between the date of the general meeting and the initial date of payment of dividend.

The Client can submit its intention to participate in any corporate event involving blocking of an account for securities at the latest until 16:00 hrs on E-5 day by fax or until 10:00 hrs on E-4 day through the electronic customer relationship system. On the basis of blocking instruction KELER will block the amount of securities indicated by the Client from E-4 day to E day. Following E-4 day at the express request of the Client thereto KELER releases the blocking, otherwise blocking is automatically terminated after E day.

In case of all corporate events involving registration of shareholders the Client can submit the data of shareholders wishing to enforce their rights against the issuer at the latest until 15:00 hrs on E-4 day in the KID system or personally between 10:00 hrs and 15:00 hrs on a standardized data carrier to KELER. Data is to be provided in the format and with content of data determined by KELER.

### **8.2.1.2.2. Announcing the corporate event**

The issuer is obliged to advise KELER on any corporate event immediately after making the decision on the corporate event, at the latest until the fifteenth settlement day preceding the date of the corporate event. If the issuer fails to fulfill or fulfills this obligation only with delay, it will be responsible for any losses that may arise therefrom.

#### **8.2.1.2.2.1. Preferential days of the corporate event**

During execution of the corporate event related to shares the following days are considered preferential days:

- E-10 day: the deadline for sending the order regarding the corporate event to KELER. If the issuer fails to meet or is delayed in meeting this obligation, the issuer will be responsible for resulting eventual damage.
- E-8 day (cum date): in case of equities listed on the BSE the last day of trading when ownership rights related to the corporate event are bought and sold together with the securities.
- E-5 day (record date): the shareholder is entitled to exercise proprietary rights if it is registered on this date as the holder of the equities. This is the last day when equities with the due coupon can be delivered in and out.
- E-4 day: the day of transferring the data of the shareholders to KELER. On this day the securities are already delivered in and out without the due coupon. Should the Client still deliver the securities to KELER with due coupon, as a service for payment of a fee KELER will cut the coupon and returns the securities.
- E-2 day: submitting the shareholder registration to the issuer or its agent (and in case of corporate event with payment the payment instruction is submitted also).
- E day (event date): day of the corporate event.

The issuer can suggest that rules deviating from the above procedure are formed.

### **8.2.1.2.3. Identification of the shareholder by the Client**

Should there be no other instruction by the issuer, on E-4 day the Client shall transfer to KELER the data of the shareholders wishing to enforce their rights against the issuer through the KID system or on a standardized data carrier.

The shareholder of a public company limited by shares that refuses to approve the registration in the register of shareholders cannot exercise its proprietary rights according to the prevailing regulations.

If the aggregate position of the named clients given to KELER by the Client is higher than the aggregated position of the Client concerned on the record date, KELER will not complete shareholder registration. KELER notifies the Client thereon in the KID system or returns the standardized data carrier to the Client without recording.

The Client is obliged to provide KELER with the necessary data by the indicated date in the format required by KELER. If this is not done or is done with some delay, KELER will complete shareholders registration only for the data submitted by the securities account managers within the deadline. KELER assumes no liability for eventual losses arising therefrom.

Should there be no other instruction by the shareholder of a public company limited by shares or its proxy the Client consents to KELER providing to the issuer the data related to equities of securities accounts kept by the account manager.

KELER does not assume any responsibility for the data provided by the Client, it will forward them to the issuer with unchanged content.

#### **8.2.1.2.4. Processing shareholders registration**

Files received through the KID are processed continuously. In case of erroneous items, KELER notifies the Client on the reason of error in KID. After correction of the error the file can be submitted again.

Files are accepted by KELER until 15:00 hrs on E-4 day, also in case of files corrected.

If KELER receives erroneous files by 15:00 hrs on E-4 day, KELER notifies the submitting Client in fax or in KID that the submitted data of shareholders cannot be processed, in this case the Client may forward the data of shareholders directly to the issuer or its agent.

#### **8.2.1.2.5. Allocation**

In case of both dematerialized and physical shares KELER does not perform allocation by number of denomination units, allocation is exclusively made in terms of number of denomination units.

On E-2 day the number of basic denomination units linked to individual shareholders is forwarded to the issuer or its agent on a standardized data carrier.

The standardized data carrier contains authentic data.

In case of non-identified positions KELER will report the aggregate position without name and mark it as non-identified.

#### **8.2.1.3. KELER ensuring the possibility to exercise proprietary rights of debt securities**

At the order of the issuer or its agent, KELER will participate in execution of the payment on the due date (interest payment, principal repayment, payment of interest and principal, payment at maturity) and will perform shareholder registration for the debt securities kept at KELER.

#### **10.2.1.3.1. Preferential days**

- a) E-9 day: closing date for sending the application for shareholder registration to KELER. Should the issuer fail to fulfill this obligation or fulfill it with some delay, the issuer is liable for any damage that may arise therefrom.
- b) E-4 day (cum date): in case of debt securities listed on the BSE the last trading day when the purchase and sale is performed with right to the due date concerned.  
E-2 day (record date): persons are entitled to payment and are registered as owners if at the end of this day the securities concerned appear in their accounts.
- c) Accordingly, if participation in the event concerned is intended this is the day when until closing time operations can be performed on the securities accounts.
- d) E-1 day: date to submit data of holders to KELER in case of shareholder registration.
- e) On E-1 day KELER forwards the payment instruction to the issuer or its agent, it contains by Client the cash account number submitted earlier by the Client that is to be used for making payments related to the event.
- f) On E day KELER forwards the shareholder registration to the issuer or its agent if the issuer requested KELER to complete it.
- g) E day (event date): date of payment and date of registration of holders by the issuer.

The issuer may propose to establish a procedure other than described above.

