

# **KELER Ltd.**

## **General Business Rules**

Adopted by the Board of Directors:

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on 30 January 2020

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Supervisory Authority on:

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**I. List of expressions and abbreviations used in the Rules, their definition****Abbreviations:**

<b>APA:</b>	Approved Publication Arrangement
<b>ARM:</b>	Approved Reporting Mechanism
<b>BÉT:</b>	Budapest Stock Exchange
<b>EGT:</b>	European Economic Area
<b>EuroMTS:</b>	EuroMTS Limited
<b>IG1:</b>	InterGIRO1
<b>IG2:</b>	InterGIRO2
<b>KELER:</b>	KELER Central Depository Ltd.
<b>KELER KSZF:</b>	KELER KSZF Central Counterparty Ltd.
<b>KP:</b>	Trading Platform
<b>MNB/Felügyelet:</b>	Central Bank of Hungary
<b>T2S:</b>	Target2-Securities
<b>WARP:</b>	Wide Application Routing Platform

**Definitions**

<b>Denomination unit:</b>	The smallest unit specified by the Issuer for physical securities that represents the rights and obligations included in the securities.
<b>Non-clearing Member:</b>	Any stock exchange member having trading right that concluded a contract with a general Clearing Member of KELER CCP to access KELER settlement services.
<b>Allocation:</b>	A procedure by which relation is established by a person authorized for this purpose based on 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>APA:</b>	Approved Publication Arrangement, the term defined in Article 4 (1) 52 of MiFID II., that is the person authorized under the provisions established in the MiFID II Directive to provide the service of publishing trade reports on behalf of investment firms, in line with Articles 20 and 21 of MiFIR.
<b>ARM:</b>	Approved Reporting Mechanism, the term defined in Article 4 (1) 54 of MiFID II, that is the person authorized under the provisions established in the MiFID II Directive to provide the service of reporting details of transactions to competent authorities or the European Securities and Markets Authority on behalf of investment firms.
<b>Government securities:</b>	Any debt securities issued by the Hungarian or a foreign state, Magyar Nemzeti Bank, 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 Sections 9-11 of the Bszt.
<b>Bank information:</b>	Written information provided at the request of the Account Holder on the cash and securities account maintained by KELER in addition to the information requested in relation to the audited balance sheet.
<b>Investment enterprise:</b>	Enterprise defined in Section 4 (2) 10. of Bszt., i.e. the person whose regular occupation or business is the provision of investment services to third parties or the performance of investment activities for consideration by authorization granted under Bszt., exclusive of the provisions in Section 3 of the Bszt.
<b>Internal circle:</b>	A payment operation affecting exclusively the cash accounts maintained by KELER.

<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>BSE futures transaction:</b>	Standardized sale of product traded on the exchange or the BSE MTF market, 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>	The transaction concluded on the BSE MTF.
<b>Collateral:</b>	Any asset provided by the Account Holder 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>D day:</b>	The Demat event date of a Dematerialized security.
<b>Demat event:</b>	Summary term of services related to Dematerialized securities, provided at the request of the Issuer (creation, 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>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 Section 7 (2) of the Tpt.
<b>Derivative transaction:</b>	Futures and option transaction.
<b>Foreign exchange account:</b>	A cash account maintained in foreign exchange by KELER for the Account Holder.
<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 the execution of which securities of one or more specific series are debited against crediting of securities of 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 specific payment account. Debit and credit items are completed simultaneously.
<b>eDEMAT system</b>	Electronic system operated by KELER for the execution of Demat events
<b>E day:</b>	Starting day of an event involving payment arising from securities and to be effected by the Issuer and the day of a Corporate Event.
<b>Individual securities custody account:</b>	A proprietary or client securities account for recording physical securities in individual custody by denomination and serial number.
<b>Demat event executed electronically:</b>	The Demat event that is executed via the KID or the eDEMAT system.
<b>Electronic signature:</b>	Electronic signature in accordance with Article 3 (10) of Regulation (EU) No 910/2014 that is attached to or logically associated with other data in electronic form and which is used by the signatory to sign.
<b>Clearing:</b>	The activity defined in Section 5 (1) 70. of the Tpt., i.e. the procedure that includes the processing, matching and confirmation of orders for the settlement of commodities transactions concluded on the stock exchange, off the stock exchange, or on a regulated market as per a separate law, balancing platform for the settlement of transactions for commodities and/or financial instruments, the creation of the underlying final position of settlement prior to actual settlement (on a gross or net basis), and making sure that the appropriate instruments are available for settlement.
<b>Clearing 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>Participant to settlement:</b>	A person defined in Article 2 (1) of the Tvt Act. Additionally, in the case of WARP the Account Holder authorized by a fund manager to create and cancel the open-ended units of the fund managed by the fund manager is a Participant to Settlement.
<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>Custody of securities:</b>	Custodianship of financial instruments, administration of financial instruments for the account of clients, collection of interest, dividend, yield and repayment and the provision of other associated services jointly, including the services related to collateral management.
<b>Securities safekeeping:</b>	Taking over, recording and releasing financial instruments at the order of the holder of the securities.
<b>Securities custody account:</b>	The client or proprietary securities account held for the Account Holder, for the safekeeping and administration of securities taken over from the Account Holder, in which account KELER records physical securities in fungible safekeeping.
<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 account manager:</b>	The party obliged to keep the securities account contract specified in Section 140 (2) of the Tpt.
<b>Securities secret:</b>	The term specified in Section 369 (1) of the Tpt., i.e. all data and information at the disposal of the investment fund management company, the venture capital fund management company, the exchange, the central securities depository, the central counterparty concerning specific clients relating to their personal information, financial standing, business operations, investments, ownership and business relations, and for their contracts and agreements with any investment fund management company, venture capital fund management company, the exchange, the central securities depository, the central counterparty, the balances and turnover of their accounts.
<b>Depository Announcement:</b>	Document containing further detailed, additional requirements, obligations, and procedural orders by KELER for KELER's services under authorization of these Rules.
<b>Annulment:</b>	A procedure as provided for in Section 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 central counterparty prior to the obligation of fulfillment.
<b>FIFO:</b>	First In First Out, a processing principle for items submitted for settlement according to which the sequence of processing is determined by the time of submission, i.e. processing of items submitted earlier shall precede processing of those submitted later.

<b>Proceeding to restrict payment:</b>	The bankruptcy proceedings and liquidation proceedings as provided for in the Cstv. and the appointment of temporary receiver, and Section 48 (5) of the Hpt., Section 55 (2) of the Hpt., the supervisory measures laid down in Section 185 (2) cf) of the Hpt., the supervisory measures laid down in Section 128 (1) and Sections 164 (1) h) and n) of the Bszt, the prohibition of payment laid down in Section 135 (1) of the Bszt., additionally the supervisory measures stated in Section 400 (4) of the Tpt., or any supervisory or authority measures replacing or supplementing such regulations, if the authority entitled to take measures designates them as proceedings to restrict payment defined in Section 5 (1) of the Tpt.. Measures by the court without express reference are considered proceedings to restrict payment. Based on the advice by the authority entitled to take measures the proceedings to restrict payment can be temporary or final as stated expressly in the advice of the authority entitled to take measures.
<b>FoP type securities 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>Record date:</b>	The business day for which the rights of the owners related to securities are defined based on the closing account balances of the same day.
<b>Distributor:</b>	The entity defined in Section 23 (1) of the Tpt. involved in the distribution of collective investment securities specified in Section 4 (1) 44. of the Kbftv.
<b>Guaranteed regulated market transaction:</b>	Transactions with multinet settlement and derivative transactions concluded on the BSE.
<b>GIRO:</b>	Operator of the Interbank Clearing System.
<b>GIRO IG1:</b>	GIRO nighttime clearing method.
<b>GIRO IG2:</b>	GIRO daytime clearing method.
<b>GIRO daytime clearing:</b>	The maximum period of time during which the electronically submitted and received domestic Forint payment for same day settlement of the transferor, given to its payment service provider in line with the applicable cut-off is received by the payment service provider of the beneficiary.
<b>Credit institution:</b>	Financial institution defined in Section 38 (1) of the Hpt.
<b>Debt securities:</b>	The term determined in Section 5 (1) 57 of the Tpt., i.e. all securities in which the Issuer (debtor) acknowledges that a certain amount of money has been placed at its disposal and commits itself to repaying the amount of the principal (loan) as well as, in the case of interest-bearing securities, the agreed interest or other returns

(hereinafter referred to collectively as interest) calculated as specified as well as to performing any other predetermined services to the holder of the securities (the creditor) on the date and in the manner stipulated.

<b>IBAN identifier:</b>	International cash management identification number defined in MNB Order 35/2017 (XII 14) on the operation of cash management.
<b>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.
<b>ISIN identifier:</b>	The term specified in Section 5 (1) 61. of the Tpt., i.e. identification code comprising letters and numbers assigned by the central securities depository to securities of the same type and to exchange products, or a combination of such codes.
<b>Market claim:</b>	Based on the declaration of the instructing parties, KELER rearranges between the counterparties involved the entitlement for the quantity of securities involved in the transactions unsettled but matched on the record date of the corporate action of the instructed securities.
<b>Transformation:</b>	KELER cancels the unsettled but matched transactions of the instructed securities on the record date of the corporate action, and transforms such transactions by creating new instructions in line with the terms of the corporate action.
<b>Buyer protection:</b>	The buyer of the securities submits instruction to the delivering party and to KELER related to the voluntary event, such instruction allows the holder of the securities to select the right of the option preferred related to the event.
<b>KELER Depository:</b>	The place where physical securities are stored.
<b>KELER website:</b>	The site available at <a href="http://www.keler.hu">www.keler.hu</a> .
<b>Origination:</b>	The procedure of KELER to create Dematerialized securities, started at the request of the Issuer and ended when the account of the Account Holder with KELER is credited with the Dematerialized securities.

<b>Compulsory provision:</b>	Legal consequence applied in case of failure to meet an obligation towards KELER or KELER CCP, which is specified as compulsory provision by the General Business Rules of KELER and/or KELER CCP.
<b>Trading right:</b>	Authorization in possession of which a person is entitled to participate in a market accounted by KELER CCP.
<b>Trade repository:</b>	The legal person engaged in the central collection of data relating to the particular transactions.
<b>Trading venue:</b>	The term defined in Article 4 (1) 24 of Directive 2014/65 (EU), that is any Regulated market, multilateral trading facility or organized trading facility.
<b>Issuance:</b>	The process of creation of securities, starts with the decision to issue of the Issuer and ends when in case of Dematerialized securities the securities are credited to the securities account of the owner, in case of physical securities the securities are handed over to the owner of the securities.
<b>Issuer:</b>	The term specified in Section 5 (1) 67. of the Tpt., i.e. the person committing to perform the obligations embodied in the securities in its own name.
<b>KID system:</b>	A system established by KELER that ensures electronic communication between KELER and its Clients.
<b>Settlement:</b>	<p>In the case of securities transaction the term specified in Article 2 (1) 7. of the CSDR, i.e. settlement of securities transaction concluded with the aim of discharging the obligations of the parties to that transaction through the transfer of cash or securities, or both.</p> <p>In the case of transactions other than securities transactions, the term specified in Section 5 (1) 120. of the Tpt., i.e. in the case of transaction concluded by the clients of KELER and the clients of the central counterparty, with commitment undertaken by the central counterparty, the settlement of financial and non-financial claims (positions) of the central counterparty clients and the central counterparty.</p>
<b>Settlement system:</b>	A term as defined in Article 2 (1) of the Tvt, that is, a form of cooperation based on written agreement not deemed as system connection, where three or more participants - except the system operator, the performing party, the central depository contracting party, the settlement party, and the indirect participant agree that their transaction orders as between themselves are to be fulfilled in accordance with mutually agreed rules and under a uniform rules of procedure, with or without the involvement of a central contracting party, and which is to be selected, and the appointing authority will notify the European Securities and Markets Authority.

<b>Settlement agent:</b>	The Account Holder with payment account held by KELER and the MNB and maintaining Securities account with KELER, which keeps the accounts necessary for 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 day:</b>	The calendar day on which KELER provides settlement and central securities depository service.
<b>Intended settlement date:</b>	The term defined in Article 2 (1) 12 of the CSDR, that is the date that is entered into the securities settlement system as the settlement date and on which the parties to a securities transaction agree that settlement is to take place.
<b>Clearing Member:</b>	The person that concluded a clearing membership agreement with KELER CCP and a service agreement with KELER for the clearing and settlement of guaranteed regulated market.
<b>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>	The term defined in Section 5 (1) 79. of the Tpt., i.e. the register maintained by KELER, containing in a retrievable manner the data of securities issued domestically.
<b>Central securities account type „A“:</b>	A Central securities account managed by KELER for the Account Holder in relation to Demat securities owned by the Account Holder.
<b>Central securities account type „B“:</b>	A Central securities account maintained by KELER for the Account Holder on dematerialized securities owned by the clients of the Account Holder.
<b>Central securities account type „C“:</b>	Pursuant to Article 11 (3) of Tpt., Issuer central securities account managed by KELER for the Issuer, in relation to the Demat security not submitted for the transformation of the printed security replacing the printed security (i.e. the owner of the security is not known).
<b>Central securities account type “D”:</b>	Pursuant to Article 9 (4) of Tpt., the Central security account managed by KELER for the Issuer, which - in creation and overissuance - relate to securities transferred back and unidentified by the Account Holder (i.e. the owner of the security is not known by the Account Holder).
<b>Central Depository Securities Account for stock exchange transaction settlements type ”A“:</b>	Central Depository Securities Account opened for the Account Holder, to be used for the SE transaction

settlements by central contracting party in relation to a security owned by such Account Holder.

**Central Depository Securities Account for stock exchange transaction settlements type "B":**

Central Depository Securities Account opened for the Account Holder, to be used for the SE transaction settlements by central contracting party in relation to a security owned by the Client of such Account Holder.

**Central counterparty:**

The term defined in Article 2 (1) of EMIR, i.e. the legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer. For the purposes of Section X. of the Rules, the term defined in Section 2 (1) g) of the Tvt., the organization that enters the legal relationship related to the transfer orders of the institutions participating in the system and acts as exclusive counterparty towards all of the institutions.

**Indirect participant:**

The person defined in section 2 (1) h) of the Tvt., i.e. the institution, central counterparty, performing party, settlement party or system operator that contracted a party of the system performing transfer orders in order to execute its transfer orders through the system, provided the indirect participant is known to the system operator.

**Foreign securities:**

Any securities included in the register of the outsourced account manager accepted by KELER as well as the instruments, qualified as securities, issued thereon.

**External circle:**

Recording through GIRO (BKR) or VIBER system any payment transfer involving the payment account managed by KELER or any payment account managed by a third party bank.

**Outsourced account manager:**

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.

**LEI Code ((Legal Entity Identifier):**

A unique alphanumeric identifier consisting of 20 characters used for the identification of legal entities.

**Custodian:**

An organization providing securities custody services for its clients on a contractual basis, in possession of a relevant license.

**Custody account:**

A custody account as per Article 12 (2), 12 A (9), 47 (7) and 76/D (3) of the Tpt. for the registration of collaterals for Issuer yield payment accounts, and collateral (guarantee fund) accounts relating to settlement services, and for spot commodity market transactions.

**Client:**

All persons using the services of KELER and KELER CCP through a Clearing Member (Non-clearing Member).

<b>Qualified electronic signature:</b>	The qualified electronic signature in line with Article 3. 12. of Regulation (EU) 910/2014, i.e. advanced electronic signature that is created by a qualified electronic signature creation device, and which is based on a qualified certificate for electronic signatures.
<b>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>Cross-border transaction:</b>	The transaction related to which KELER performs the settlement of foreign securities through its custodian in markets outside Hungary.
<b>Publicly issued securities:</b>	Securities issued in line with Section 5 (1) 95 of the Tpt., i.e. securities not issued privately.
<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>	for the purposes of the KELER General Business Rules securities transactions other than transactions performed on regulated market, BSE MTF, fix and auction transaction, and MTS transactions
<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>Money laundering:</b>	Action as per Article 303-303/A of the Act IV of 1978 on Criminal Code in force up to 30 June 2103 (hereinafter: Act IV of 1978), and Article 399-400 of Act C of 2012 on the Criminal Code (hereinafter: Criminal Code).
<b>Financial instrument</b>	A term as defined in the Bszt.
<b>Cash account:</b>	Deposit-type performance account as per Article 2 (1) of Tvt. managed by KELER, where transfer transactions between Settlement System Participants are settled.
<b>Extraordinary situation:</b>	All situations requiring special treatment where the operation of services provided by KELER deviates from business as usual described herein (not including default and all extraordinary arrangements that are not regulated in the Procedure on Extraordinary Situations).
<b>System relationship:</b>	The form defined in Section 2 (1) p) of the Tvt., i.e. form of co-operation created by the written agreement of the operators of connected systems in order to perform transfer orders across the systems.



<b>System Operator:</b>	The person defined in Section 2 (1) q) of the Tvt., i.e. the organization with liability for damages for the operation of the Settlement System.
<b>Repo extension:</b>	A repo transaction where the parties agree on extending a transaction made earlier, settled but not yet expired.
<b>Repo transaction:</b>	A transaction specified in Section 5 (1) 110 of the Tpt., i.e. any agreement for the transfer of proprietary rights in securities or commodities or guaranteed rights relating thereto where the guarantee is issued by a recognized exchange which holds the rights to the securities or commodities - and the agreement does not allow the seller to transfer or pledge a particular security or commodity to more than one counterparty at one time, or for another transaction. The agreement also contains a commitment of the seller to repurchase and a commitment of the buyer to resell the securities or commodities in question at a specified price on a future date specified, or to be specified, by the transferor. The agreement between the parties may also contain a clause that the securities or commodities to which the agreement pertains and that are pledged as collateral may be substituted by equivalent securities or commodities. Such transaction is regarded as a repurchase agreement for the person selling the securities or commodities and a reverse repurchase agreement for the person buying them.
<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 Section 2 (1) j) of the Tvt. , i.e. the institution, the central counterparty, the performing party, the settlement party and the system operator.
<b>RRM:</b>	Registered reporting mechanism, a legal entity directly reporting transaction-related data to ACER on behalf of a market actor.
<b>Structured product:</b>	The security issued under the Issuer's own law, based on which the Issuer shall be liable to settle a claim or payment in favor of the security holder depending on the value of the Underlying determined in the Final Terms of the Structured Product at the maturity date therein fixed. (In line with these Rules certificates and warrants are structured products.)
<b>Final Terms of Structured Product:</b>	The document where the Issuer of the structured product defines the basic features of the structured product, such as e.g. the method of settlement and the cases of meeting the settlement obligation.
<b>SWIFT:</b>	Society for Worldwide Interbank Financial Telecommunication - standardized communication channel.

<b>Regulated market:</b>	Markets stated in Section 5 (1) 114 of the Tpt., i.e. the exchange market or other regulated market of any Member State of the European Union that satisfies the following criteria: a) functions as a multilateral system operated or managed by a market operator, b) brings together or facilitates the bringing together of multiple third-party buying and selling interests in listed financial instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, c) authorized by the competent supervisory authority of the Member State where established, d) functions regularly and operates at specific hours, e) must be included in the lists of regulated markets available on the official website of the European Commission.
<b>Regulated market transaction:</b>	The exchange transaction (contract concluded by a dealer on an exchange market for the instruments and in the manner prescribed in the internal regulations of that market) specified in Section 319 of the Tpt.
<b>Regulatory document:</b>	A document containing regulations defined by KELER as a self-regulatory organization that represent rights, obligations or information for the Client and are available for the Client on the website of KELER or are sent directly to the Client (e.g. public procedures, Depository Announcements, lists of conditions, form agreements).
<b>Account Holder:</b>	The client for whom KELER keeps account based on the account contract concluded. The client of the Account Holder, thus the person designated as owner in case of individual separation, is not considered Account Holder for the purposes of these Rules.
<b>Section:</b>	Part of the BSE trading separately regulated by subject or product of the trade, the persons entitled to trade and the method of settlement.
<b>Personally / directly managed Demat event:</b>	Demat event executed at the seat of KELER with the personal presence of the representatives of the Issuer and KELER.
<b>Service agreement:</b>	The contract concluded between KELER and the clearing member for the provision of cash account and securities account management services.
<b>T2S:</b>	The Target2-Securities (T2S) securities settlement platform of the Euro system that as a supranational securities settlement system is designed to link certain European Union central securities depositories and central banks by enabling DVP and FOP settlement in the cash accounts kept by the participating central banks and the securities accounts held by the participating central securities depositories.

<b>Corporate event:</b>	The term defined in Section 5 (1) 119a of the Tpt., i.e. the event when the Owner of the securities is entitled to exercise the rights related to the Securities against the Issuer.
<b>Corporate event date:</b>	The date of the Corporate Event determined by the Issuer.
<b>Remotely managed Demat event:</b>	The Demat event that is not executed electronically when the Demat event is executed without the personal presence of the Issuer.
<b>Technical maturity:</b>	The setting applied by KELER in the case of Securities with maturity to ensure that account operations can be executed, it is not the modification of the original maturity date of the Security.
<b>Settlement:</b>	For the purposes of Section 10. the activity specified in Section 2 (1) l) of the Tvt., i.e. the settlement of payables and receivables among the Settlement System Participants in the settlement accounts in line with Section 2 (1) m) (cash accounts).
<b>Performing party:</b>	The person specified in Section 2 (1) n) of the Tvt.
<b>T day:</b>	The exchange day when the trade is made or the derivative clearing price is changed, or the event takes place related to which the right or obligation arises.
<b>Tolerance limit:</b>	The maximum difference in purchase price determined by KELER for DVP trades, within which difference the trade is validly settled.
<b>Stock exchange:</b>	The organization specified in Section 5 (1) 122. of the Tpt., i.e. the company concentrating the supply and demand for listed products in order to facilitate efficient movement and evaluation of capital, distribution of price and other risks, and executing the trading of listed products, promoting the free elaboration of prices.
<b>Stock exchange product:</b>	The commodity, security and futures instrument, option series listed, and the product resulting from their combination.
<b>Transfer order:</b>	The term defined in Section 2 (1) k) of the Tvt.
<b>Shareholders registration:</b>	Establishment of the right of disposition over certain securities, identification of shareholders according to the procedure for the identification of the owner of the Demat share, performed with the involvement of security account managers in cases as per Article 149 of Tpt.
<b>Client:</b>	A legal entity, including the Account Holder and the Joining client, in contractual legal relationship with KELER for using any of the services specified in these Rules.

<b>Business day:</b>	The period defined in Section 2 (1) o) of the Tvt.
<b>Real time processing period:</b>	A period defined in the KELER Depository Announcement “Cut-off times to receive, execute and withdraw orders” when KELER processes the transactions according to the provisions of these Rules.
<b>Main distributor:</b>	The Distributor to which the other distributors forward in WARP the client orders taken for public, open-end investment fund units with continuous trading, for the purposes of approval.
<b>VIBER:</b>	A gross value based real-time clearing system for the execution of high value domestic HUF payment orders performed by the Magyar Nemzeti Bank.
<b>Withdrawal:</b>	Withdrawal request at the IG2 platform to transfer back the amount paid.
<b>Redemption:</b>	Repurchasing of the investment fund units by the Issuer during the continuous distribution of open-ended investment fund units.
<b>WARP:</b>	The electronic order routing system operated by KELER that supports the distribution and settlement of open-ended investment fund units.
<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 Account Holder to dispose independently over an account.
<b>Private offering:</b>	Offering of Securities as provided for in Section 14 of the Tpt.

**Abbreviations**

<b>BSE:</b>	Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság, Budapest Stock Exchange Incorporated Company.
<b>EGT:</b>	European Economic Area
<b>EuroMTS:</b>	EuroMTS Limited
<b>IG1:</b>	InterGIRO1
<b>IG2:</b>	InterGIRO2
<b>KELER CCP:</b>	KELER CCP Központi Szerződő Fél Zártkörűen Működő Részvénytársaság, KELER CCP Central Counter Party Private Company Limited by Shares
<b>TP:</b>	Trading Platform
<b>MNB/Supervisory Authority:</b>	Magyar Nemzeti Bank
<b>T2S:</b>	Target2-Securities
<b>WARP:</b>	Wide Application Routing Platform

## 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>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>CSDR:</b>	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012
<b>Cstv:</b>	Act XLIX of 1991 on bankruptcy proceedings, liquidation proceedings and voluntary dissolution
<b>EMIR:</b>	Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
<b>FATCA:</b>	The Foreign Account Tax Compliance Act of the United States of America
<b>GDPR:</b>	Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)
<b>Hpt:</b>	Act CCXXXVII of 2014 on credit institutions and financial enterprises
<b>Info tv.:</b>	Act CXII of 2011 on Informational Self-Determination and Freedom of Information
<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>Kbftv:</b>	Act XVI of 2014 on collective investment forms and its managers, and on the amendment of financial acts
<b>Kit:</b>	Act LII of 2017 on the Implementation of Financial and Proprietary Restrictive Measures ordered by the European Union and the UN Security Council
<b>MiFID II:</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2015 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
<b>MiFIR:</b>	Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2015 on markets in financial instruments and amending Regulation (EU) 648/2012

<b>MNB tv.:</b>	Act CXXXIX of 2013 on the Magyar Nemzeti Bank
<b>Pmt:</b>	Act LIII of 2017 on the prevention and combating of money laundering and terrorist financing
<b>Pft:</b>	Act LXXXV of 2009 on the provision of cash management services
<b>REMIT:</b>	Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency
<b>SFTR:</b>	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012
<b>Tpt:</b>	Act CXX of 2001 on the capital market
<b>Tvt.:</b>	Act XXIII of 2003 on Finality in payment and securities settlement systems
<b>Government Decree 284/2001. (XII.26.):</b>	<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>MNB Order 10/2009. (II.27.):</b>	<b>MNB Order 10/2009. (II.27.)</b> on the requirements of the procedures of the central depository.
<b>MNB Order 35/2017. (XII.14.):</b>	<b>MNB Order 35/2017. (XII.14.)</b> on the operation of cash management
<b>MNB Order 20/2014 (VI.3.):</b>	<b>MNB Order 20/2014 (VI.3.)</b> on the ISIN identifier
<b>BSE - KELER cooperation agreement:</b>	an agreement concluded between KELER and the BSE regulating the cooperation of the two organizations.
<b>KELER - KELER CCP cooperation agreement:</b>	an agreement concluded between KELER and KELER CCP regulating the cooperation of the two organizations
<b>MNB-KELER cooperation agreement:</b>	an agreement concluded between KELER and the MNB regulating the cooperation of the two organizations.
<b>Agreement between KELER and Erste Bank on outsourcing certain depository services:</b>	The agreement governing the depository services outsourced by KELER.

## I. Introductory provisions

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

According to Resolution No. 33.001-1/1994 of the Supervisory Authority KELER is the organization appointed to perform central depository operation in Hungary.

According to Resolution [■] of the Supervisory Authority, KELER is a central securities depository authorized under the CSDR and entitled to provide non-banking and certain banking-type ancillary services.

In line with the Tpt., the MNB Decree 20//2014 (VI. 3.) 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.

Under resolution No.H-EN-III-484/2017 of the Supervisory Authority, KELER is an APA and ARM operating in line with MiFID II and MiFIR. KELER has outsourced the publication functions as per the nonbanking services to Budapest Stock Exchange (co.reg.number 01-10-044764, seat: H-1054 Budapest, Szabadság tér 7 Platina Tower (Buildin I, floor 4).

The KELER 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 (az ERSTE Bank Hungary Zrt. (székhely: 1138 Budapest, Népfürdő u. 24-26., cg.: 01-10-041054). These Rules contain the terms of using this service. With respect to the person using the services offered by the Account Holder, in the case of physical securities KELER acts as sub-custodian.

KELER joined the Target2-Securities (T2S) securities settlement platform of the Eurosystem. Functional since 22 June 2015, as a supranational securities settlement system, T2S is designed to link the central securities depositories and central banks of the European Union. These Rules and the relevant Depository Announcement contain the rules related to T2S settlement.

Since 1 January 2004, in line with Supervisory Authority Resolution I-1676/2003, KELER operated as a specialized credit institution acting as clearing house also. KELER CCP took over this function when it started operation. KELER performs the settlement of trades cleared by KELER CCP.

Based on the CSDR, and the Tpt. KELER provides deposit collection, custody management and custody services, provided credits and loans, and fund transactions relating to FX, and transferable securities for the management of long positions of Participant, basic central securities depository.

KELER outsourced its services performed as agent relating the exercise of rights associated with corporate event relating to foreign securities, This service is performed in Poland by Société Générale S.A. Oddział w Polsce (székhely: Lengyelország, 00-102 Varsó, ul. Marszałkowska 111).

KELER has outsourced some of its IT operations. These tasks are performed by INITSS Consulting Korlátolt Felelősségű Társaság (registered seat: Újlengyel, Petőfi Sándor utca 48.,



company reg. number: 13-09-168413), by Intalion Rendszerintegrátor Korlátolt Felelősségű Társaság (registered seat: 1012 Budapest, Vérmező út 4., company reg. number 01-09-967449), by Slash Szoftverfejlesztő Korlátolt Felelősségű Társaság (registered seat: 2000 Szentendre, Diófa utca 12., cg.: 13-09-061401), by Merkit Consulting Korlátolt Felelősségű Társaság (registered seat: 1094 Budapest, Ferenc körút 7., cg.: 01-09-174077) and by Exalt Interactive Korlátolt Felelősségű Társaság (registered seat: 1054 Budapest, Steindl Imre utca 11. IV. em. 38., company reg. number: 01-09-204807. under the agreements entered into by them and KELER.

On the basis of instructions by its Clients, KELER executes OTC and international settlements, manages collaterals, keeps register of shareholders, publishes data in line with Articles 20-21 of MiFIR, forwardly data to the trade repository in line with Article 9 of EMIR, to ACER in line with Article 8 of the REMIT, and to the competent authority in line with Article 26 of MiFIR, acts as data vendor, and operates the system supporting the distribution and settlement of investment fund units.

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

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

KELER handles all business and securities secrets becoming known to it according to the provisions of applicable regulations.

## 2. 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 Clients using its services 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 Depository Announcements, Lists of Conditions, Fee Schedule and other information materials. The List of Conditions, the Schedule of Fees, the Central Depository Announcement and other regulatory documents of KELER constitute an integral part of the present General Business Rules. Unless expressly provided otherwise, if any Regulatory document, form or individual contract, statement refer to the application of these Rules, the reference is made to the application of all related regulatory documents.

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

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

In case of changes to these Rules and to parts of other procedures and public regulatory documents governing issues as stipulated in MNB Orders 10/2009 (II.27.) 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).

The unilateral amendment with negative effect for the Client of contracts pursuant to which KELER provides the services stated in Hpt. can be completed only in line with the provisions of the Hpt. in the cases herein defined. Such unilateral amendment with negative effect for the Client can be based on:

- the change of legislation on or related to the activities, conditions of operations of KELER, orders by the MNB or the change of other mandatory rules related to KELER,
- the adoption, change of rates and taxes related to the activity of KELER (e.g. taxes), change in the rules on mandatory reserves,

- any change in the provision of services by KELER that results in cost increase related to the provision of services that can be evidenced,
- if the Board of Directors of KELER makes decision to increase fees with the rate of inflation published by the Central Office of Statistics.

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

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

In case of any other amendment to these Rules all the Clients are entitled to terminate the service contract concluded with KELER within 30 days from the effective date of the amended Rules provided any other condition herein stated are complied with. Should the Account Holder not exercise its right of termination within the said deadline, KELER will consider that the Account Holder accepted the amendment of the Rules and recognized them as binding for itself. The effective service 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, including the provisions of the Depository Announcements, 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 authorization stated in Section 338 of the Tpt., KELER has the right to enforce its collateral right and to make compulsory provisions. The bail of KELER is not terminated by the start of the proceedings to restrict payment against the Client.

## **2.1. The Clients of KELER, access to the services of KELER**

KELER provides services to legal persons that are entitled to make use of the service concerned in accordance with the provisions of CSDR, Tpt., and other regulations, comply with the requirements of laws, these Rules and the procedures of KELER, undertake to comply with reporting obligations defined by KELER meet the substantive and technical conditions for the use of services stipulated by KELER and accept the regulations of KELER relating the use of particular services publicly available for Clients, and those set forth in their contracts.