#### **8.2.1.3.2. Special provisions for shareholder registration**

The Client may submit the data of the holders wishing to enforce their rights against the issuer in the format and content of data determined by KELER at the latest by 15:00 hrs on E-1 day in KID or from 10:00 hrs to 15:00 hrs personally, on a standardized data carrier.

In case of payment KELER does not accept blocking for the accounts of the securities concerned.

#### **8.2.1.4. Ensuring the possibility to exercise proprietary rights of investment units**

In case of investment units managed KELER participates in the execution of payments at the due date (yield, advance yield, principal repayment, expiry) at the written order of the issuer.

Preferential days relating to the due date:

- a) E-8 day: deadline to submit application to KELER for payment. If the issuer fails to meet this obligation or is delayed in meeting it, the issuer will be liable for eventual damage resulting therefrom.
- b) E-6 day (cum date): in case of securities listed on the BSE this is the last day when sale and purchase is with the right to the payment concerned.  
E-3 day (record date): persons are entitled to payment on the due date if they are the holders of the securities concerned at the end of this day.
- c) Accordingly, the last time when operations can be implemented with rights to the due date on the securities accounts is the end of his day.
- d) On E-2 day KELER shall forward the payment instruction to the issuer or its agent, it also contains the cash account numbers by Clients as indicated by the individual Clients earlier on a form standardized for this purpose for making payments related to the event.

The issuer may propose to establish a procedure other than described above.

#### **8.2.1.5. Handling investment units of a closed-ended investment fund at expiry**

##### **8.2.1.5.1. Investment units of an investment fund transforming from a closed-ended one into an open-ended one**

The issuer of the investment unit shall inform KELER in writing at least fifteen days before expiry of the closed-ended investment fund on the fact that the closed-ended investment fund is going to transform into an open-ended one and shall also give the date of repayment of the yield and the capital and the terms of conversion.



The last BSE trading day for the investment unit is the third settlement day (E-3 day) before expiry (E day). Persons registered as holders of the investment unit on the last settlement day, on E day, after settlement is finalized are entitled to payment related to the investment unit of a closed-ended investment fund and to the investment unit of open-ended investment funds in the course of conversion.

Dematerialized generation of the investment units of the open-ended investment fund created by conversion is completed on E day.

#### **8.2.1.5.2. Handling investment units of a closed-ended investment fund not transforming into an open-ended one at expiry**

Expiry of the investment units of a closed-ended investment fund not transforming into an open-ended one and the payment (due date) for such investment units are different.

The issuer of the investment unit is obliged to inform KELER in writing at least fifteen days before expiry of the closed-ended investment fund on the fact that the fund will not transform into an open-ended one and to request KELER to consider the expiry of the closed-ended investment fund as a technical expiry and not maturity relating to the investment units. In this case the investment units remain on the securities account managed by KELER also after expiry of the closed-ended investment fund.

When making final settlement of the closed-ended investment fund the issuer of the investment unit shall inform KELER in writing on the date when the yield and the capital will be repaid. KELER will publish the due date in KID.

KELER is not liable for any damage arising from failure to fulfill or delayed fulfillment by the issuer of the investment unit the obligations provided for in the above points.

#### **8.2.1.5.3. Handling investment units at expiry of an open-ended investment fund with maturity**

The issuer of the open-ended investment fund with maturity is obliged to inform KELER in writing at least fifteen days prior to expiry of changes after the expiry of the fund. The information will contain whether the fund transforms into a fund for indefinite term and the method of meeting the obligations at expiry related to the investment units. The investment units of the open-ended investment fund with maturity will remain on securities accounts until the investment fund is cancelled from the registration by the Supervisory Authority.

KELER is not liable for any damage arising from failure to fulfill or delayed fulfillment by the issuer of the requirements specified for open-ended investment funds with maturity.

#### **8.2.1.5.4. Special rules on investment fund units with maturity**

KELER blocks the units of investment funds with maturity from payment day until the cancellation day of the investment units. At least five business days prior to payment the fund manager, if the fund manager is unable to do so due to liquidation or other reasons the custodian is obliged to inform KELER in writing on the starting time of payment.

If the fund manager wishes to make a partial payment to investors from the counter value of assets sold or against the positive balance of the bank account of the investment fund, the fund manager is obliged to inform KELER at least five business days prior to partial payment. KELER blocks investment units from the day of partial payment until the day net asset value is published after payment.

### **8.2.2. Exercising proprietary rights at the request of the Client**

At the request of the Client KELER shall make an individual registration in the register of shareholders and issues a certificate of ownership.

#### **8.2.2.1. Completing the individual registration requested by the Client in the register**

## **of shareholders**

The Client may request registration in the register of shareholders in relation to the securities in its custody.

The Client shall apply for individual registration in the register of shareholders at least six settlement days before the due date indicated by the Client (on E-6 day until 16:00 hrs) on the form used for this purpose and submitted by fax.

Based on the application of the Client KELER will block the amount of securities indicated by the Client on the securities account from E-4 day to E day.

KELER shall forward the shareholders data indicated by the Client on E-4 day to the issuer on E-2 day on a standardized data carrier.

### **8.2.2.2. Issuing the certificate of holders by the Client**

In order to ensure that the Client is able to exercise its proprietary rights KELER issues a certificate of holders as provided for in Paragraph 212 of the Companies Act.

The Client may request the issuance of certificate of holders in relation to the dematerialized securities owned. Once the certificate of holders is issued KELER records changes in the account related to the shares only with the simultaneous withdrawal and annulment of the certificate of holders.

## **8.3. Retrospective shareholders registration**

For dematerialized equities at the order of the Supervisory Authority or the written order of the issuer KELER completes retrospective shareholders registration. KELER will announce retrospective shareholders registration in KID.

Retrospective shareholders registration can be requested exclusively from the effective date of 1 July, 2006 of the amendment of the Tpt., for the record date of events starting with this date.