The services of KELER are available for the following parties:

- Stock exchanges and extra-stock exchange trading venues,
- clearing houses,
- central securities depositories,
- central contracting parties,
- participant of an organised market defined by law,
- credit institutions,
- investment enterprises,
- commodity market service providers,
- investment fund managers,
- Issuers,
- the Hungarian state,
- organisations managing state assets,
- the Central Bank of Hungary,
- the Central Bank of any Member State of the EEA,
- deposit insurance systems,
- investor protection systems,
- resolution financing systems,
- payment institutions,

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

Clients participating in a Settlement (Joining Client) must fulfil the access criteria described below to participate in Settlement. KELER sets the following access criteria.

A) Criteria in relation to the assessment of legal risks

The Joining Client must

- furnish any and all core documents and statements required for access, in addition to the proper authentications in full (legal conditions), and must fall in any client category defined in the Rules,
- apply Hungarian or equivalent regulations for the prevention of money laundering, and accordingly, they must perform the verification check of the identity of clients with access to accounts managed by KELER, and must also monitor access to these accounts,
- ensure that its internal procedures are suitable for ensuring that the account managed by KELER are used properly,
- refrain from any activity deemed as violation of any national and international sanctions (restricting measures), and must also have in place procedures for the prevention, discovery and reporting of violations of sanctions.

B) Criteria for the assessment of financial risks

The Joining Client must

- have adequate resources for the fulfillment and continuous support of its financial obligations under the contracts with KELER, both in its present and future operation.

C) Criteria for the assessment of operational risks

The Joining Client must

- have an approved and documented Business Continuity Management system in place,
- have a documented and tested BCP plan in place for CSD relevant procedures,
- have a documented and tested DRP plan in place for CSD relevant procedures,
- have a cyber security system and regulation in place, prepared in view of internationally accepted standards,
- have in place cyber and IT security controls and implemented protection technology which is compliant with best industrial standards,
- have undergone independent audits performed by a state supervisory authority or internationally accepted auditor firm at least every two years, covering suitability of IT security,
- have its risk management framework proportionate with the risk profile, capital strength and business strategy of the company,
- ensure that its business operations do not pose an extraordinary risk to KELER and the settlement system operated by KELER, and its participants,
- have redundant data centers,
- have backup policy and strategy in place,
- have in place an appropriate infrastructure in view of its operations and activities,
- have control mechanisms embedded in procedures, and these controls must regularly be checked, and transformed as its operational model changes.

Access criteria are checked by KELER against the content of the documents specified in the present General Business Rules, and KELER will pass its decision of approval or rejection of

access, within the deadline set forth in the Depository Announcement entitled "Access Management", based on a comprehensive risk assessment. The Joining Client must comply with the content of the documents and statements submitted for verifying compliance on an ongoing basis, KELER will regularly check the ongoing compliance of the Client with the access criteria and in case of risks emerging. The Joining Client must furnish KELER with the documents and statements verifying compliance with access criteria, and must also cooperate in the checks performed as per Section 2.13 of the present General Business Rules.

Pursuant to the content of the Depository Announcement entitled 'Access Management', the Joining Client must furnish KELER with the following documents as attachment to its application for access (Connection documentation):

1. The completed Onboarding Questionnaire, as attached to Depository Announcement entitled „Access Management” as Annex 7 (Onboarding Questionnaire),

2. Contract Documentation:

- Authentic company registration extract dated the past 30 days, or an original document issued by a registry authority as per the seat of the foreign client confirming that the foreign legal person or entity without a legal personality has been duly incorporated or registered under the laws of that country. If the entity is established by law, verification by the person authorised to represent the entity;
- the effective articles of incorporation;
- the signed sample signature, or specimen signature countersigned by the legal representative, or other document verifying signature of the same by a representative acting in his/her representative capacity;
- form for the submission of signature;
- basic information of the contracting party;
- document evidencing right of representation of the representative of the Account Holder if the right of representation cannot be established based on the document regarding registration by authorities;
- document confirming the tax number, the statistical number, the effective LEI code of the Client, if these ID numbers cannot be ascertained from the document regarding registration by authorities;
- license issued by the supervisory authority, if the Client is engaged in activities subject to license from the supervisory authority;
- Finality authorisation and data sheet as per Section 10.6 of the present General Business Rules;
- in case of a participant with a seat abroad, the statement from such foreign participant in writing confirming its compliance with the provisions of Article 10 ea), eb) and ec) of Tvt. in full;
- only in case of foreign Clients based outside the EEG, KELER will make a decision on the manner and extent of verification of fulfilment of the conditions laid down in Article 10 ed) of Tvt., on an individual basis, in accordance with the statutory objective, and will request a statement issued by an external legal counsel (country opinion);
- statements relating the prevention of money laundering and terrorist financing, and the documents requested for verifying their content, documents for the verification of the identity and residence address of the representatives, persons with powers of disposal over the account, authorised persons, and beneficial owners, or the authenticated copy of these documents, as well as data sheets, in particular beneficial owner statement, data registration form;
- completed Wolfsberg questionnaire, or the relevant form of KELER, to assess the means and measures in place at the foreign-based financial institution for the prevention of money laundering and terrorist financing;
- statement and documents verifying tax residence (FATCA and CRS status);
- statement of identification from small and mid-sized enterprises;
- declaration on bank accounts linked to distributions, where relevant.

Clients not deemed as Joining Client must attach the relevant documents from among Documents for entering into contract.

KELER accepts documents and statements in original counterparts or in an electronic document with a qualified electronic signature appended by the authority with powers to issue and authenticate documents, or duplicate copy of documents authenticated by a notary public or a Hungarian consular authority or unless otherwise provided for in an international contract, in an authenticated duplicate copy with an apostille, to which – in case of document other than in Hungarian or English – an authenticated translation of the document prepared by a person authorised to make an authentic translation as per the place where the translation was done.

In assessing and checking documents, KELER will take into account the provisions of Act LIII of 2017 on the prevention of money laundering and terrorist financing, and the relevant regulations, recommendations of the Supervisory Authority, the 40+9 recommendations of FATF, and the provisions of Directive No. 2015/849 of the European Parliament and the Council.

The participant in the Settlement System must take into account the content of Section 10.6 of this Rules when accessing the Settlement System.

## **2.2 Services of KELER**

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

KELER provides the following services specified in these Rules to its Clients:

Central depository activities:

- issuance of ISIN identifier and other security codes and maintaining of the same,
- central depository registration and account management,
- services relating to Demat securities,
- ensuring exercise of owners' rights relating to corporate action (payment disposition, owner registration).

General depository activities

- custody management of printed securities,
- depository services relating to locally issued Demat securities and physical securities custody managed on batch principle by KELER
- invalidation and destruction of physical securities and vouchers.

Cash and securities account management

- central securities account management and related account activities,
- cash account management and related account activities (deposit-type performance account, custody account).

Services relating to international markets

- settlement services relating to foreign securities,
- corporate action management relating to foreign securities,
- tax procedures relating to foreign securities.

Other services

- assessment of collaterals and collateral evaluation for third parties,
- provision of data to the trading data warehouse,
- transparency reports,
- transaction reporting to competent authorities,

- data forwarding to ACER,
- LEI code issuance,
- Paying agent activities,
- management of register of shareholders,
- organization of general meeting.

These Rules sets forth detailed rules in relation to services that are not specifically governed in Depository Announcements in full, and those that may relate to services covered by a number of Depository Announcements.

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

KELER has the right to request security deposit to be provided by its Clients for the use of its services. The security deposit serves as a security for the completion of transactions according to contract, KELER has the right to resort to such security in case of improper performance by the Account Holder. The Account Holder must ensure availability of the security at all times.

In its capacity as a central depository, KELER manages central securities account for the Securities account manager and the Issuer.

KELER has the right to maintain cash account for any of its client where the nature of the service so requires (such Client to be deemed as Account Holder after the opening of the cash account). The cash account is not deemed as a payment account, and the cash account service of KELER is not deemed as a money transfer service under Article 6 (4) of the Htp., and for this reason, the provisions of Pft. do not apply to them. KELER maintains the balance of the cash account as a deposit, and manages it accordingly, and performed collection of deposits as ancillary banking services as per section C (a) of the Annex of CSDR.

The segregated management of funds owned by the Account Holders and their agents and the placement of collaterals are performed on the cash account managed by KELER:

As follows from the security settlement functionality, KELER performs the settlement of DVP and other capital market transactions for local credit institutions in its capacity as a third party, by performance on the bank account of the credit institute held at MNB. KELER performs any any all security transaction performed between the Participants of Settlement system, in exchange for liquid assets settled in the settlement system as a DVP type instruction.

KELER performs the security code issue and central security register service, for the issuers and entities performing stock exchange activities having issues securities under the Tpt. and other relevant legislation, and shareholder list management for Issuers.

In case of outstanding debt in fees by a Client, KELER has the right to suspend the provision of services in relation to such Client. The period of suspending the service is not included in the period of administration by KELER.

Where a Client does not fulfil the conditions for the use of the particular account management service under the present General Business Rules, KELER calls the Client to restore compliance within a specific deadline. If the client fails to comply within the deadline, KELER will suspend the right of disposal over the account, and accepts no orders relating the particular account from the Client until full compliance is achieved. If the deficiency relates to the regulatory authorisation of the Client, or where as a result of the deficiency the Client is no longer deemed to be an organization as per Section 2.1 hereof, no suspension will apply, and KELER will terminate the relevant contract under Section 2.8.3.

### **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 MNB and the operation of BSE, T2S 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, MNB 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.

### **2.2.4 Availability of client relation system relating to core services**

As regards core services to be provided by depositories (central securities registry and account management, depository services relating to custody-managed securities handled by KELER on the batch principles relating to Demat and physical securities) operates client relation procedures and IT systems, and its undertaking as to their availability is set forth in the Depository Announcement entitled “Availability of client relation system relating to core depository services”.

### **2.3. Account contracts**

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

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

Central depository securities account of the D type is opened by KELER automatically in accordance with Section 3.4.1 hereof.

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 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 - KELER may refuse to enter into contract with a Joining Client only in case of rejecting access.

The Account Holder is entitled to open central 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 client relationship system related to the account maintenance services of KELER can be used following completing the applicable form contract and the necessary forms.

KELER's account management enable any and all Account Holder having an account management operation licence to keep securities held by various clients on an agency-type security account (consolidated agency account), and where a client of theirs so requests, the securities of the particular client is held on a separate account (individual agency account).



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

#### **2.3.1.1. Cash and Securities account opening**

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

The future Account Holder (for the purposes of this section hereinafter: Account Holder) submits an application for opening a money and/or securities account in writing, except in case of D type central securities accounts.

Account holders not deemed as Joining Client must attach the relevant Contract Documentation described in Section 2.1 of the present General Business Rules to the request to open an account, in the form therein specified.

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 payment account number and the IBAN identifier related to the opened securities if it notifies Account Holder thereof 30 days prior to the modification.

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**

One or more sub-accounts can be opened under a Central Securities account.

The condition of opening a sub-account is that the Account Holder 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.

##### **2.3.1.1.3. Cash account opening**

KELER automatically opens additional cash accounts necessary for using the services provided - Client and Non-clearing Member account, collateral payment accounts (S/M and Non-Clearing Member) necessary for trading in KELER CCP accounted markets, purchase price collateral accounts (S/M) as well as other collateral account or custody payment account.

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

KELER provides for the settlement of transactions cleared by KELER CCP for Clearing Members with no account required for settlement 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 money and Securities accounts at KELER.

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

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

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

#### **2.4. Account segregation**

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

KELER may use the securities registered on the Securities Account of the Account Holder subject to the preliminary express consent in writing. The consent is contained in the form issued by KELER, or the formal contract belonging to the particular service or individual contract. If the client gives its consent, it must ensure that all persons with a right of disposal over the particular securities also give their consent.

Depository Announcement on Segregation of Securities Accounts governs the level of protection related to the segregation of securities accounts, including the information on cases of insolvency.

#### **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 Account Holder.

The Account Holder 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).

KELER will accept any order from the Account Holder only if signed by a person registered on the signature card as referred to above, or it accepts the same from a Client authorised by the Account Holder to use the electronic client contact system.

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

The Account Holder can give orders to KELER as follows:

- a) in the electronic client relationship system,
  - at the KELER website (only for ISIN issuance and Demat events)
  - in the KID system
  - in a SWFIT message sent in compliance with the KELER SWIFT Rule Book,
  - investment fund unit related orders in the WARP system
- b) on a form used for this purpose (form or settlement note)
  - by mail,
  - personally,
  - in encrypted e-mail or fax message if the form related to the order concerned permits encrypted e-mail.

In addition to the above, KELER will have the right to receive instructions via non-encrypted fax or email message, if the Account Holder enters into a separate contract with KELER to this effect.

Where the instruction is received via fax or email, KELER - after checking the signature - will check with the Client the data in the order over the phone. Responsibility for the authenticity of orders and any resulting damage is with the client having submitted the order.

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

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

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

Without separate instruction by the Account Holder but with notification thereto, based on authorization provided by the Account Holder in accordance with these Rules KELER is entitled to debit the account of the Account Holder 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 Account Holder (e.g. BÉTa market settlement), KELER automatically passes to the Account Holder 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 Account Holder authorizes KELER to collect the payables of the Account Holder towards KELER CCP in accordance with the agreement concluded with KELER CCP. The Account Holder authorizes KELER to make available the balances of accounts kept by KELER for the Account Holder to KELER CCP to the extent necessary for the settlement of guaranteed transactions.

In order to meet the payment obligations arising from these Rules and the General Business Rules of KELER CCP for credit institutions KELER is entitled to submit payment orders in Hungarian Forint to the MNB, in the VIBER system, on behalf of the credit institution. The Account Holder 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 Account Holder but with notification sent to the Account Holder, based on authorization provided under these Rules, KELER corrects credit and debit items that arise due to error by KELER.

Under the authorization from the Account Holder as per the present General Business Rules, KELER will delete the Demat securities, without separate instructions from such Account Holder and subject to notification to the Account Holder, under the Issuer instructions to the debit of the Securities Account of the Account Holder. By way of implementing the Demat event associated with such cancellation, KELER automatically deletes the pending items on the Securities Account.

Without separate instruction by the Account Holder, based on authorization provided by the Account Holder under these Rules, KELER is entitled to post debit and credit entries related to settlement to the cash account and sub-accounts of the Account Holder.

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

## 2.6 Proper use of accounts

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

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

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

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

## **2.7. 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 Account Holder 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. KELER will suspend the right of disposal over an account also when it suspends the right of access of a Joining Client in accordance with the Depository Announcement entitled "Access Management".

KELER will have the right and the obligation to reject fulfilment of the Client's instruction in the cases set forth in Pmt., and in this case the right of disposal of the particular Client will be suspended.

Based on authority decree KELER is entitled to block the accounts of the Account Holder. Debits to a blocked account (sub-account) can be completed exclusively in line with the provisions of the decree of the authority initiating the blocking.

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

If no instruction is fulfilled to the debit or credit of an account held with KELER in a period of two calendar years - excluding transactions of multi-year maturity, KELER will call its Client to communicate any change in its data, noting that no transactions will be made in relation to the account until such data is provided.

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

### **2.8.1. Cases of account termination**

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

- a) termination of the Account Holder without any legal successor,
- b) termination of the service in relation to which the account was opened,
- c) withdrawal of the license of the Account Holder by the Supervisory Authority,
- d) in case of a zero balance of D-type central securities accounts,
- e) where the Issuer has no Demat securities on its Issuer central securities account,
- f) in line with the provisions of the point on handling outstanding receivables of KELER,
- g) application for termination,
- h) if KELER is unable to perform the client due diligence measures set forth in Pmt.,
- i) if the Joining Client as Account holder does not meet the access criteria set forth in Section 2.1 of the present General Business Rules, and the provisions of the documents and statements submitted to verify fulfilment of access conditions.

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

At the initiative of the Account Holder or in case of withdrawal of the license by the Supervisory Authority KELER is entitled to terminate the accounts of the Account Holder 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,

If there is both a cash account and a central Securities account and further debit and credit items are expected in the cash account of the Account Holder, the central Securities account

can be terminated on its own if the balance thereof is zero.

In case of termination of the Securities related 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 central Securities accounts KELER terminates the accounts stated in the request if the above conditions are complied with.

Issuers Central Securities accounts may be terminated even without the instruction of the issuer, if its balance is zero.

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

#### **2.8.3.1. Termination by KELER**

KELER is entitled to terminate the account contract with a notice of 30 days in writing.

KELER has the right to terminate the account contract with immediate effect in case of breach of contract. Case of breach of contract include in particular, but not limited to:

- a) the client fails to settle its debt to KELER within the deadline at the request of KELER,
- b) the client has acted in a way that grossly violates the interests of KELER, or has breached the contract so grossly that renders it impossible for KELER to continue the contract on account management,
- c) on account of the omission or bad faith action, KELER is unable to perform the customer due diligence measures,
- d) the client defrauds KELER by providing false information or statement,
- e) the client commits a breach of its obligations relating the proper use of the account.

In case of breach of contract, KELER furthermore has the right to take the following measures:

- a) it may suspend fulfilment of the instructions given by the Client to KELER to the debit of any account it may hold with KELER, irrespective of whether the payment instruction has been submitted to KELER before or after the breach of contract, and in this case, KELER will not be responsible for any damage or loss that may arise, and/or
- b) it may reject to provide the service to be delivered to the Client under the account contract, and may terminate the contract with immediate effect, and all obligation on the part of KELER under the contract will immediately terminate, and/or
- c) It may declare any receivable immediately payable, together with fees and interest accruing up to such date, rendering them due and payable immediately, and/or
- d) it may exercise any right and option it may have under applicable laws and decisions of authorities.

In case of a change in the operational permit of KELER or in case of change in legislation, KELER has the right to terminate the contracts of its clients with ordinary notice or to discontinue them in any other way, in relation to which KELER is no longer has the right to provide services under the changed operational permit or legislation.

KELER may terminate the account contract with a 30 day notice, if the Account Holder's right of disposal over its account is suspended for a period exceeding 3 months in accordance with Section 2.2.2.

#### **2.8.3.2. Termination by the Account Holder**

The Account Holder may exercise its right of termination only if it

- a) met all its obligations as provided for in these Rules,
- b) gives instruction as to the balance remaining on the account.

Withdrawal by the Account Holder of the authorization provided in line with these Rules to KELER to approve payment operation constitutes termination of the cash account agreement. The withdrawal of the authorization does not take effect during the period of termination.

The Account Holder 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.

The Account Holder acknowledges that termination pursuant to this point does not terminate the payables it has towards KELER.

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

### **2.9.1. Handling liabilities towards KELER**

KELER will act according to this Point in case of any Client liabilities towards 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 Account Holder as collateral for settlement of any liability of the Account Holder specified in this Point. Simultaneously with the written call KELER will block all freely disposable assets owned by the Account Holder 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 securities and FX acceptance list of conditions.

In accordance with the rules on bail of the Civil Code the assets will be transferred from the Account Holder to KELER, i.e. the subject of bail will be transferred (blocked). KELER shall inform the Account Holder in writing without delay on taking its assets as bail.

The bail will also extend to the freely available assets owned by the Account Holder and becoming available at a later date as long as the debt is outstanding. KELER will maintain the blocking only up to 1.2 times 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 Account Holder with the amount of the debt and the amount of the late interest stated in the Fee Schedule in case of an Account Holder having a cash account with KELER related to which account the Account Holder provides authorization to KELER pursuant to these Rules. In case of a credit institution KELER will get the MNB account of the credit institution debited pursuant to the authorization of the Account Holder 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 Account Holder 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 Account Holder according to instructions given by the Account Holder; if the transfer is



not successful KELER will handle the funds and securities in line with the rules of the procedure on activities completed without client order.

KELER takes possession of Dematerialized securities and funds in line with the rules of the procedure on activities completed without client order by transfer 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 Account Holder.

If the Client has overdue debts exceeding 30 days payable to KELER, KELER will have the right to reject provision of services to the particular Client, which it is not obliged to perform under applicable laws.

### **2.9.2. General rules for the settlement of Account Holder receivables**

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

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

#### **2.10.1. 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. The Participants of the securities Settlement system of KELER are required to provide data about their Clients at the request of KELER. Data provision must cover the transaction of the clients of the Participants, in terms of volumes and values.

#### **2.10.2. Notification by KELER**

##### **2.10.2.1. 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 website, in the KID system and also electronically on the website of the Supervisory Authority designated for disclosure purposes.

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, and the Client may not claim omission of notification.

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 website 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.

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

#### **2.10.2.2. Provision of cash and central securities account information**

In accordance with the agreement between the Account Holder 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 Account Holder in writing.

KELER will hand over to the Account Holder its response to the written bank information requested duly signed by the Account Holder 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.

In addition to information requested for the audited balance sheet, other written information provided at the request of the Account Holder, related to the money and central Securities account held by KELER are also considered bank information.

### 2.10.3. 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 the hours of operation of the Client Service.

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) any change in the registered office, branch office, company name, legal status, the official documents (non-appealable decree on registration by the court of registration or a certificate of incorporation also containing the changes that is not older than 30 days, original or certified copy of the specimen signature),
- f) there is any change in the persons authorized to sign,
- g) the Supervisory Authority license of the Client licensed by the Supervisory Authority is withdrawn,
- h) any change in the data provided in relation to the execution of obligation stipulated in the Pmt. (within 5 business days of becoming aware of the changes),
- i) there is a change in the documents and statements submitted to verify fulfilment of access criteria as set forth in Section 2.1 of the present General Business Rules, and in substantiating fulfilment of the access criteria that results in nonfulfilment of the access criteria.

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 Client fails to observe the legal provisions and the provisions of its deed of foundation in respect of its organization and operation, and KELER may suspend or terminate the participation of the Joining Client in the Settlement system.

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

## 2.11. Account statements, transaction confirmations

### 2.11.1. General rule of account statements

KELER makes the account statement available to the Account Holder electronically according

to the contract concluded with the Account Holder.

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

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

KELER will forward the account statement

- a) in KID (if the Account Holder has access to 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 Account Holder.

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

#### **2.11.3. Cash account and Central securities accounts**

KELER sends an account statement in Hungarian, or at the request of the Account Holder in English, on changes in the balance of the cash account and the central Securities account and on instructions executed.

For central Securities accounts KELER also prepares a comprehensive account statement for the Account Holder on the closing balance on the last business day of each calendar month.

KELER considers the amount shown in the statement issued on the central Securities and the cash account the balance of the account.

#### **2.11.4. Reconciliation process**

The participants in the Settlement system of KELER are required to reconcile the information received daily from KELER with their own records.

The participants in the Settlement system of KELER, at the request of KELER, provide to KELER the information that KELER deems necessary to resolve reconciliation issues.

#### **2.12. Electronic communication client relationship systems (KID, SWIFT, online services)**

KELER provides for electronic communication through the KID system, in line with the KELER SWIFT Rule Book or the messages sent on the interface available on the website of KELER.

Based on contract concluded the Account Holder can use any or all electronic client relationship systems.

KELER offers the opportunity of forwarding data in encrypted electronic mail. Correspondence is through forced TLS connection, and files/mails can be sent in SMIME encrypted mail, or in AES 256 encrypted zip files. In the latter case it is recommended that sensitive data is stored in the encrypted zip only, additionally, the password should be of at least 12 characters, include special characters, and should be changed monthly.

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

The Account Holder is required to use the same electronic client relationship system for giving related instructions (original instruction, cancellation, suspension, etc.) to an instruction already submitted. KELER will provide all status feedback in the client relationship system used to send the original instruction.

KELER sends end of day account statements and confirmations to the electronic client relationship system that the Account Holder has valid agreement for.

Should KELER suspect or detect fraud or security threat as regards its systems, it will inform its Clients in accordance with Depository Announcement entitled “Security measures for notification of Clients in case of suspecting or detecting fraud or security threat”.

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

The KID system is to be utilized in line with the method determined in Regulation (EU) 910/2014, the Rules and form contracts of KELER. KELER provides access to the KID system on the Internet also.

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.

#### **2.12.1.1. 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 Account Holder 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.

### **2.12.2. 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.

KELER is capable of receiving and sending all available SWIFT (international ISO standard) message formats.

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

### **2.12.3. 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 Depository Announcement on Internet based services can be accessed via the Internet.

### **2.12.4 Access to T2S services: ICP connectivity, DCP connectivity**

The Account Holder can access T2S in two ways: indirectly and directly. Indirectly connected Account Holders (Indirectly Connected Parties, ICPs) can use the T2S service through KELER, in the communication channels provided by KELER (KID, SWIFT) and with the use of message formats defined by KELER.

Directly connected Account Holders (Directly Connected Parties, DCPs) that have accounts in T2S can access T2S directly, without the use of KELER as technical interface, and can use the T2S securities settlement services directly.

Account Holders with direct connectivity (DCPs) can communicate with the T2S system directly also, but can use KELER also to forward messages (ICP). However, the Account Holder needs to hold the certificates of KELER and the ECB to be DCP in the T2S environment. Individual contract determines the possibility, terms of using the DCP service.

### **2.13. Right of control of KELER regarding the electronic client 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) increase of risk resulting from participation in the System.

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

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

### **3. Central depository operation (central maintenance and notary service)**

#### **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,
- fulfilment of Demat events 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
- ensuring exercise of proprietary rights relating to corporate events.

Details on the online applications that can be accessed on the website of KELER can be found in the Depository Announcement on Internet based services.

The Internet based services can be used following separate registration related to the individual online applications.

Unless otherwise stated by law, KELER shall be entitled to refuse fulfilment of a Demat event relating to central securities depository activities if the applicant cannot prove without any doubt compliance with the requirements of the present Rules and the Depository Announcement entitled “treatment of Demat securities” or based on risk-based, objective considerations.

#### **3.2. Allocation of ISIN identifier**

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 product. 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 website of KELER or in the online application that can be launched at the website on KELER, or in case of mass request for ISIN number, under a separate agreement, in the format and via the channel expected by KELER.

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

KELER maintain a register of FX codes of security data in accordance with the ISO 4217 standard relating the treatment of decimal points of FX codes in the central depository register.

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.

If during the process KELER notices any circumstances that may be grounds for the cancellation of the ISIN identifier, with particular regard to termination without legal successor, the ISIN identifier will be cancelled in line with the provisions stated in the Rules of KELER.

Detailed rules for allocation of ISIN identifiers are specified in the Depository Announcement on the Allocation and cancellation of ISIN identifiers and the central securities register. 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 from the Issuer:

- in case of Demat securities, data provided to KELER in the authentication process in the course of performing the Demat event,
- data of physical securities, in relation to which Issuer provided data to KELER,
- list of securities forbidden and cancelled that are in the scope of the Tpt and are reported to KELER.

For Dematerialized securities KELER states the following data in the list of ISIN identifiers published on its website:

- the type of the Dematerialized security herein stated,
- in the case of Dematerialized security any restriction on the transfer of the security series,
- reference to whether the security is produced.

If related to the security series KELER states transfer restriction, the interested parties can find the details of the transfer restriction in the Issuer's documents.

Upon ISIN identifier application KELER puts the Dematerialized security requested to be produced by the Issuer in the following categories:

- security type 'A': Dematerialized security stated in the regulation (e.g. share, bond, etc.);
- security type 'B': Dematerialized security that is the underlying product or the combination of the underlying products of a security of type 'A' whose Issuer has prepared an information sheet under Directive 2003/71/EC;
- security type 'C': all other Dematerialized security issued in line with the applicable provisions of the Civil Code that is not in the category of security type 'A' or 'B'.

The above securities categories are created for the purposes of these Rules only.

#### **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 securities series or the Issuer.

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

- a) with the application of new ISIN:
  - change in the method of producing the securities,
  - change in currency,
  - change in nominal value.
  
- b) without the application of new ISIN:
  - 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 of the Issuer KELER informs the Supervisory Authority, the competent court and the court of registration on the fact that the Issuer fails to observe the legal provisions applicable to the securities it issued.

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.

In the case of Dematerialized securities series KELER records and registers the due dates of planned events as the static data of the securities series in line with the schedule stated. As a rule KELER registers the scheduled due payments after the due date as payments made. The Issuer is required to request the change of certificate in advance in order to modify the due dates previously scheduled.

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

### **3.3.3. 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 website 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.

### **3.3.4 Records in T2S of securities issued in Hungary**

In line with the recommendation of the ECB, KELER makes available to Account Holders the master data of securities it issued in Hungary in order to settle transactions in T2S. The group of securities recorded in T2S and the detailed rules on registering ISIN codes in T2S can be found in the KELER Depository Announcement on T2S Operation.

## **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 Account Holders.

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 perform first issue, over-issue and transformation service in relation to Demat securities for the Issuer, if the Issuer has no unexpired LEI code, and for this reason, it is the responsibility of the Issuer to inform KELER about its unexpired LEI code two days before the provision of the core data relating the security covered by the particular service, or before the particular Demat event.

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 created by crediting them to the securities account pursuant to the order of the Issuer. The order by the Issuer includes the value date of crediting the securities to the account.

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

If in case of creation or over-issuance the end-owner of the credited security may not be identified by the Securities Account manager, then the Securities Account manager will have the right to transfer the unidentified securities back to the Issuer's D-type Central Securities Account. The detailed rules of transferring back is set forth in the Depository Announcement entitled „Handling of Dematerialised securities”. The Issuer must revise the data relating the owner of the back-transferred security and its securities account, and the Securities Account Holder, and must also divide the securities within 6 months of the backtransfer as laid down in Article 9 (6) of Tpt. by way of a FoP transfer transaction from the D-type Central Securities Account.

KELER will charge the fee to be paid by the Issuer on the transaction initiated on the D-type securities account and in relation to the securities portfolio stored there.

The documents – as per each Demat event and security types as prescribed in the Depository Announcement entitled „Handling of Demat securities” - necessary for placing orders for Demat events and for the purposes of the notary procedure relating the Demat security.:

- a) Dematin 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
- c) submitted in the eDEMAT online application available at the website of KELER.

KELER accepts documents from non-resident Clients in English or with certified Hungarian translation, KELER accepts translations as certified if the translation is prepared by a person authorized to make certified translations at the place the translation is made.

The Certificate can be prepared in the Hungarian language or in two languages, one of which must be the Hungarian language. In the case of bilingual Certificate the Hungarian text prevails.

According to its List of Conditions, KELER is entitled to charge different fees for Demat events depending upon the method of ordering Demat event or the receipt of the documents by KELER. The detailed rules are set forth in the Depository Announcement entitled “ treatment of Demat securities”.

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. One of the conditions of the execution of a Demat event related to equities is registration of the underlying company law change by the court of registration.

In order to issue the securities the Issuer issues a Certificate in one copy that is not considered security and deposits it with KELER.

Modification in the data of securities recorded based on mistaken or defective data provided by the Issuer in the certificate on the securities can be completed only based on a new certificate submitted. (The content of the deed may not be supplemented or modified manually.)

KELER does not accept any liability for the authenticity of data provided in the Issuer's indocuments received in relation to the services regarding Dematerialized securities, for compliance with legal regulations of such data, the Issuer providing the document concerned is fully responsible therefor.

#### **3.4.2. The Issuers' securities account**

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

After the signature of the template contract with the Issuer, KELER will open the Issuer securities account in a breakdown of Issuers, where all demat securities issued by them are recorded as per ISIN identifiers. In case of investment units, the fund for the management of investment units are opened for the particular fund manager.

The Issuer has no right of disposal over the Issuers' securities account. The balance of the account is either negative or zero. The account balance is generated on conducting the demat event, by the crediting or charging the central securities accounts as defined in the issuer's instructions by using a contrasting (negative or positive) sign.

KELER will delete the Issuer's securities account on discontinuation of the Issuer (deletion from the trade register, deletion of fund from records, or in case of other discontinuation of the entity). the present General Business Rules

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

Depending upon the method of involvement of the Issuer Demat events can be executed as follows:

- a) personally managed,
- b) electronically executed,
  - ba) with the use of the KID system,
  - bb) with the use of the eDemat system, for Issuers with electronic signature rights,
  - bc) with the use of the eDemat system, for Issuers with no electronic signature rights,
- c) remotely managed.

Detailed rules of Demat event execution are stated in the relevant Depository Announcement entitled “treatment of Demat securities”.

#### **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:

- creation
- 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, by their authorized representatives, 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:

- creation,
- over issuance (excepting open end investment units)
- 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, by their authorized representatives, 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:

- creation,
- over issuance (except for open-ended investment fund units),
- ,
- cancellation of entire series,
- change of certificate.