### **8.3.1. Retrospective shareholder registration at the order of the Supervisory Authority**

At the order of the Supervisory Authority retrospective shareholder registration can be completed that is to be made based on the data effective at the time specified in the order of the Supervisory Authority.

The securities account manager is obliged to provide to the central depository the identification data and the number of shares held of securities account holders that hold the dematerialized shares specified at the time stated in the order regarding the shareholder registration. KELER makes shareholders registration for the data submitted by the securities account managers until the time stated by KELER.

### **8.3.2. Retrospective shareholder registration at the request of the issuer**

If shareholder registration is completed at the request of the issuer the securities account manager forwards to the central depository the identification data and the number of shares held of securities account holders that hold the dematerialized shares stated at the time stipulated in the order of the issuer and in case of a public company did not give an instruction to prohibit their registration in the register of shareholders and did not request their cancellation.

## **8.4. Securities lending**

KELER operates a securities lending system for the purpose of bridging any uncovered position on the securities side arising when settling the transactions of the Clients. The securities lending system operated by KELER constitutes part of KELER's settlement system.

In case of an open-ended securities loan the borrower is obliged to perform before expiry.

Any stipulation made in respect of the interest rate after lending is invalid.

In case of suspension of the license of operation of the Client, and of launching bankruptcy, liquidation proceeding against the Client, and in case of violating the rules of lending the securities loan is considered expired and it becomes due.

If a corporate event involving payment is held for certain securities, according to the applicable rules the current payment (at the record date) will be effected to the holders, consequently if there is an open loan transaction for such securities the lender will not receive direct payment.

For compensation thereof KELER runs automatic mechanisms.

For loan transactions with open status at the record date KELER will automatically debit the bank account of the borrower (cash account kept with the NBH or cash account kept with KELER) with the gross payment value calculated for the securities borrowed. The amount collected in this way will be credited to the bank account of the lender as compensation. Crediting compensation is exclusively based on the amount collected.

KELER provides securities lending services against a separate fee.

KELER operates three types of lending services:

- pool-based lending,
- trilateral securities lending,
- securities lending transaction made with KELER.

#### **8.4.1. Pool-based securities lending system**

For ensuring performance of multilateral net settlements on the securities side KELER operates a pool-based closed-ended securities lending system. Pool-based lending is anonym, i.e. neither the lender nor the borrower knows the other counterparty, the transaction is established between them with the cooperation of KELER.

KELER operates the lending system, the related account system, registers loan transactions, provides daily evaluation and collateral management for the securities involved.

Free securities of the individual Clients as potential lenders, submitted to the pool-based lending system (deposited on pool sub-account) can be involved in lending.

The lender can involve both own securities and securities held by its clients in the lending. In this latter case, the lender is to have a written declaration from the holder of the securities for this purpose.

The lender is responsible for failure to request this declaration.

Any Client with a securities sub-account marked pool (hereinafter: pool sub-account) with KELER depositing marketable securities on the above sub-account and declaring that its General Business Conditions contain the rules on securities lending can be a lender.

Borrowers can only be clearing members participating in multilateral net settlement.

KELER opens sub-accounts named pool own and pool client sub-account for all Clients having a securities account.

The holder of pool sub-account notifies KELER by transferring to these sub-accounts that the securities registered on the pool lending sub-account can be used for lending.

Securities deposited on pool sub-accounts can be freely transferred, blocked and involved in settlement based on gross value.

The aggregated pool quantity of securities available for lending on the relevant day is the equivalent of the aggregate free securities balance of the pool sub-accounts of the Clients.

##### **8.4.1.1. Concluding a lending transaction**

If during multilateral net settlement there is no sufficient cover for the securities transactions of T day, KELER will attempt to ensure the quantity of securities necessary for the settlement by operating the pool-based lending system. The lending process begins after the uncovered position is declared.

#### **8.4.1.2. Limit monitoring in the lending system**

The lending system operates with the following limits:

- a) maximum 10 % of the quantity issued of a specific series of securities can be subject to lending at any point in time,
- b) no loan exceeding 2 % of the quantity issued from a specific series of securities can be granted for a clearing member.

Should the demand for lending not reach the lending limit, the lending process continues with the allocation. If the demand exceeds the above limit lending cannot be performed and KELER will execute the compulsory provisions related to default on the side of stock exchange securities.

#### **8.4.1.3. Principles of allocation**

After the limit checking is completed KELER checks if the necessary quantity of securities is available on the pool account for lending. If the available quantity of the securities concerned exceeds the required quantity, KELER will select the lender randomly, by a drawing process built in its computer system. If the quantity of securities deposited in the pool by the Client selected in this way is not sufficient, KELER will draw new and new lenders until the existing shortage of securities is totally covered.

If several clearing members are in default at the stock exchange in respect of the securities concerned on a specific day and the total quantity cannot be provided from the pool, KELER proceeds from the default of the smallest amount to that of the largest amount and attempts to ensure by the above procedure that as few deals are uncovered as possible.

If the securities in the pool are not sufficient, with regard to the fact that partial fulfillment is not allowed, lending cannot be effected and KELER will perform further compulsory provisions in relation to the stock exchange settlements.

#### **8.4.1.4. Rules of providing collateral and control**

The borrowing member shall give a collateral for the securities borrowed. The loan collateral can be created in securities, by a bank guarantee in HUF or in foreign exchange.

The collateral provided in cash must be deposited on the collateral sub-account of the cash account.

The borrowing member can deposit only its own funds on this sub-account.

KELER will evaluate the securities lent every day and accordingly it will calculate the collateral of the loan every day. The basis of calculation of the collateral is the value of borrowed securities calculated at the prevailing closing stock exchange price. If no stock exchange deal is made on the day preceding a specific day for the securities concerned, KELER has the right to determine a theoretic price/rate.