#### **3.4.3.3. Remotely managed Demat event**

The remotely managed Demat event is executed without personal presence by the Issuer, with documents previously made available to KELER, the duly signed certificate is submitted in printed form.

The following services can be used in this way:

- cancellation of entire series,
- change of certificate .

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.

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

a) Services related to Dematerialized securities with account movement:

- aa) first issuance,
- ab) over-issuance,
- ac) conversion,
- ad) squeeze out,
- ae) cancellation of entire series
- af) partial cancellation

b) Services related to Dematerialized securities without account movement:

- ba) Change of certificate in line with the general rules,
- bb) Change of certificate due to investment unit transformation,
- bc) Subsequent change of certificate.

##### **3.4.4.1. 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 a mismatch related to the data submitted is detected 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.

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/partial cancellation.

In case of Demat events with account movements the account credit data form inseparable part of the Certificate.

In the course of the Demat event executed by a committee the Issuer provides to KELER the data required to complete the credit entry/ partial cancellation on the accompanying list available at the website of KELER.

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

Simultaneously with the execution of the change KELER invalidates the certificate that is not a security and, the time of invalidation will be shown. KELER does not discard invalidated certificates.

#### **3.4.4.1.1. First issuance - creation**

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

The Issuer is entitled to define the date of creation 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 creation of Dematerialized securities are contained in the applicable regulations.

#### **3.4.4.1.2. 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. These provisions do not apply to open-end investment units.

##### **3.4.4.1.2.1. 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. To this end the Issuer is required to submit the instruction to KELER at least three business days prior to the first trading day of the over-issued securities at the BSE. The Issuer is required to state the first BSE trading day as the value date of the Issuer instruction.

In the 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 creation of securities and the BSE-listing the Issuer is obliged to request the creation following request of a new ISIN identifier for the over-issuance as the settlement of BSE trades in newly issued but not yet BSE-listed securities is not possible.

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.

#### **3.4.4.1.3. Securities conversion types**

In the case of securities to be listed or listed in BSE in the course of transformations, the Issuer - by virtue of acceptance of the present General Business Rules - authorise KELER to prepare a schedule and account-crediting data constituting a part of the Issuer's instructions relating the successor securities-series and to process the same, and to invalidate the deed deposited in relation to the series on the value date.

The above service may be ordered also in relation to securities series to be listed / listed other than to BSE. The detailed rules are set forth in the Depository Transcript entitled „Treatment of Demat securities’.

##### **3.4.4.1.3.1 Transformation of securities series by KELER under authorisation by the Issuer**

In the case of securities series conversion the legal predecessor securities series with an ISIN is converted to the legal successor securities series.

Once the conversion is successfully completed the legal predecessor securities series is deleted from both the securities and central securities account, the legal successor securities series is created as the 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 and the currency of the legal predecessor securities series are identical to the total nominal value and currency of the legal successor securities series. If the total nominal values of the legal predecessor and the legal successor securities series are not identical, the conversion can be completed if the nominal value of the legal successor/predecessor securities series is the whole number multiple of the nominal value of the legal predecessor securities series. Additionally, the Issuer is required to submit the certificate to KELER three business days prior to the value date and to attend personally the securities conversion process completed in committee.

In case of conversion the successor securities are to be credited to the securities accounts of whom the legal predecessor securities were cancelled.

##### **3.4.4.1.3.2. Transformation of securities series (by cancellation-creation or overissuance)**

In case of transformation of securities-series, the predecessor securities-series having an ISIN-code will transform into a successor securities-series with new ISIN-code.

After its successful transformation, the predecessor securities series will be deleted from the securities and the central securities accounts, and the successor securities-series will be created as a new series, or it will be created as an overissuance of an existing securities-series.

The transformation process is conditional on correspondance of the total nominal value and the denomination of the predecessor securities-series with the nominal value and the denomination

of the successor securities-series. Where their nominal value vary, the transformation process may be completed, if the nominal value of the successor securities series is a full number multiple of the nominal value of the predecessor (e.g. split).

Another condition is that the Issuer must set the value date of the transformation two business days before the scheduled date.

In case of such transformation, KELER accepts instructions from Issuers whereby the successor securities must be credited to the (A or B type) central securities account of Securities Account Managers, whose central securities account held the predecessor securities that were deleted. KELER notifies the Securities Account Manager in an email message or notification about the transformation.

The account blockings relating to the predecessor security are released by KELER concurrently with the cancellation. The blocking relating the successor security is initiated by the Securities Account Manager.

#### **3.4.4.1.3.3 Replacement of securities (by cancellation-creation/overissuance) in relation to all securities**

In case of replacement of securities, the total nominal value of the securities-series, without an increase of the nominal value of the various securities, without a change in reducing their number, or due to a change in currency, the above rules of transformation are not applicable. In this case, KELER will perform the change by way of cancellation and creation of securities or overissuance, in accordance with the present General Business Rules. In case of a change, KELER accepts instructions from Issuers whereby the successor securities must be credited to the (A or B type) central securities account of Securities Account Managers (type "A" or "B"), whose securities account held the predecessor securities that were deleted. KELER notifies the Securities Account Manager in an email message or notification about the transformation. The account blockings relating to the predecessor security are released by KELER concurrently with the cancellation. The blocking relating the successor security is initiated by the Securities Account Manager.

Another condition is that the Issuer must set the value date of the transformation two business days before the scheduled date.

#### **3.4.4.1.3.4 Transformation by way of partial cancellation securities-series (partial cancellation-creation or overissuance)**

In case of transformation by way of partial cancellation securities-series, the total nominal value of all securities-series will change. In this case, KELER will perform the change by way of partial cancellation and creation of securities or overissuance, in accordance with the present General Business Rules.

In case of this type of transformation, KELER accepts instructions from Issuers whereby the successor securities must be credited to the (A or B type) central securities account of Securities Account Managers, whose Central securities account („A" or „B" type) held the predecessor securities that were deleted. KELER notifies the Securities Account Manager in an email message or notification about the transformation.

The transformation may be performed by way of a personally controlled Demat event only.

#### **3.4.4.1.3.5 Special rules on the conversion of physically produced securities series into Dematerialized securities series**

The conversion process can be completed if KELER accepted the legal predecessor securities series produced physically into fungible custody. If the securities of the legal predecessor securities series are not fully converted when submitted, the Issuer is required to open a securities account with KELER until the value date of the conversion.



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

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

#### **3.4.4.1.3.2. Special rules on the conversion of Dematerialized equity series into physical equity series**

KELER executes the conversion of the Dematerialized equity series (legal predecessor equity series) into physical equity series (legal successor equity series) by cancelling the legal predecessor equity series on the value date stated by the Issuer. The Issuer applies for an ISIN identifier for the legal successor equity series.

Not later than on the value date of the conversion the Issuer is required to state to KELER that it took measures to produce the physical equities in a quantity corresponding to the quantity of the Dematerialized shares.

If the Issuer mandates KELER to safekeep the physical share, simultaneously with the cancellation of the Dematerialized shares in the central securities account and with the crediting of the physical shares to the security custody account the physical share is considered to be handed over. In the case of conversion the legal successor shares are credited to the security accounts where the legal predecessor shares were cancelled.

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

If pursuant to the rules of the Tpt. on acquiring controlling interest and Article 7/A of Act CXXXII of 2009 relating to the exercise of the state shareholder purchase right relating to privately issued share series, 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 equity series listed on the BSE the value date of partial 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.

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 created 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.

#### **3.4.4.1.5. Cancellation of Dematerialized securities**

##### **3.4.4.1.5.1. Cancellation of Dematerialized securities (for reasons other than maturity)**

KELER cancels Dematerialized securities series pursuant to the cancellation request submitted by the Issuer or its legal successor.

Simultaneously with ordering the Demat event the Issuer submits documents to evidence that the conditions of the cancellation of the securities series from the central securities account are fulfilled.

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

The Issuer shall provide written statement to KELER on the termination of the rights and obligations included in the Dematerialized security.

Based on the notification of the Issuer KELER advises securities account managers on the expected value date of cancellation of the Dematerialized securities series 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 series KELER and the securities account manager shall archive data relating to the Dematerialized securities series 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 series will cease to exist when they are cancelled on both the securities account and the central securities account.

KELER notifies the Issuer on the cancellation completed. In the 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. In the case of cancellation of debt securities prior to expiry the Issuer has to state that the conditions of cancellation prior to expiry are met.

##### **3.4.4.1.5.2. Cancellation of the security due to expiry**

KELER registers the expiry date of security with expiry based on the Certificate issued on the securities and publishes data available to it, including the case when the date of payment is different than the date of expiry.

The cancellation request of the Issuer is required for the cancellation on the expiry date of securities with expiry date. The value date of cancellation cannot be earlier than the date of expiry.

##### **3.4.4.1.5.3. Cancellation of securities rendered invalid due to discontinuation of the Issuer**

Where KELER learns that an Issuer of a Demat security has been deleted without legal successor from the register of companies, and the registry of the Supervisory Authority finally and conclusively, without the measures taken by the Issuer or the liquidator or fund manager to delete securities, KELER will take measures to delete the Demat securities issued by the discontinued Issuer or fund rendered invalid from securities accounts and accounts relating to

securities.

The value date of the cancellation will be communicated via the website of KELER and via KID, by way of a notice.

#### **3.4.4.1.6. Partial cancellation of Dematerialized securities series**

Reduction in the quantity of Dematerialized securities series 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 series only with the personal involvement of the Issuer.

This process does not apply to the withdrawal of open-ended investment units due to their continuous distribution.

#### **3.4.4.2. Services related to the Dematerialized security without account movement**

##### **3.4.4.2.1. Replacement of certificate in line with the general rules**

The data of the certificate issued on the Dematerialized security kept in the central securities accounts is modified by replacing the certificate deposited with KELER relating to the securities series. The replacement of the certificate is a Demat event with no change to the quantity of securities in the securities account that may be due to the change of the data of the security series (e.g. term; security name; interest rate; yield payment; assignment; change in related rights, change in investment fund name) or the change in the Issuer data (e.g. Issuer name, address change).

In the case of Demat events with no account movement the Issuer order is represented by the certificate that is not qualified security and is issued in line with the requirements of legislation. The new certificate includes the reason and value date of the replacement (without any change to the data and value date of the most recent Demat event with account movement).

In the case of Demat event executed at the online interface operated by KELER the master data of securities are provided in a controlled manner. KELER confirms the execution of the remotely managed certificate replacement to the Issuer.

Simultaneously with the execution of the change KELER invalidates the certificate that is not qualified security by stating the date of invalidation. KELER does not discard the invalidated Certificate.

##### **3.4.4.2.2. Certificate replacement in the case of conversion of investment units**

Upon maturity the closed-end investment fund can be converted into an open-ended investment fund by replacing the certificate. The new certificate is to be issued for the investment unit series issued by the open-ended investment fund.

Point 3.4.7.2. of these Rules contains the detailed rules of conversion.

#### **3.4.4.2.3. Subsequent replacement of certificate**

If KELER becomes aware that the Issuer is unable or only partially able to meet the due payments, it requires the Issuer to state whether it will make payment in line with the provisions of the certificate. If the Issuer states that it will not comply with the scheduled due dates, KELER calls the Issuer to request the replacement of the certificate without delay. KELER informs the Supervisory Authority on the call made.

KELER applies the process of subsequent certificate replacement if the Issuer fails to meet the due payment schedule stated in the certificate issued related to the Dematerialized securities and it does not request the replacement of the certificate issued on the security series due to the new schedule.

Should the Issuer fail to request the replacement of the certificate by the deadline stated by KELER, in order to avoid injury to the parties entitled to receive the due payments it cancels the due payment event in the system. At the same time KELER repeatedly draws the attention of the Issuer to execute the replacement of the certificate without delay to prevent the violation of legislation. At the same time KELER repeatedly informs the Supervisory Authority.

#### **3.4.5. Invalidation of the Dematerialized certificate**

KELER invalidates the certificate deposited relating to the Dematerialized security immediately after the execution of over-issuance, partial cancellation, replacement of certificate and cancellation and records the time of invalidation.

The invalidated certificate cannot be discarded.

#### **3.4.6. Rules on securities with maturity**

In the case of security with maturity from the day after the record date herein determined until the due date account operations can be requested for the entire securities quantity in line with the following rules.

Based on the statement of the Issuer, on the date the statement is submitted KELER cancels the expired security from the securities accounts if it can be evidenced that the Issuer met the related payment obligation. .

In the case of expired securities series related to which the Issuer failed to meet the past due obligation, no account operations can be completed until the time of cancellation from the securities account.

If the Issuer failed to meet the payment obligation due on or after the maturity date but wants to allow account operations to be executed after the maturity date also, the Issuer is required to inform KELER on this need. In this case KELER applies technical maturity based on the individual rules of procedure consulted with the Issuer. KELER informs the parties about the application of the technical maturity and the related date. KELER passes the costs arising from the setting of the technical maturity to the Issuer.

If the Issuer failed to meet the payment obligation due after the maturity date, the securities account manager of the party entitled to receive payment can request to allow account operations related to the securities and on the value date it determines. KELER informs the Issuer on the request. KELER allows account operations to be executed on the value date stated in the request and related to the securities concerned if the account manager

receiving the securities validated and the Supervisor Authority acknowledged the account operation KELER passes the costs of allowing the account operations to be made to the securities account manager of the party entitled to receive payment.

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

The units of the investment fund remain registered in the securities accounts until the investment fund is cancelled by the Supervisory Authority from its records.

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

As regards the continuous trading of investment units issued by open-end investment funds, the fund manager, the Clearing party and KELER will enter into an ancillary agreement.

Under the ancillary agreement, the daily overissuance of investment units and partial cancellation will be performed by KELER as instructed by the authorized Clearing party. If the fund manager has the right of disposal over the central securities account held with KELER, the Clearing party may itself complete the action without the involvement of a third party.

In the case of an investment unit issued by an open-ended investment fund, KELER creates and cancels daily the investment units at the instruction of the Account holder stated as the party authorized to create and cancel investment units in the ancillary agreement on open-ended investment fund units.

The authorized Clearing party can submit daily overissuance and cancellation orders

- on the form for this purpose, or
- indirectly with settlement transactions automatically created by the WARP system based on the summary of trade instructions of partners with distributor role in WARP and sent by WARP to the account management system of KELER on behalf of the authorized Account holder (Settlement Party).

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

For DVP overissuance and cancellation orders, in addition to the orders by the Account holder referred to above, the joint order of the counterparty in the transaction (Distributor) is also required, if different Account Holder is involved.

(Trading instructions initiated in WARP automatically generates the counterside transaction.

In the case of FOP daily creations the investment units are credited to the Dematerialized securities creation sub-accounts of the Clients stated in the order of the Clearing party. In the case of DVP creation transaction, following overissuance in the Dematerialized securities creation sub-account of the Clearing party, the investment units are automatically transferred to the securities sub-account stated in the instruction.

In the case of daily cancellation of the investment units, the investment units to be cancelled are to be transferred to the dedicated sub-account (in a so-called Demat transfer) of the clearing party and the clearing party can request the investment units cancellation in that account.

When redemption instructions submitted in WARP are settled the investment units are transferred and cancelled automatically in the distributor sub-account for both FOP and DVP settlement.

If the securities or cash cover required for settlement is not available in the Account Holder's account, KELER puts the transaction in a queue and if cover is insufficient after the day concerned the transaction is recycled for 20 business days.

FOP investment unit overissuance and cancellation orders cannot be withdrawn. The Account holder submitting the original order can withdraw (cancel) DVP investment unit overissuance and cancellation orders on the form used for this purpose.

If the investment fund became illiquid, the fund manager decided to segregate investment units representing assets of the investment fund, it is required 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 creation 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 closed-end investment fund into open-ended**

If the due dates related to the investment unit or the terms of fulfillment are subsequently changed, the fund manager of the investment unit is required to inform KELER in writing on the changes at least fifteen settlement days before the maturity date of the closed-end fund.

In the dissolution of the closed-end fund the fund manager of the investment unit informs KELER in writing on the date when yield and capital are repaid. KELER publishes the due date in KID .

If the fund manager wishes to convert the investment fund units and maintain the continuous distribution of closed-end investment fund units, the Issuer is required to provide to KELER the certificate relating to the open-ended investment units not later than the 4<sup>th</sup> business day prior to maturity and conclude a trilateral agreement on the daily creation and cancellation of the open-ended investment units with KELER and the Client authorized to create and cancel the units.

KELER executes this conversion process as remotely managed Demat event or, upon request by the fund manager, as Demat event with personal presence by the Client. The units of the open-ended investment fund created with conversion will be converted on the maturity date (D) of the closed-end fund.

The preferential days related to the conversion are determined in Section VIII. of these Rules.

#### **3.4.8. 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.

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

Together with the Final Terms of the structured product the distributor of the structured product 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 structured product. KELER issues a statement on acceptance.

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

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

### **3.5 Exercising proprietary rights relating to corporate action (based on Demat securities issued in Hungary)**

As regards the securities registered by it, KELER ensures the exercise of proprietary rights by way of the following services:

- a) Payment disposition
- b) Shareholders registration

#### **3.5.1 Payment disposition**

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

#### **3.5.2 Shareholders registration**

A document delivered to the Issuer specifying the personal data of the holder of the securities account reported by the Account Holder listing the quantity of securities registered to their name for a particular value date.

#### **3.5.3 General requirements**

KELER informs the Clients via the KID system about corporate action delivered by the Issuer (e.g. payment of interests, dividends).

In case of payment disposition, damage arising from failure to provide a bank account number will be borne by the Account Holder.

The Issuer may update the shareholder list based on owner's registration. The shareholder's list is managed in relation to the various Issuers under different rules. The Issuer is responsible for drawing the attention of the shareholder and his/her securities account manager to the special rules of the particular shareholder list.

The detailed rules relating the ordering and implementation of services are contained in the Depository Announcement entitled „Services relating to corporate action in Hungary”. 2.1 Exercising proprietary rights relating to corporate action (based on Demat securities issued in Hungary).

#### **4. 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 as fungible deposit (hereinafter: fungible custody) or as deposit (hereinafter: individual deposit).

The condition of accepting securities privately issued in Hungary for fungible custody is that the Issuer and KELER agree in writing on the continuous reporting 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 is the Depository of KELER.

KELER does not accept delivery of compensation notes.



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

#### **4.1.3.3. Registration of receipt of securities**

KELER will credit the securities delivered to the Depository to the central 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 Account Holder 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.

#### **4.1.3.3.1. 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 central securities accounts, such securities will be returned to the sender on the settlement day following receipt.

The Issuer 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**

KELER will credit to the securities account on the day of receipt the securities accepted as marketable by the Committee and not being subject to destroying procedure in the authority of notary public.

If a Client requests the securities delivered to the Depository to be credited to the account of another Account Holder, simultaneously with the delivery to the Depository, it is obliged to send one copy of the delivery note it issued 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 central 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 central securities account, it will immediately return the amount stopped to the Account Holder.

If KELER already credited the securities received to the central 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 Account Holder.

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 118 (2) of the Bszt (that is authorize KELER to provide data relating to the Account Holder 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 Account Holder fails to comply with KELER's call, KELER will deliver the securities concerned to the Client that delivered them, at the expense of the Account Holder.

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

#### **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 Account Holder.

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

If the amount declared invalid is available on the central securities account of the Client, KELER will immediately deliver the securities declared invalid to the Account Holder 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 central 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 Account Holder complies with the call, following receipt of the marketable securities by the Depository, the Depository will release free of charge to the Account Holder 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 Account Holder. 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 website 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 Account Holder 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 KELER Depository the central 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 register the securities not taken receipt of in line with the rules of the procedures on activities completed without client order.

If the applicant of the release (holder of the central securities account to be debited) requests that securities are delivered to the address of another Account Holder, 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 Account Holder 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 physical securities issued in Hungary and foreign physical securities**

Issuers of physical securities having an ISIN code, or securities issued without an ISIN code from whom KELER does not have an authorisation for custody management under batch principle, and where the Account Holder wishes to place the particular security in the Depository for individual custody management according to its denomination and serial number, KELER will open an individual custody account for custody management for the Account Holder. Lacking an ISIN code, or securities unsuitable for registration with former ISIN codes are equipped and registered by KELER with a unique identifier.

In case of delivery of a registered security in an individual custody account, KELER will not perform serial number check, will not check uninterrupted chain in endorsement of the security, and will not endorse securities either. KELER Depository safeguard the received securities according to their denomination and serial number in individual custody and registers them on the individual custody account.

In case of securities registered on the individual securities custody account, the Account Holder has the right to seek delivery, special transfer, coupon cutoff and their delivery for particular denomination and particular serial number of the security. Such instruction may be submitted only in a printed deed form, by telefax or in person.

KELER Depository will perform the invalidation and destruction service in relation to the securities issued by a company deleted from a company register which is kept on individual deposit accounts at the instruction of the Account Holder in its capacity of the last holder of the security, or where such Account Holder is not the last holder, then at the instruction of the last holder in writing. The destruction is performed by KELER in its capacity as implementing entity, and participate in such action in its capacity as the custodian of the invalid security.

Where the Issuer has given instructions or power of attorney to a third party (that is, other than to KELER or the Account Holder) for the case of discontinuation of the entity without a legal successor for the physical destruction of the securities, and informed KELER accordingly, the instruction from the Account Holder or the last beneficiary for the invalidation and destruction must be accompanied by a power of attorney to the agent(s) in writing.

#### **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:

- a) payments at the due date,
  - aa) payments at maturity without requirement of identification of the holders,
  - ab) payments at maturity with requirement of identification of the holders,
- b) identification of the holders (without payment),
- c) cutting the due coupons of physical securities,
- d) physical invalidation and destroying of physical securities and coupons (also in respect of securities in individual custody), and
- e) 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.

The securities in relation to which the Issuer failed to meet past due obligations will remain blocked until cancellation from the central securities account.

#### **4.2.3. Rules of payment of securities in fungible custody**

In respect of securities in fungible custody the Issuer shall order from KELER the cutting of coupons corresponding to the due payment, additionally in the case of shares orders shareholders registration by providing details as follows:

- start date of payment,
- whether execution is requested according to the rules of payment or not,
- in case of shareholder registration the method of transfer,
- requirements in respect of the due coupons.

#### **4.2.4. Management corporate actions related to securities recorded in the T2S system**

KELER executes in T2S also the corporate actions of securities recorded in the T2S system involving master data change or disbursement in Euro. For detailed rules please see the KELER Depository Announcement on T2S Operation

#### **4.2.5 Management of market claim, transformation and buyer protection processes**

KELER executes market claim, transformation and buyer protection processes centrally to compensate entitlements, in line with uniform European standards, related to transactions matched but unsettled on the record date of corporate actions and during the recycling period.

The KELER Depository Announcement entitled „T2S Operation” describes the relevant corporate action types and transaction types, the detailed rules of the processes.

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

#### **4.3.1. Invalidation of physical securities and coupons upon the assignment of the Issuer/ at the instruction of Issuer**

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, KELER Depository will safe keep the invalidated securities until the date of destruction or following destruction hands them over to the Issuer. The KELER performs coupon invalidation only if the Depository cuts off the coupons and receives instructions from the Issuer for its destruction.

#### **4.3.2. Destroying physical securities and coupons at the instruction of Issuer**

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**

In cases where KELER learns about the deletion of the Issuer having issued a security stored on batch principle, from the company register finally and conclusively, without the issuer or its administrator taking measures for the deletion of securities stored in the Depository on batch principle, KELER will take measures to transfer the physical securities of the discontinued issuer rendered invalid registered in the central securities accounts and the accounts relating to securities over to the special account opened and managed by KELER for the purposes of destruction.

The value date of transfer of the invalid physical security is published by KELER via a KID notice.

Securities transferred to the technical account are destroyed by KELER in its capacity as implementing entity, and participates in the destruction as the custody manager of the invalid security.

## **5. Account management activities by KELER relating to settlement services**

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

#### **5.1.1. Receipt of orders**

The cut-off time for receiving orders, the form of submission are specified in Section 2.5 and KELER's Depository Announcements on Cut-off times to receive, execute and cancel orders.

KELER shows the time of receipt by KELER on orders received as printed documents.

KELER considers both the electronic and the printed document order for the value date concerned received order (either submitted on the same day or with value dating or recycled from earlier) on the day if the order

- is successfully received within the cut-off time stated in KELER's Depository Announcement on Cut-off times to receive, execute and cancel orders,
- is submitted in the manner and with the content determined in these Rules and thus it is received by KELER (i.e. the order is not rejected for reasons of logic, format or content), and
- the related verification of cover was successful before the end of the settlement day.

#### **5.1.2. Withdrawal of the order**

The Participant is entitled to request cancellation of the orders sent to and received by KELER, in compliance with the rules on matching the transactions, as long as the orders in the queue are not fulfilled. The Account Holder can withdraw these orders electronically or in a letter containing the instruction thereto, in accordance with section 2.5.

The received letter instructing the withdrawal will be expressly marked as such and shall contain clear reference to the order to be withdrawn.

If the withdrawal that is the subject of the letter received can be executed, KELER cancels the withdrawn order from among the items pending execution (to be posted). The party submitting the order is informed thereon in the daily statement. If the electronically received withdrawal is successful, the withdrawn order is automatically deleted in the settlement systems. The successful or unsuccessful withdrawal is confirmed to the party submitting the order in the same electronic client relationship system that was used to submit the order.

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

The cut-off time and procedure to withdraw an already received order are determined in KELER's Depository Announcement on Cut-off times to receive, execute and withdraw orders.

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

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

### **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.

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 MNB.

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 Account Holder.

### **5.2.2. Priority and queue management**

Real-time processing is performed by complex priority and queue management. Transactions that may not be performed due to lack of collateral are queued by KELER.

Queuing commences after pairing, on the scheduled settlement day at the earliest, at the validated (not suspended) status of the transaction.

Queuing is performed per transactions relating the same security subaccount, in view of the following considerations:

- a) the primary consideration is the priority of the transaction for KELER: the priority given by KELER to the various types of instructions, as announced in the Depository Announcement;
- b) the secondary consideration is the priority of the transaction for the Client: within identical KELER priority instruction, the Client priority determined by the seller side Account Holder is the order of priority supporting the real-time processing by KELER (in accordance with the Depository Announcement entitled KELER and client priority. The Account Holder will determine the priority of the instruction concurrently with the submission of the instruction.
- c) the third consideration is the order of receiving transactions, the collateral check of KELER priority and identical Client priority instruction is performed in the order of receipt (FIFO).

In each case, KELER will attempt to process the order with highest KELER and Client priority received at the earliest, that is first in the queue. Where the order listed first may be settled, the collateral check will move to cover the next order in the queue.

If there is insufficient cover for the order concerned, the relevant order standing later in the queue on the subaccount and the security will not be performed by the system. The Account Holder will be notified on the lack of cover of the order standing first in the queue without delay.

The queue created can be "released" as follows:

- providing the security cover required for settlement of the order standing first in the queue,
- changing the seller side Client priority of the order standing first in the queue to a lower priority, or
- changing the seller side Client priority of a order standing later in the queue to a higher priority
- suspending or deleting the order standing first in the queue.



Settlement transactions involving money flow (e.g. DVP transaction), priority change of the seller side instruction results in the change of security only.

### 5.2.3. Batch processing

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

Batch orders with daytime settlement are processed in phases at the times stated in the applicable Depository 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 order, 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 orders as possible.

### 5.3. Maintenance of Central securities account

After concluding an account registration contract for keeping securities account KELER opens 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 Account Holder KELER opens as many sub-accounts as requested.

the present General Business Rules

At a request to this effect KELER will keep the Dematerialized securities owned by the Account Holder 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 Account Holder 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.

Based on the advice by KELER CCP the securities sub-accounts of type "M" and "S" for stock exchange settlement and sub-accounts necessary for securities settlement will be opened automatically for the Account Holder upon becoming a clearing member .

KELER opens dedicated securities sub-accounts for the securities of Clients subject to preferential tax treatment. For the corporate event entitlements and defined markets related to the securities held in such accounts KELER ensures the possibility of preferential tax treatment based on the applicable tax treaty to avoid double taxation, in line with the detailed rules set forth in the Depository Announcement entitled "Corporate action relating to foreign securities".

The , Client may seek to receive an ownership certificate from KELER as regards the Demat securities owned by it and the Securities Account. Once the certificate is issued, KELER will enter changes relating the Demat security subject to the consurrent withdrawal and invalidation of the ownership certificate.

## **5.4. Securities operations performed on the central 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 received as value dated order on the requested value date, in case of recycling for twenty settlement days following the value date. In case of orders 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 order not performed by the end of the relevant value date (settlement day) will be cancelled, except for the primary transaction requested to be recycled, the defaulted multinet transaction and the recycled transaction.

The recycled order will be automatically deleted on the twentieth day following the date when the instruction of the Account Holder was submitted. Recycling is possible only in the case of transfer without movement of funds, DVD and DVP securities account transfer and investment unit creation and cancellation transactions.

KELER will notify the Account Holder on the orders received 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 securities transfer orders on a gross basis, proceeding from one transaction to the other. The securities transfer order on gross basis may be of DVP, DVD or FoP type.

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

In the case of delivery of Dematerialized shares with grounds other than assignment KELER debits the securities account of the previous shareholder and credits the shares to be acquired (transfer) to the new shareholder (Client) at the request of the Account Holder, based on the document evidencing the acquisition of ownership. KELER performs transfer transactions from the available balance of the securities account.

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

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

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

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

##### **5.4.2.1.2. Suspension of the validated order**

The settlement of the received, validated securities transfer order submitted can be unilaterally suspended as long as the transaction is not settled. Suspension is possible exclusively in the case of already validated orders.

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

#### **5.4.2.1.3. Cancellation of the order by the Account Holder**

The received, validated securities transfer order can be unilaterally cancelled based on the received cancel instruction by the Account Holder.

#### **5.4.2.2. Types of orders to transfer securities**

##### **5.4.2.2.1. The FoP order**

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

The orders received 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 or unvalidated) 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 Account Holder 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 order at least the transfer order of the Account Holder to be debited is necessary.

In case of a transfer order of the Account Holder 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. The DVD order**

When executing a DVD order, that is a “Delivery versus Delivery” order, 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 central securities accounts of the Clients.

##### **5.4.2.2.3. The DVP type order**

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

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

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

DVP order is to be used in the following cases:

- 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

- securities transactions settled through a foreign clearing house, central depository or sub-custody manager,
- investment fund overissuance and cancellation (regardless of the settlement method of the instruction).

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.

DVP orders in Euro are settled in the T2S system also. The related detailed settlement rules can be found in KELER's Depository Announcement on T2S Operation.

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

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

As the first step of order settlement securities cover is verified.

KELER verifies securities cover in a comprehensive manner on the account indicated in the order of the selling Account Holder.

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

If securities cover verification is unsuccessful the order is put into a queue.

KELER continuously attempts to execute the transactions in the queue. At the end of the day KELER cancels the order received with insufficient cover or recycles it according to the content of the order.

##### **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 Forint or foreign currency cash account stated in the instruction or used by default by the Client purchasing the securities.

In line with the provisions of the general rules the cash account of the Account Holder concerned is maintained

- a) by KELER and/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 Account Holder.

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

If the same KELER cash account is involved on both the seller and the buyer side, no cash side entries are posted.

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

According to the original order verification of financial cover is completed on the account stated by the Account Holder, if financial cover is not available other financial instruments 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 moneycash side 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 Account Holder on the sell side and simultaneously credit the account of the Account Holder on the buy side as indicated in the original order.

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

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

The Account Holder is entitled to give an order to KELER for blocking securities, except for the cases defined in regulations. KELER shall issue certified blocking statement on the blocked securities at the request of the Account Holder or mandatorily in the case of joint 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 Account Holder 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 Account Holder is not entitled to alienate securities.

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

If during the term of blocking certified blocking statement is issued, returning the certified blocking statement is the condition of release of the blocking before the expiry date of blocking, accordingly release of blocking cannot be requested on the electronic client relationship system.

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

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

Blocking to the benefit of MNB may be performed to the debit of the security held on and owned by, the proprietary account of the Account Holder only.

#### **5.4.3.2. Types of blocking**

##### **5.4.3.2.1. The unilateral blocking**

The Account Holder has the right to initiate unilateral blocking on its central 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 central securities account indicated.

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

##### **5.4.3.2.2. The joint blocking**

In case of joint blocking the Account Holder and one of its Clients jointly submit a request for blocking.