The value of the collateral is 120 % of the value of the securities borrowed and calculated as defined above.

The loan can only be disbursed if the borrowing clearing member has sufficient lending collateral, calculated by taking into account the securities to be borrowed.

KELER shall transfer the relevant securities from the pool sub-account of the lender selected in the course of allocation to the stock exchange settlement securities sub-account of the defaulting stock exchange member.

Thereafter settlement of the regulated market transactions of T day continues as defined herein.

At the end of the cycle of the securities concerned, the lent securities must be transferred back to the account previously showing a shortage, marked with the starting date of lending.

#### **8.4.1.5. Rules of providing loan collateral, daily revaluation**

If due to shift of price of the securities borrowed the collateral of a clearing member created for pool-based lending is not sufficient, it has to provide additional collateral. Deadline for providing additional collateral 10:00 hrs of the settlement day following the day concerned.

The securities deposited as collateral are blocked with KELER as beneficiary. Securities, bank guarantees and foreign exchange are accepted in line with the prevailing Terms and Conditions on Acceptance.

#### **8.4.1.6. Closing of the loan transaction**

Maximum period of the automatic lending is three settlement days. The borrower can close the loan transaction any time during the loan term by transfer operation related the consolidated securities account previously showing a shortage, marked with the starting date of lending.

#### **8.4.1.7. Compulsory provisions related to lending**

KELER will effect compulsory provisions related to lending against the borrower if

- a) following notification by KELER on any day the borrower fails to meet the obligation to provide increased collateral,
- b) on the date of expiry of the loan the borrower fails to return the securities borrowed prior to the start of BSE or EuroMTS trading.

In case of default KELER will withdraw the loan collaterals after 16:00 hrs of the relevant day and notify without delay the defaulting member thereon. Afterwards KELER will attempt to acquire the defaulted securities.

In the defaulted securities cannot be obtained within three business days after default, KELER will compensate the lender at 105 % of the gross closing stock exchange price/rate (or if this is not available, the price/rate determined by KELER) against the collaterals of the defaulting clearing member.

Should the collaterals of the defaulting clearing member not provide sufficient cover for purchase of the missing securities and compensation of the lender, KELER will try to collect the remaining amount during three settlement days.

- a) by prompt collection in case of a clearing member having a cash account,
- b) and by high priority debit order through VIBER in case of a cash account maintained by the NBH.

If it is not successful KELER will initiate the necessary legal proceedings.

KELER has the right to exclude the Client defaulting three times within a calendar year from the lending system.

#### **8.4.1.8. Rules of fee payment relating to the loan**

After deduction of the costs of transfer that may arise KELER will remit the fees collected to the accounts indicated of the lenders.

50 % of the fee paid by the borrower is due to the lender, 25 % is due to KELER operating the lending system. The remaining 25 % is transferred to a segregated loan fund.

The amount paid to the loan fund will be distributed by KELER among the owners of the fund, the holders of the pool sub-accounts on the basis of average stock of securities deposited on the pool sub-accounts that can be involved in lending, at the end of each year.

#### **8.4.2. Trilateral securities lending**

Trilateral lending is not automatic but named. The lender and the borrower choose each other. The clearing members make the loan transaction by assessing risks, KELER registers and manages collateral only. Settlement of the transaction is effected by real time processing. The trilateral loan can be closed-ended or open-ended. Maximum period of trilateral lending is 365 days.

In case of a closed-end loan transaction the contracting parties determine the date of expiry when opening the transaction.

A loan transaction is qualified open-ended if the contracting parties do not determine the date of expiry when concluding the deal.

##### **8.4.2.1. Participants of the lending system**

The lender can be any Client having a securities account.

The lender can involve both own securities and securities held by its clients in the lending. In this latter case the lender has to obtain a written declaration from the holder of the securities for this purpose.

The lender will be responsible for failure to obtain the above declaration. Trilateral lending is related to the consolidated securities account of the lender.

The borrower can be any Client having a securities account with KELER who complies with the conditions of the loan transaction.

In the trilateral lending transaction KELER shall execute the necessary account operations, registration of the transaction, monitoring collateral level, eventual compensations for the lent/borrowed securities relating to corporate events as well as the compulsory provision for default in accordance with the agreement between the lender and the borrower.

##### **8.4.2.2. Terms of lending**

The terms of lending (offer) is determined by the potential lending account holders. The lender shall input the most important terms of the offer in the electronic communication system (KID) provided by KELER as follows:

- a) individual identifier of the loan transaction,
- b) securities that can be lent,
- c) percentage of loan collateral
- d) range of securities acceptable as collateral,
- e) percentage value of the uncovered position, indicating the revolving period,
- f) indication of the withdrawal period,
- g) lending fee,
- h) the possible borrowing Clients,
- i) type of expiry,
- j) convertibility of loan collateral.

One lender can make several offers for loan. The offer submitted will be recorded under an individual identifier of the loan transaction.

The loan conditions fixed earlier can be cancelled by the lender.

##### **8.4.2.3. Offers available for the borrower**

If the Client searches for lending offers for certain securities in the electronic terminal it can see the details of the lending offers only that are available for it, that is where the Client is shown as a potential borrower. The borrower shall choose the lending offer that is found most favorable by comparing the conditions of the offers.

#### **8.4.2.4. Agreement between the borrower and the lender, forwarding the loan transaction to KELER**

After selection of the offer the borrower contacts the party making the offer and checks if the offering party has the sufficient quantity of the securities concerned. If they have succeeded in making an agreement, the lender and the borrower submit an order for loan (contract note) to KELER through KID.

The contract note shall include the following details:

- condition identifier of the referred loan,
- description and quantity of the securities to be borrowed,
- primary account code and sub-account numbers for the securities concerned (in case of a lender where securities are lent from, in case of a borrower the account where securities are to be received),
- description of securities or financial amount, quantity and sub-account (sub-accounts) that are offered as collateral of the transaction (collateral),
- the fee of the loan transaction, and
- information on loan expiry (in case of fixed expiry also the date of expiry).