For the implementation of joint blocking the Account Holder 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, and 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 Account Holder.

The letter of instruction must include that the Account Holder 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 Account Holder is responsible therefore. Partial release of the blocked securities is not possible.

KELER provides to both parties requesting the blocking certified blocking statement on the joint blocking.

KELER hands over one copy of the certified blocking statement to the Account Holder at Client Service. KELER will send the second copy of the certified blocking statement to the mailing address of the Client of the Account Holder indicated in the letter of instruction in a letter with acknowledgement of receipt, or failing this, to the registered seat of the Client of the Account Holder. The Account Holder and its Client will be liable for all consequences of providing incorrect mailing address, of using postal services and of losing the certified blocking statement.

KELER takes the minutes simultaneously with the release of the blocking only. The Account Holder and its Client are entitled to repeatedly block the released securities.

The blocking can be released before the maturity of the securities only if both parties give consent thereto. Consent by both parties is considered to be given if both copies of the certified blocking statements are forwarded to KELER.

#### **5.4.3.2.3. The beneficiary blocking**

In case of beneficiary blocking the Account Holder shall indicate the beneficiary client having a central securities account at KELER that is entitled to release the blocked securities before expiry or, if necessary, to alienate them.

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

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. The 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.

##### **5.4.3.2.3.2. Blocking with KELER and KELER CCP as beneficiary relating to collateral or covered positions**

In the case of an order where the Account Holder is obliged to provide collateral, the Client is entitled to provide security 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 Account Holder 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 central securities account of the obligor but on the securities account of settlement agent in contractual relationship with the obligor.

Blocking is accepted by KELER by the date set forth in the Depository Announcement entitled “the Deadline for the receipt, fulfilment and withdrawal of instructions”, and will implement the same after checking availability of necessary funds.

Valuation of the securities blocked as collaterals 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 Account Holder 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 Account Holder, 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 order is submitted also, “exercising rights of beneficiary” is to be shown on both orders.
- b) if the beneficiary does not submit an order KELER releases blocking after 11:00 hrs. on the settlement day following the expiry day of the blocking, in this case the Account Holder can freely dispose over the securities released.

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

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

During the blocking the 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 Account Holder 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 KELER will advise the Account Holder accordingly, the Account Holder will forward this information to all the persons that were advised at the time of establishing the entitlement.

If the Client is entitled to alienate the securities during the period of blocking, the Account Holder 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 Account Holder 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 central securities account.

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

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

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

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

By default, KELER can execute HUF payment orders of a Credit institution relating to security transactions of Account Holders through VIBER. In the VIBER system KELER is entitled to submit HUF payment orders to the MNB on behalf of the credit institution to meet payment obligations arising from these Rules.

The Account Holder can use its cash accounts managed by KELER if a separate agreement to this effect is executed.

For payment operations that are not considered cash management service pursuant to Hpt., between KELER and the Account Holders participating in the system defined in Tvt. and payment operations related to the custody of securities defined in Bszt. the provisions of Pft. and Decree No. 35/2017 (XII.14.) MNB are not applicable.

The Depository Announcement on Cut-off times to receive, execute and withdraw orders contains deadlines applicable for the receipt and execution of payment orders related to settlement.

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

Cash accounts managed by KELER may be debited by way of the payment order only.

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

Orders on the HUF cash accounts kept by KELER are executed as follows:

- settlement of credit orders arriving in GIRO, within IG1 and IG2 settlement method as well as via instant payment system,
- settlement of debit instructions via GIRO (which is not fulfilled in the instant payment system),
- settlement of debit instructions via GIRO (which is fulfilled in the instant instant payment system),
- settlement of debit/credit orders arriving in VIBER,
- 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,
- settlement orders given by KELER CCP.

KELER credits to the account of the Account Holder only the orders that comply with the provisions of the present General Business Rules and the KELER Depository Announcement. Any order not in line with the provisions, unidentifiable items will be recorded in a suspense



account. If the remitting credit institution identifies the order in writing, it will be credited to the appropriate HUF cash account, otherwise KELER will reject the order. Erroneous items related to GIRO transactions are rejected in the settlement method in which the original order was received.

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

- accounts of the Account Holder and the Account Holder of an external credit institution,
- accounts of the Account Holders,
- accounts of the Account Holder and KELER,
- accounts of the Account Holder and KELER CCP, and
- the accounts of the Account Holder.

In case of insufficient financial cover the order 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 orders with insufficient cover of GIRO intraday clearing in the forthcoming clearing cycle stated in the Depository 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 Depository Announcement, the Account Holder can withdraw orders received for processing under GIRO clearing and not yet collateral verified. Withdrawal of orders initiated by the Account Holder and already cleared, that is the paying back of the amount transferred can be completed in IG2 and instant payment system only, following the initiation of the withdrawal.

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

The Account Holder has the possibility to withdraw the order in the queue, to change the priority by taking into consideration the provisions of the relevant Depository Announcement. Should the Account Holder 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 orders 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 withdrawing a payment order with batch processing sent by the Account Holder and the instruction letter on the 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 hard copy 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 Rating of cash account balances managed by KELER**

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

Cash account balances accrue interest at the rate set forth in the Schedule of Conditions relating to Interest Payment of KELER (and charges, in case of a negative interest rate) on a monthly basis. The yield on the collective guarantee accounts is distributed each year.

Manner of calculating interest:

positive balance of account x annual interest rate in % x number of calendar year divided by 36,000.

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

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

The current rates of interest are set forth in the Conditions relating to Interest Payment of KELER. KELER has the right to unilaterally amend the content of the schedule.

Deposits on the cash account are bearer deposits, and KELER handles no personal data in this context, in view of the fact that KELER may have no natural person clients.

KELER takes deposits of a minimum of HUF 1 or an FX equivalent. For the purposes of calculating the FX sum, the official FX rate quoted by the MNB is used.

The balance of deposit accounts deemed as guaranteed deposits under the Htp. is covered by the deposit protection by the National Deposit Insurance Fund.

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

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

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

#### **5.5.6 Rules relating to Custody accounts held at KELER**

The Issuer, or its Securities Distributor opens a Custody account with KELER for the purposes set forth below, in accordance with the rules relating to cash accounts. The balance of the

Custody account is not deemed to be a deposit, and will not count as part of the liquidation assets of KELER:

- a) in case of distribution of securities, the custody account opened for the Issuer and the distributor,
- b) in case of transformation of securities, the Issuer custody account opened for the placement of the consideration for the Demat securities,
- c) Issuer's custody account for the payment of yields,
- d) Issuer custody account for the placement of consideration.

The Custody account may not be used for purposes other than those above.

Custody accounts are opened on condition that there is a relevant account contract in place, which may be entered into in accordance with the general rules relating to service contracts.

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

KELER pays interests on the balance of custody accounts under separate agreement only.

#### **5.5.6.1. 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.

#### **5.5.6.2. 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.

#### **5.5.6.3. Issuer yield payment custody account**

A payment 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.

#### **5.5.6.4 Issuer consideration custody account**

In the course of placing the security on the market, the custody account opened by Issuer, the bidder, and/or the distributor for the registration of the consideration received from the investor, to which the received consideration is to be placed by those engaged in distribution under the Tpt.

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

KELER maintains foreign exchange accounts for Account Holders through KELER's foreign exchange nostro accounts.

KELER will credit the foreign exchange amounts credited to these nostro accounts to the individual Account Holders 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 Account Holders participating in the system defined in Tvt. and payment operations related to the custody of securities defined in Bszt. settled in foreign currencies, the provisions of Pft. and MNB Order 35/2017. (XII.14.) shall not be applied.

#### **5.6.1. 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 Account Holder:
  - 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 Account Holder under these Rules:
  - a) debit and credit entries, conversion necessary for the provision of foreign exchange settlement services, initiated at its own discretion,
    - aa) for financial settlement related to gross DVP settlements (including the transactions to generate and cancel investment fund units daily, on a DVP basis),
    - ab) 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, in regulated market BSE MFT transactions, and MTS transactions,
  - 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.

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

In case of a foreign exchange payment order by the Account Holder 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 Account Holder. 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 Account Holder.

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 Account Holder.

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 Account Holder 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 Account Holder.

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

#### **5.6.3.1. 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 Account Holder. Value date of the debit is the day of processing at KELER.

#### **5.6.3.2. 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 Account Holder. Value date of the credit entry is the value date of processing at KELER.

#### **5.6.4. Foreign exchange conversion**

##### **5.6.4.1. General provisions**

KELER provides foreign exchange conversion services for its Account Holders with HUF cash accounts kept by KELER.

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

##### **5.6.4.2. Foreign exchange buy transaction**

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

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

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

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

##### **5.6.4.3. 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 Account Holder 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 Account Holder.

KELER completes the cross currency conversion through the conversion bank and following confirmation, KELER will debit with the amount sold and credit with the amount purchased the appropriate foreign exchange accounts of the Account Holder.

##### **5.6.4.4. Foreign exchange sell transaction**

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

Following receipt of the instruction for foreign exchange sell KELER checks whether the foreign exchange account balance of the Account Holder 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 Account Holder.

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

As an independent instruction an FX advice can be submitted to KELER. By its submission the Account Holder declares that it gave an order for debiting its HUF cash 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 by the indicated value date.

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

Payments received in the nostro foreign exchange account of KELER without pre-advice will not be credited to the foreign exchange account of the Account Holder managed by KELER with the same value date.

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 Account Holder submitting the advice with any fee, duty and interest that may be charged by the nostro account manager.

#### **5.6.6. 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 Account Holder indicated by the nostro account manager and accordingly identified, without asking the Account Holder.

#### **5.6.7. 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 Account Holder based on authorization provided by the Account Holder 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, and compulsory provisions.

## **6. 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 transactions on the regulated market and outside the regulated market.

A transaction concluded on the regulated market, BSE MTF and MTS can be a bond deal with fix, auction and DVP settlement as well as cash transaction made in the commodities section. Securities transactions concluded outside the regulated market are OTC, primary and repo transactions.

In case of settled transactions of these types the Account Holder 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 General Business Rules of the BSE Regulations non-guaranteed transactions can also 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 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 client of the Account Holder is that there is a form contract concluded between the Account Holder 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. OTC, primary and repo securities transaction settlement**

#### **6.3.1. OTC transactions**

KELER performs the settlement of OTC transactions 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 instruction submitted by the Account Holders delivering and receiving the securities differ by an amount within the limit or equivalent to the limit provided for in the relevant Depository Announcement, no matching will be made in case of difference exceeding the limit. In case of instructions 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 Account Holder requested recycling or where the field of price was not completed.

In respect of OTC transactions made with the MNB issues not regulated in these Rules will be governed by the provisions of the respective regulation of the MNB.

### **6.3.2. 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 transfer, with the one exception that the instructions will not be submitted and matched. For the settlement of the primary transaction, linked to the securities sub account, the Account Holder 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.

### **6.3.3. Settlement of repo transactions**

#### **6.3.3.1. 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.

#### **6.3.3.2. 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 Depository 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.

#### **6.3.3.3. 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 Account Holders 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.

#### **6.4. 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 Account Holder 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.

## **7. Services related to international markets**

### **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, clearing house or central depository selected by KELER. Registration of securities in the portfolio of the Account Holders and their clients is completed by default at the outsourced account manager of KELER without segregation.

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

In case of offering of foreign securities, KELER guarantees recording of the foreign securities under an individual contract concluded with the external account manager.

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 external account manager.

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

KELER keeps a separate register on broken securities credited to its account managed by the outsourced account manager where broken securities due to various Account Holders are recorded. KELER informs the Account Holder 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 Account Holder amount to a round number of securities, KELER transfers the credited securities to the securities account of the Account Holder.

##### **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 accepted 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 Account Holder when accepting a fulfillment deadline in another market. In addition, the Account Holder 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 Account Holder to settle transactions without payment (FOR, free of payment) and with payment (A/P, against payment). KELER settles orders on a gross basis, and - by default - forwards them without verification of cover and invalidated to the outsourced account manager. Thus orders are subject to matching regardless whether sufficient cover is available in the account of the Account Holder. However, the condition of successful deal settlement is that the Account Holder provides cover in line with the applicable deadline that varies by local markets and is linked to the securities cut-off time of local markets.

For foreign exchange settlement of securities purchase and sales transactions involving payment, the rules of foreign exchange account management apply.

Orders relating to foreign securities can be forwarded to KELER electronically, KELER will forward such orders after checking format and content to the 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 encrypted e-mail) if orders cannot be submitted in the electronic client communication 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 “Depository Announcement on Cut-off times to receive, execute and cancel orders”.

KELER shall continuously forward to the Account Holder 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 Account Holder 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 external account manager 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 external account manager.

For settlement of the “local market” transactions the outsourced account manager itself uses the services of additional account managers (sub custodians). Settlement of the transactions is primarily made in the system of this middlemen, according to the rules thereof.

Important information on so-called local market settlement in various foreign markets and the cut-off times for submitting instructions are defined in the „Depository Announcement on Cut-off times to receive, execute and cancel orders”. The Account Holder is responsible to comply with the limitations and obligations (sanctions, taxes and interests) specified in the “Depository 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 Account Holder in all cases.

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

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

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

Based on individual agreements concluded with depositories that entered T2S and have accounts held by KELER, Hungarian securities settlements are performed in the system of T2S. KELER settles such so-called T2S cross CSD transactions identical to cross-border settlement. Applicable settlement rules can be found in KELER's Depository Announcement on T2S Operation.

#### **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 Account Holder, 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 Account Holder indicated in the instruction without delay.

##### **7.1.2.2. "Delivery" of foreign securities (transfer debit)**

The Account Holder may submit instruction for "delivery" of foreign securities for the foreign securities credited to its central securities account.

The instruction is forwarded automatically, without verification of cover to the outsourced account manager as an invalidated message, however, the transaction can be settled only after validation.

If the securities cover required for settlement is available at the account of the Account Holder, securities will be blocked in the securities account. Following successful blocking of securities KELER validates the transaction and forwards the instruction to the 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 central securities account/sub-account of the Account Holder indicated in the instruction.

#### **7.1.3. Transactions against payment (A/P)**

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

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

#### **7.1.3.2. Purchase of foreign securities**

After acquiring the master data of the securities if necessary, KELER will forward automatically as invalidated messages to the outsourced account manager the foreign securities buy instructions submitted by the Account Holder 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 Account Holder, 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 Account Holder with the amount concerned and on the securities side KELER will credit without delay the central securities account/sub-account indicated in the instruction of the Account Holder.

#### **7.1.3.3. Sale of foreign securities**

The Account Holder may submit instruction for sale of foreign securities for the foreign securities credited to its central securities account electronically that will be forwarded automatically by KELER, without verification of cover to the outsourced account manager as invalidated message, however, transactions can be settled only after validation.

When the cover required for settlement is available at the consolidated central securities account specified by the Account Holder, 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 central securities account/sub-account of the Account Holder indicated in the instruction and simultaneously credit the foreign exchange account of the Account Holder 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 Account Holder 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.

### **7.2. Management of Corporate Events relating to foreign securities**

KELER ensures exercise of rights relating to any and all corporate action relating to the foreign securities of the Account Holder provided by the sub-custody agent of KELER for the particular securities. The detailed rules on the treatment of corporate action relating to foreign securities are contained in the Depository Announcement entitled "The detailed rules on the treatment of

corporate action relating to foreign securities”.

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 sub-custody 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.

The rules relating to the services provided by KELER in the context of the exercise of voting rights of shareholders in the particular markets are detailed in the Depository Announcement entitled “The detailed rules on the treatment of corporate action relating to foreign 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.

#### **7.2.1. 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.

#### **7.2.2. 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 Account Holder has the opportunity to submit an instruction, KELER will proceed according to the instruction of the Account Holder, 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 Account Holder has claim to cash compensation (e.g. compensation of fraction shares) KELER will execute recording of the compensation of the account of the Account Holder only after the credit item is actually made to the account of KELER kept by the 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.

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

KELER pays the yield paid in cash to the Account Holder on net value basis. The amount of tax applied for calculating the net amount depends on the tax residence of the Issuer.

Deviation from the general tax rate - use of a preferential tax rate - is allowed by agreements to avoid double taxation, and the dedicated securities sub-account opened for this purpose and allowed by the documentation determined by the particular market regulation on the markets listed in the Depository Announcement entitled "The detailed rules on the treatment of corporate action relating to foreign securities". Failing this, the highest tax rate applicable in the Issuer's country is to be applied.