KELER will match the orders for loan submitted by the lender and the borrower. Only matched transactions can be processed thereafter. At the end of the real time processing period the transaction that is not matched will be cancelled.

#### **8.4.2.5. Verification of cover**

KELER verifies cover for the matched transaction. In the course of verification of cover KELER verifies cover at the lending Client first on the main and sub-accounts indicated and preliminary blocking is also completed.

After successful blocking KELER will check if the assets indicated as collaterals in the contract note are in compliance with the relevant mutual condition, i.e. collateral is created only for the given assets as well as if the collateral value of the indicated securities are sufficient for loan collateral purposes.

The collateral assets will be blocked on the indicated accounts for the securities lending transaction concerned with KELER indicated as beneficiary.

#### **8.4.2.6. Concluding the transaction**

After successful verification of cover and collateral provision the loan transaction is concluded: KELER debits the securities account of the lender (after release of the preliminary blocking) and then it credits the securities on the account indicated by the borrower. The Clients can follow their securities loan transactions through their KID terminal.

#### **8.4.2.7. Collateral calculation and control during the term of the lending transaction**

KELER shall evaluate the lent securities every day. If as a consequence of the daily price change the earlier created collateral is either more or less than the collateral requirement (also observing the tolerance level specified for the relevant loan transaction) KELER will notify both the lender and the borrower. In case of an excess collateral the borrower is entitled to release assets from the collateral (based on the instruction sent to KELER for this purpose) as long as the total value of the collateral reaches at least the value of the required collateral.

In case of insufficient collateral the borrower has the opportunity provide the necessary

collateral with reference to the individual identifier of the loan transaction, with KELER as beneficiary on the relevant value date until the end of real time processing.  
For the blocking instruction submitted KELER checks first if the assets to be blocked are in compliance with the terms of the loan.

If they are in compliance with the terms and the quantity indicated on the relevant account is available KELER will perform the blocking, otherwise it will refuse the blocking instruction.

#### **8.4.2.8. Compulsory provisions due to default related to collateral**

If at the end of the real time processing the required amount of collaterals is not available for the transaction concerned KELER will make compulsory provisions. When doing so KELER will withdraw the collaterals created for the relevant loan transaction, with simultaneous notification to the lender, and transfers the loan collateral to the account of the lender, to the main or sub-account from which the securities loan transaction was originally completed.

#### **8.4.2.9. Closing the trilateral securities lending**

Before expiry of the closed-ended loan transaction closing can be made by the borrower by returning the securities as well as by the lender, by withdrawal. The transaction may be extended before expiry. The borrower can close an open-ended loan transaction by an instruction to be submitted in respect of the consolidated securities account indicated as well as the lender can withdraw the securities lent during the term of the loan at any time, thus determining the expiry date of the transaction.

If the transaction is not closed at the date of expiry, compulsory provisions will be made in relation to the lending system in line with Point 8.4.3.3.

#### **8.4.2.10. Extending the closed-ended securities loan**

In case of a closed-ended securities loan the loan transaction can be extended during the original loan term and a closed-ended transaction can be transformed to an open-ended transaction under identical (matched) instruction by both counterparties (lender, borrower). This can be made until closing the real time processing on the day of expiry.

#### **8.4.2.11. Expiry of a closed-ended loan**

During real time processing on the expiry date of the closed-ended securities loan the borrower has to make the securities borrowed available for returning. If the borrower did not submit any instruction for returning the securities before the expiry, the settlement of repayment of the loan will be made automatically. In parallel with repayment of the loan, also the collaterals blocked for the current transaction will be released. If the borrower fails to make the securities borrowed available on its securities account indicated by closing time of the processing, KELER will make compulsory provisions.

In the course of compulsory provisions KELER will withdraw the collaterals created for the relevant loan transaction, with simultaneous notification to the lender, and transfers the loan collaterals to the account of the lender to the main or sub-account from which the securities loan transaction was originally made.

#### **8.4.2.12. Withdrawal of the loan by the lender**

A trilateral closed-ended securities loan transaction can be closed before expiry by an instruction of withdrawal by the lender, while in case of an open-ended transaction the expiry date is determined by the lender in this instruction.

Based on the withdrawal KELER will notify the borrowing account holder, indicating the number of days available for repayment in line with the terms of the loan. During the period of withdrawal KELER sends a notification to the borrower every day. The withdrawn loan transaction becomes an expired transaction on the last day of the period of withdrawal and



KELER will proceed as specified in the rules of settlement for closed-ended loan transaction at expiry.

#### **8.4.3. Securities loan transaction made with KELER**

The Client may conclude a securities loan contract with KELER under a separate agreement in line with the provisions stated herein. Issues not regulated in the separate securities lending agreement will be governed by the provisions of these Rules.

KELER is entitled to make securities loan transactions both as lender and borrower.

Thereafter KELER as well as the Client are referred to as lending and borrowing party, respectively, as defined in the loan agreement.

##### **8.4.3.1. Concluding a securities loan contract**

The Client shall make an application for granting or requesting a securities loan to KELER on the phone. On the basis of matching data on the phone the securities loan contract is not concluded yet. The Client has to submit a loan contract note to KELER according to the template used by KELER for this purpose, with the conditions agreed on the phone.

If any of the parties fail to submit the loan contract note or the terms of the loan contract note are not matching, the loan contract will not be concluded.

A securities loan contract is concluded if:

- both the Client and KELER submit the OTC loan contract note and their conditions are matching, and
- the collateral specified on the loan contract note has been blocked on the account of the borrowing party with the lending party indicated as beneficiary, and
- the securities being subject to the loan are available on the securities account of the lending party.

Securities expiring during the term of the securities loan transaction cannot be the subject or collateral of the securities loan transaction.

The maximum term of securities loans is one year.

##### **8.4.3.2. Fulfilling the securities loan contract**

Assignment of the securities being the subject of the loan can be made by transfer of securities by debiting or crediting the securities account maintained by KELER.

The borrowing party is obliged to return the securities being the subject of the loan to the lending party on the date of expiry of the loan. Borrowed securities shall be returned by KELER attempting to debit the securities account or sub-account of the borrowing party on the day of expiry at a previously announced time to which the securities being the subject of the loan were credited when making the loan transaction.

If the securities account has sufficient cover for the debit returning of the securities being subject of the loan is made automatically to the securities account or sub-account of the lending party which was debited when making the loan transaction.

Should the loan expiry date be a non-business day of KELER the date of expiry is the next settlement day.

If the borrowing party wants to return the securities being subject of the loan before the date of expiry, the borrowing party can do so by submitting an instruction in the electronic customer relationship system.

Unless otherwise agreed upon by the lender and the borrower partial fulfillment is not allowed in respect of the securities loan.

### 8.4.3.3. Collateral of the securities loan

On the extent of collateral of the securities loan and on the investment assets serving as collateral thereto the Client and KELER will agree in a separate agreement, on the loan contract note.

The prevailing closing stock exchange prices of the securities being subject of the loan constitute the basis for calculation of the necessary collateral.

The investment assets serving for collateral are evaluated by KELER in line with its Terms and Conditions on Acceptance. KELER informs the Clients in KID if collateral of the transaction does not reach the necessary value reduced by the value of tolerance.

If the value of collateral blocked on the account of the borrower falls below the value of the necessary collateral reduced by the tolerance level, the borrower is obliged to supplement the value of collateral to the extent of the necessary collateral on the day of receipt of information thereon. The borrowing party has the opportunity to supplement the collateral of the loan by submitting the „Loan Contract Note Amending Collateral” in KID.

Based on the „Loan Contract Note Amending Collateral” KELER will block the collateral supplement with the lender indicated as beneficiary if the securities account of the borrower provides sufficient cover therefore.

Should the borrowing party fail to meet its obligation for supplementing the collateral in due time, the lending party is entitled to terminate the loan transaction and to satisfy its past due claim from the collateral.

The investment assets blocked as collateral of the loan transaction with the lender indicated as beneficiary serve as bail. The lending party is entitled to directly satisfy its past due claim arising from the loan transaction, including in particular, without limitation, claim for compensation and penalty for delay, from the investment assets serving as bail if the borrowing party fails to meet obligations arising from the loan transaction.

If at expiry of the loan securities being subject to the loan cannot be returned due to insufficient cover on the securities account of the borrowing party, KELER will automatically withdraw the investment assets serving as collateral from the account of the borrowing party and credit them to the account of the lending party.

In this case the parties to the loan transaction are obliged to settle accounts with each other in the way as agreed upon, within three settlement days following expiry.

Yields of the securities blocked as collateral (interest, dividend, etc.) or principal repayment of the loan are due to the lender until the expiry date of the securities loan. Should the rights included in the collateral securities change due to a decision by the issuer (e.g. change of nominal value, change in method of production, etc.) the securities replacing the former securities will serve as collateral of the securities loan and will be blocked.

If the securities being subject to the loan are fully returned to the lender and all other obligations arising from the loan (e.g. fee payment, payment of compensation) are fully met, the bail will be released from blocking.

Should the borrowing party fail to return the securities being subject of the securities loan at expiry of the loan as provided for in these Rules and the special agreement on securities loan, any yield (interest, dividend, etc.) and also the principal repayment of the collateral withdrawn will serve as bail to the securities loan and the lender can be compensated from these amounts also.

The borrowing party has the right to replace the collateral investment assets by any other investment asset previously accepted by the lender. Replacement of the collateral granted by the borrowing party can be made by submitting the „Loan Contract Note Amending Collateral” in

KID.

#### **8.4.3.4. Fee of the securities loan**

The borrowing party is obliged to pay a loan fee as agreed mutually by the parties to the lending party under an invoice issued by the lending party, within eight days from receipt of the invoice.

The lending party is entitled to the fee calculated for the full loan term also if the borrowing party returns the securities being the subject of the loan before expiry or the loan expires before the original date of expiry (e.g. termination by the lender for delay).

In addition to the agreed loan fee KELER as operator of the lending system is entitled to a one-time loan transaction opening fee as provided for in the Fee Schedule, regardless whether KELER participates in the loan transaction as a lending or as a borrowing party. KELER shall invoice the above loan transaction opening fee to the Client monthly, in arrears.

#### **8.4.3.5. Delay**

Should the borrowing party be in delay in returning the securities being the subject of the loan as provided for in the contract, the lending party is entitled to receive a penalty for delay calculated on the basis of the prevailing base rate of the central bank, minimum HUF 50.000.

#### **8.4.3.6. Termination of the loan**

The lending party is entitled to terminate the securities loan with immediate effect prior to the expiry date if:

- a) the borrowing party failed to meet its obligation to provide collateral arising from the loan contract, or
- b) the court orders bankruptcy or liquidation proceedings against the borrowing party with or without legally binding force.

The lending party has the right to terminate any loan contract in force with the borrowing party if the reason for termination described in point b) occurs.

In case of legal termination of the securities loan the loan will expire.

#### **8.4.3.7. Termination of the securities loan**

The securities loan will expire as follows:

- a) by meeting the obligations arising from the securities loan contract;
- b) by termination of the securities loan as provided for in these Rules;
- c) by mutual agreement of the lending and borrowing party;
- d) with termination of any of the contracting parties without any legal successor;
- e) in other cases provided for in regulations.

In case of termination of the securities loan the parties to the loan transaction are obliged to settle accounts with each other without delay.

#### **8.4.3.8. Settlement related to the yield of securities being subject to the loan**

Until the borrowing party returns the securities being the subject of the loan to the lending party or receivables arising from the loan of the lending party are fully paid, the borrowing party is obliged to pay compensation in an amount equivalent to the gross yield (interest, dividend, etc.) as well as the principal repayment of the securities being the subject of the loan to the lending party.

The borrowing party has to pay the compensation to the lending party within eight days of the due date of the yield, by bank transfer.

#### **8.4.3.9. Impossibility of performance of the securities loan**

If performance of a securities loan becomes impossible for a reason for which neither the lender nor the borrower is responsible, including for example if a third party exercises its purchase right in respect of the securities being the subject of the loan, or if the securities being the subject of the loan cease to exist without replacement by any other securities, the securities loan contract will cease to exist.

In the above case the borrowing party is obliged to pay compensation equivalent to the asset value (purchase price, liquidation share) replacing the securities being the subject of the loan to the lender within eight days from the date of the loan becoming impossible.

For impossibility of performance of securities loan the provisions of relevant regulations apply.

#### **8.4.3.10. Other provisions in relation to lending of securities**

The lending party is obliged to take measures in order to have a proper authorization from its client for lending or debiting the securities held by its client. The borrowing party is not obliged to check the above authorization of the lending party.

### **8.5. Collateral valuation and collateral verification for third parties**

Based on authorization KELER provides the below services for third parties in the framework of collateral valuation:

- Valuation of collaterals deposited with KELER based on previously agreed conditions of acceptance or based on acceptance values sent by the authorizing party,
- 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 for third parties in the framework of collateral verification:

Collateral verification at KELER for third parties:

- Registration of collateral requirements in the system of KELER based on data submitted,
- Comparing collateral requirements and collateral actually available evaluated in line with conditions of acceptance,
- Providing the result of collateral verification to the ordering party,
- Provision / receipt of information continuously and keeping contact with the authorizing third party.

Collateral verification at third parties with reporting by KELER:

- itemized and summary report of collateral of third parties available at KELER,
- continuous provision/receipt of information and keeping contact with the third party giving the order,
- having the transaction to reduce collateral by the account holder approved by the third party verifying collateral.

## **IX. Agreement made under Act XXIII of 2003 on Finality of Performance in Payment and Securities Settlement Systems**

### **9.1. General provisions**

In this Chapter KELER stipulates the rules of cooperation established for the participants of the securities settlement system for the purpose of ensuring finality of the performance and for reducing the risks resulting from any measures limiting payment initiated against a participant of the system, as provided for in the Fetv..

### **9.2. Participant of the system**

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

- a) credit institution as defined in the Hpt.,
- b) investment company as defined in the Bszt.,
- c) the Hungarian State Treasury,
- d) Államadósság Kezelő Központ (State Debt Management Authority),
- e) the National Bank of Hungary,
- 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) a credit institution of a third country that complies with the provisions of Section 44 of Chapter III of Annex 2 of the Hpt., or an investment company of a third country that complies with the provisions of Section 39 of Paragraph 4 (2) of the Bszt.,
- h) the central counterparty as defined in the Tpt.

### **9.3. Indirect participant**

The rules governing the transfer order of the participants of the system as well as the rules on inviolability of collateral as laid down in this Chapter will be applied also in case of an indirect participant.

### **9.4. Joining the system**

Joining the system described in this Chapter can be made by signing the power of attorney standardized for this purpose, extended by any participant specified in Point 9.2. to KELER as System Operator, for performance of the activities as specified in Section (1) c) of Paragraph 3 of the Fetv.

### **9.5. System Operator**

#### **9.5.1. Appointing the System Operator**

By signing the power of attorney the parties of the system appoint KELER as System Operator of the system.

At the same time KELER as a System Operator defined in the Fetv. will complete the tasks of the fulfilling party and the settlement party.

#### **9.5.2. Task of the System Operator**

- a) submitting the application for appointment,
- b) notification of the appointing authority on the changes occurred in the appointment conditions,
- c) registration at the court and the authority competent to proceed for the purpose of acceptance of the notifications relating a payment limitation procedure,

- d) keeping contact with the court and the authority competent to proceed,
- e) notification to the court of liquidation and any other authority competent to proceed on registration of the system, the data of the participants of the system and their changes,
- f) making notifications, presentation of documents as provided for in the Fetv.,
- g) keeping the records provided for in the Fetv.,
- h) creation, maintenance of the rules of procedure necessary for implementation of the agreement between the participants, announcement of any amendment of the agreement to the appointing authority.

### **9.5.3. Task of the System Operator in case of notification on a payment limitation procedure**

In case of receipt of a notification on a payment limitation procedure KELER shall stop acceptance of the transfer orders of the participant concerned immediately but at the latest within five minutes of receipt and notify the appointing authority, the Supervisory Authority, the competent court as well as the participants.

### **9.6. Obligations of the participants, indirect participants of the system**

A participant, indirect participant of the system is obliged as follows:

- a) simultaneously with signing the power of attorney defined in Point 10.4. to provide the following data on the data sheet standardized by KELER:
  - o name,
  - o registered office,
  - o company register number,
  - o tax number,
  - o name, deputy/ies of the contact person,
  - o position, name of the organizational unit,
  - o mail address and e-mail address,
  - o telephone and fax number.
- b) to send notification on any change in the data as specified in Point a) within 5 days after the change.

### **9.7. Agreement between the participants of the system**

#### **9.7.1. General provisions**

The content of the agreement between the participants of the system, provided for in Section 3 of the Fetv. is stipulated in the provisions of these Rules.

#### **9.7.2. Time of accepting orders**

The time of acceptance of the transfer and payment orders into the system is laid down in the Clearing House Announcement on cut-off times to receive orders and deadlines of performance.

As from the specific time laid down in the Clearing House Announcement, fulfillment of the transfer and payment order as well as the settlement netting is freely executable and inviolable regardless of the payment limitation procedure initiated against a participant of the system. This provision is applicable upon initiation of a payment limitation procedure against the participant of the system linked (System relationship) and against the system operator not considered participant of the system linked.

If the system accepted the transfer order after the date of initiation of a payment limitation procedure and if its implementation is effected still on the same business day, it will become legally binding and inviolable by third persons after performance if KELER proves that at the time from which the transfer order cannot be withdrawn from the system it was not aware of initiation of the procedure and it should not have been aware of it either.

Legal consequences of acceptance of a transfer order by the system for the participants of the

system are laid down in the relevant chapters of these Rules.

### **9.7.3. Date of withdrawing transfer and payment order**

As long as the transfer and payment orders queued are not performed, they can be withdrawn electronically or in printed form.

In case of a successful withdrawal entered in the electronic customer relationship system the item will be cancelled from the settlement systems automatically. The party submitting the order gets information on a successful or failed withdrawal through the electronic customer relationship system (that was used to submit the original order) of KELER.

In case of an order submitted in printed form KELER will cancel the order from the items to be recorded. The party submitting the order will receive information thereon in the daily statement.

The cut-off times and procedure applicable for withdrawal of a transfer order submitted are defined in the relevant Clearing House Announcement.

### **9.7.4. Compensation from collateral**

A payment limitation procedure initiated against the System and any participant of the system linked (System relationship), the System Operator not considered participant of the system linked, the central bank of a member state of the European Union and the institution providing central counterparty services to the European Central Bank and third parties providing collateral does not hinder the direct compensation of the claim by the System or any participant and System Operator of the system linked from the collateral.

In case of a payment limitation procedure initiated against a participant or System Operator of the system linked, until performance of the legally accepted transfer order the collaterals registered on its performance account cannot be withdrawn if these are for fulfillment of its obligations existing against the system or system linked on the business day corresponding to the day of initiation of the payment limitation procedure. Similarly, the credit line of the participant that can be used in relation to the system can be used for performance of the obligations arising in the system up to the amount of the collateral actually existing as collateral of the credit line.

As soon as KELER receives information it advises KELER CCP immediately that a payment limitation procedure was initiated against the clearing member. Based on the advice received KELER CCP will suspend the clearing right of the clearing member.

KELER is entitled to take the above measures also in the case that the participant of the system fails to grant the power of attorney as laid down in point 9.4. to KELER within 15 days from the effective date of these Rules.

The Clients specified in Point 9.2. are entitled to open an account and to make use of KELER's services only if they have signed the power of attorney.


### **9.8. Tasks of the participants of the system**

The participant is obliged to immediately announce any change in its registered data to the System Operator.

The participant of the system is obliged to announce to the System Operator if a payment limitation procedure has been initiated against it.

### **9.9. Provisions applicable to the dates of notifications**

If any notification can be sent both by postal delivery and electronically KELER will consider the



date of notification received earlier from the two notification methods as relevant date in respect of the agreement referred to in this Chapter.



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

### **10.1. Complaint management**

The Complaint management procedure of KELER, continuously available on its web site, contains the rules of assessing complaints lodged by the Clients.

### **10.2. Sanctions**

In the interest of safety of settlement KELER shall apply the sanctions as laid down in these Rules.

Exclusively an individual decision relating to the individual Client, or their clients can be considered as a sanction.

The sanctions applicable in case of violation of the provisions of these Rules are laid down in the regulations of the activity concerned.

### **10.3. Remedy**

The Client can resort to remedy against a sanction imposed by KELER as follows:

- 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 submitted will be reviewed by the General Manager defining the sanction at his/her own discretion. If he/she finds the application is justified, he/she has the right 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 Board of Directors. When discussing the application the Board of Directors has the right to give a hearing to the applicant. 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.

### **10.4. 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.

KELER assumes no liability for any damage, financial loss, lost profit or any non-material injury which have not occurred within the scope of activity performed by KELER pursuant to the laws or these Rules.

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

KELER shall not assume liability:

- for any damage caused by Act of God, act of state, by unjustified refusal or delayed granting of an authority license,

- for the consequence of performance of a false or falsified order of a 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 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 NBH due to operation errors of the VIBER system (or any of its elements, e.g. SWIFT, NBH, VIBER),
- for performance on lending transactions made with its collaboration as well as for arrangement of any taxation matters related thereto, except for the „liability for operation”,
- for settlement of the CO<sub>2</sub> emission unit transaction if it is in delayed or fails due to operation of the emission unit traffic schedule.

The Client is responsible for any damage arising from failure to meet any obligation of notification.

The Client is obliged to call its clients' attention in its General Business Conditions to the fact that the securities deposited as collateral may be used as bail. 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 duplicates (both through the electronic customer relationship system and in a manually issued form) and therefore it was also processed twice.

Important information on settlement on national, so-called local markets and the submission deadlines for instructions are defined in the "Clearing House Announcement on International (Cross-border) Settlement of Foreign Securities". The Client is responsible for compliance with the limitations and obligations (sanctions, taxes, and interest) specified in the information material and for being aware of the rules on settlement of local markets not included in the document.

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

The period necessary for performance of an order received by KELER by postal delivery, the cut-off times to receive documents are laid down in the Clearing House Announcement on the cut-off times of orders and deadlines of performance. KELER takes no responsibility for any damage resulting from delayed performance of orders due to shorter time being available for processing than necessary.

  
**XI. Rules on the Central Credit Information System**

The duties in respect of the Central Credit Information System are laid down in a separate Clearing House Announcement.

**XII. Closing provisions**

These Rules shall enter into force on 01 January, 2013, following approval by the Supervisory Authority.