The detailed tax rules relating to foreign securities are described in the Depository Announcement entitled "The detailed rules on the treatment of corporate action relating to foreign securities".

## **8. Settlement discipline**

Participants are required to settle the trades executed for their own account or for third parties, in transferable securities, financial instruments, units in collective investment undertakings and emission allowances on the intended settlement date.

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

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

In case of default on trades guaranteed by KELER CCP, KELER executes the individual instructions of KELER CCP. The General Business Rules and Fee Schedule of KELER CCP define the settlement rules of defaults and the provisions on fee payment.

In line with the CSDR provisions on settlement discipline, KELER is required to treat all fails related to transactions settled in its settlement system, including sanctioning also, in accordance with the regulatory technical standards including the detailed rules.



## **9. Other services provided by KELER**

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

#### **9.1.1. General provisions**

Members of GIRO and VIBER can establish bank card and cash limits by blocking securities defined by the MNB for these purposes on the securities account kept at KELER. Blocking for bank card and cash limits is completed based on separate grounds.

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

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

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

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

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

#### **9.1.2. Limit increase**

Limit increase is initiated by the Account Holder by submitting an order standardized for this purpose, indicating among other information the type and quantity of the securities to be blocked. Following a successful securities cover verification KELER will block the securities for the purpose of limit. KELER shall notify the MNB and the Account Holder concerned on the blocking.

#### **9.1.3. Limit reduction**

##### **9.1.3.1. Automatic reduction of limit**

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

##### **9.1.3.2. Reduction of limit at the instruction of the Account Holder**

The Account Holder is entitled to reduce the value of the limit by submitting an order for release of the blocked securities to KELER  
Release of the blocked securities is made according to the instruction of the MNB.

If the MNB notifies KELER that release of the blocked securities is allowed, KELER will release the blocking and informs both the MNB and the Account Holder concerned thereon. In case of release of blocking of securities blocked for limit, partial fulfillment is not allowed.

## 9.2. 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:

1. Valuation of collaterals deposited with KELER based on previously agreed conditions of acceptance or based on values (the value of the instrument accepted as collateral by KELER or KELER CCP, at which value the instrument concerned is taken for the collateral purpose concerned) sent by the authorizing party,
2. Item by item and aggregate registration of collaterals actually available, evaluated based on conditions of acceptance,
3. 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.

## 9.3. WARP services

### 9.3.1. General rules

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

Each Distributor is entitled to forward to the Main Distributor in WARP their own orders or the orders taken from their clients on the subscription, the redemption or the switch of open-ended investment fund units.

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

Only open-ended investment fund units issued in KELER, with ISIN code starting with 'HU', where both the Fund manager and the Settlement party authorized by the Fund manager are participants of the system can be distributed in WARP.

### 9.3.2. Participants of WARP

WARP can be joined by concluding the WARP Service Agreement.

In the system the so-called partner roles define the available functions, the tasks and rights of a WARP partner related to a certain ISIN.

The User Manual defines the tasks and rights of the WARP participants (Fund Manager, Distributor, Main Distributor, Price Uploader, Settlement Party, and Custodian).

All Client wishing to access the system are required to conclude the Service Agreement regardless of the partner role to be played by the WARP partner.

One Client may have several WARP partner accesses (codes), if is has more than one securities main accounts.

The Account Holder determines on the form that is part of the Service Agreement the securities main accounts to be available through WARP.

The notice period for the termination of the service contract relating to WARP is 30 days, except where the particular contract provides otherwise.

### 9.3.3. The WARP distribution process

The Client with distributor partner role set for the ISIN concerned is entitled to submit subscription order.

Subscription, redemption and switch orders that can be input in the system can be given both for amount and for number of pieces. (Based on the security master data determined by the Fund Manager.)

The Distributor is responsible for the completion and content of orders.

If the Main Distributor approval is available and the daily price of the investment fund unit is uploaded by the Price Uploader, the system calculates the performance values of the orders. (The WARP summarizes actual securities and cash amounts to be delivered by Distributor, ISIN and settlement day, taking into account the number of pieces involved in subscription and redemption.)

(In the case of certain investment units - if the Fund Manager allows this option - the transaction can be settled on the securities or the cash side before the valid price is input, depending upon the method used to submit the instruction and the direction of the transaction.)

If the Main Distributor rejects or does not approve the order until the end of the Main Distributor cut-off, the order cannot be fulfilled, it will be cancelled automatically.

If the Main Distributor of an investment fund unit inputs its own subscription order, it is considered immediately accepted by the Main Distributor and only the actual price is necessary for the fulfillment of the subscription instruction. (Except for settlement without price.)

The subscription order input by the Distributor is an order resulting in account movement in the securities sub-account stated, at the same time it is disposal over the account for KELER. (Actual fulfilment is also subject to the approval of the order by the Main Distributor and the approval of the settlement transactions by the Settlement Party, depending on the parameters the approval can be automatic or manual.)

The Distributor can input subscription order for the trade day concerned until the subscription cut-off (so-called WARP trade cut-off) set by the Fund Manager.

#### **9.3.4. Settlement of investment fund units distributed through WARP**

WARP creates transactions from the orders with or without price, depending upon the parameters, and approved by the Main Distributor for the account management system of KELER. Transaction types used in FOP settlement instructions are identical to the standard account operations of KELER (daily creation and cancellation of investment units and securities transfers). In the case of DVP settlement a special, DVP investment unit creation/cancellation transaction is generated.

The condition of recording and settlement of instructions to be executed on DVP basis is that the Settlement Party involved in the trade has B-type central security account and both the Distributor and the Settlement Party have active cash accounts kept by KELER in line with the payment account management agreements concluded, exception: if the Client uses the payment account kept by the MNB in Forint to settle the financial leg of the transaction. In the case of non-HUF payment account only the appropriate FX account kept by KELER can be used.

FOP transfer operations requested by WARP are fulfilled irrespective of the earlier order of the Distributor regarding sub-account matching.

The Distributor is obliged to make sure that the entire amount of securities required for the fulfillment of redemption is available at its sub-account stated in the order, and in the case of DVP settlement, depending upon the direction of the trade, the Settlement Party or the Distributor is required to have the cash cover for settlement in the Forint or foreign exchange account involved.

If the start automatic settlement function was not authorized by the Settlement Party, once the settlement transactions are generated by the system the Settlement Party is required to approve and submit them in WARP. Status information on orders posted to the account management system of KELER can be accessed via WARP.

If the transactions are approved in WARP late, after the cut-off allowing settlement, settlements between the Settlement Party and the Distributor(s) concerned can be fulfilled manually, outside WARP.

Erroneous transactions cannot be resent or modified. Clients involved assume all liability for the damage and consequences arising from the non-fulfillment of transactions without cover or approved after the cut-off.

#### **9.3.5. Trailer fee reports**

WARP allows the Fund Managers to access actual daily volume data (account balances) by account holder of a month concerned related to the investment units they manage. The account balances are available from the business day after the day of registration for the trailer fee services (system input by the Fund Manager). The balances can be modified - optionally - by the correction terms recorded by the Fund Managers and the Distributors and the details of distribution orders that are flagged as trailer fee exempt.

For the volumes subject to trailer fee thus determined the system calculates the commission amount set by the Fund Manager and payable to the Distributors concerned and the result of the calculation is made available to the Fund Manager and the Distributor(s) concerned in a report.

### **9.4. Services relating to market reports (Trade Reporting)**

#### **9.4.1 Data transfer services relating to reporting obligation under EMIR**

#### **9.4.1.1 General rules**

Pursuant to Article 9 (1) of EMIR, KELER CCP reports trades, related to which it contracts a trade repository authorized in line with EMIR. KELER concludes agreements on the trade reporting activity with the contracting parties (Client) subject to the reporting obligation of EMIR.

Entry into the contract is conditional on the acting representative of the Client verifying to KELER the authority to act for the Client and the effective corporate and organisational data of the Client, by way of an authentic document dated within the past 30 days, and where KELER has not completed the due diligence as laid down in Pmt., the relevant statements and data sheets to be provided to KELER.

KELER does not assume any liability for the contents of data it forwards to the trade repository.

#### **9.4.1.2. Trade reporting process**

The Client subject to the reporting obligation uploads data into the system of KELER, in the format determined by KELER (report). KELER checks the format of the report uploaded, if it is found to be in order KELER forwards it to the trade repository.

If the report does not meet the format requirements, KELER informs the Client and requests the error to be corrected. After the format check is successfully completed, KELER forwards the corrected report to the trade repository.

If the trade repository does not accept the report forwarded by KELER, KELER informs the Client without delay by describing the error stated by the trade repository and sending the log including the error slip. The Client is required to upload repeatedly into the system of KELER the report corrected based on the advice.

In line with the provisions of the applicable Depository Announcement KELER informs the Clients without delay on the reports accepted by the trade repository.

The applicable Depository Announcement includes the cut-offs to receive and to advise related to the trade reporting activity. If the Client fails to comply with the cut-off stated in the Depository Announcement, KELER does not assume any liability for the receipt on time of the reports to be forwarded to the trade repository.

### **9.4.2. Data transmission service relating to reporting obligation under REMIT and implementing decree (RRM - Registered Reporting Mechanism service)**

#### **9.4.2 The data transfer service (RRM - Registered Reporting Mechanism) relating to the reporting obligation defined in the REMIT regulation and the implementation decree.**

##### **9.4.2.1 General rules**

Pursuant to Article 8 (1) of REMIT, KELER is engaged in data transfer activities, under the contract entered into with market actors (clients) subject to trade reporting obligation under REMIT.

KELER assumes no liability for the content of data transferred by it to ACER.

##### **9.4.2.2 The process of data transmission**

The Client will upload the data into the system of KELER, in the format determined by KELER (report). KELER will check the uploaded report in terms of form, and where it finds appropriate, it will forward such data to ACER.

If the report does not comply with the requirements as to form, KELER will inform the Client accordingly and will call the Client to remedy the deficiency. The improved report will be forwarded by KELER to ACER once it is found appropriate as to form.

If the report forwarded by KELER is not accepted by ACER, KELER will forthwith notify the Client, sending the description of the error in an error log prepared by ACER. The Client must update the report with errors rectified in view of the error log into KELER's system.

KELER will inform the Client about the reports accepted by ACER without delay, as laid down in the relevant Depository Announcement.

The acceptance and notification deadlines relating to data transmission activities are set forth in the relevant Depository Announcement. Should the Client fail to observe the deadline set forth in the relevant Depository Announcement, KELER will assume no liability for the receipt of the reports by ACER.

#### **9.4.3 Services relating to publication (APA) and reporting (ARM) obligations laid down in MiFIR (MIFID 2)**

##### **9.4.3.1 APA Services – Transparency reporting**

###### **9.4.3.1.1 General rules**

Based on Articles 20-21 of MiFIR, as an Approved Publication Arrangement (APA), KELER publishes the trade data required to be published by regulations based on agreements concluded with the investment firms subject to the publication requirement. The terms of publication are detailed in the applicable Depository Announcement.

Contract is entered into on the condition that the acting representative of the Client verifies the representative authority to KELER by way of an authentic deed dated the past 30 days, and the effective company and organisational data of the Client. Furthermore, if KELER has not completed the due diligence measures as laid down in the Pmt, the related statement and data sheets must be provided to KELER.

KELER assumes no liability for the content of data it publishes; however, it is required to validate that the report submitted by the Client is comprehensive and free of omissions or obvious errors.

###### **9.4.3.1.2. Publication process**

The Client subject to the publication requirement uploads data into the system of KELER in the format stated by KELER in a Depository Announcement (publication). KELER validates format, and, based on the content requirements in Point 9.4.3.1.1. it validates the uploaded report, and if it is found appropriate, KELER publishes the report.

If the publication does not comply with the requirements on format or is incomplete or contains omissions or obvious errors, KELER informs the Client and requests correction. KELER publishes the corrected report after successful format validation.

KELER informs the Client on the reports published without delay, in line with the applicable Depository Announcement.

The applicable Depository Announcement includes the cut-offs to receive and give notification of the publication activity. If the Client does not meet the cut-off stated in the Depository Announcement, KELER assumes no liability for publishing the reports by the deadline.

#### **9.4.3.2. ARM service provision - Trade reporting to the competent authority**

##### **9.4.3.2.1 General rules**

Based on Article 26 of MiFIR, as an Approved Reporting Mechanism (ARM), KELER reports to the competent authorities on behalf of investment firms subject to the reporting obligation, based on contracts concluded with KELER. The conditions of reporting are stated in the applicable Depository Announcement.

Contract is entered into on the condition that the acting representative of the Client verifies the representative authority to KELER by way of a deed dates from the past 30 days, and the effective company and organisational data of the Client, furthermore, if KELER has not completed the due diligence measures as laid down in the Pmt, the related statement and data sheets must be provided to KELER.

KELER assumes no liability for the content of data it publishes.

##### **9.4.3.2.2. Process of trade reporting**

The Client subject to the trade reporting requirements uploads data into the system of KELER in the format stated by KELER in the applicable Depository Announcement (report). KELER validates the format of the uploaded report, and if it complies with format requirements, KELER forwards it to the competent authority.

If the report does not meet the requirements on format, KELER informs the Client and request the correction of the report. KELER forwards the corrected report to the competent authority after successful format validation.

If the competent authority does not accept the report forwarded by KELER, KELER informs the Client without delay, giving the error stated by the competent authority and the applicable error ticket log, in line with the applicable Depository Announcement. The Client is required to upload the corrected report into the system of KELER based on the notification.

In line with the applicable Depository Announcement, KELER informs the Client, without delay, on the reports accepted by the competent authority

The applicable Depository Announcement states the cut-offs to receive trade reports and give notification. If the Client does not meet the cut-off stated in the Depository Announcement, KELER assumes no liability for receipt of the reports by the competent authority within the deadline.

KELER assumes no liability for the content of reports it forwards.

#### **9.4.4 Data intermediary service relating the reporting obligation as defined in SFTR**

#### **9.4.4.1 General rules**

Pursuant to Article 4 (2) of the SFTR, KELER is engaged in data intermediary services, in relation to which it enters into contract with the trading data warehouse registered by ESMA. KELER enters into contracts with the parties (Clients) falling under the scope of the reporting obligations under the SFTR, for the provision of the data intermediary service.

Entry into contract is conditional on the acting representative of the Client confirming proper authorisation from the Client, and the effective corporate and organisation data of the Client.

KELER assumes no responsibility for the content of the data transmitted to the trading data warehouse.

#### **9.4.4.2 The process of data intermediary services**

Clients under reporting obligations upload the data into the system of KELER, in the format defined by KELER (reporting). KELER will subject to uploaded report in terms of form, and when found proper, it will forward the same to the trading data warehouse.

If the report is found not compliant with requirements as to form, KELER will inform the Client accordingly, and request remedying of the error. The improved report is then forwarded by KELER to the trading data warehouse, after a successful check as to form.

Where the trading data warehouse rejects to accept the report received from KELER, KELER will forthwith inform the Client of this fact, also describing the error specified by the trading data warehouse, by sending the relevant log containing the error report. The Client will have to repeatedly upload the report improved in view of the notification into the system of KELER.

KELER will forthwith inform the Client about the reports accepted by the trading data warehouse, as laid down in the relevant Depository Announcement.

The acceptance and notification deadlines relating the data intermediary services are set forth in the relevant Depository Transcript. If the Client fails to observe the deadline set forth in the Depository Announcement, KELER will assume no responsibility for the receipt of the reports to be sent to the trading data warehouse within the deadline.

### **9.5. Market data vending**

KELER can sell the market data collected during the course of operation for a fee. The terms of data use are stated in the applicable form contract. The Client consents to the sale of such data. Data vending cannot apply to data the publication or sale of which is forbidden by regulation.

### **9.6. LEI code issuance**

KELER cooperates in the process of LEI code issuance.

The services provided by KELER in relation to the LEI-code are described in Depository Announcements on LEI services.

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



## **10. Agreement concluded pursuant to Act XXIII of 2003 on settlement finality in payment and securities settlement systems**

### **10.1. General provisions**

In this Chapter KELER stipulates the rules of cooperation as provided for in the Tvt. and the rules of cooperation established for the participants of the T2S 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. The provisions of this chapter is to be interpreted in conjunction with the content of Depository Announcement of KELER on the finality of performance in the payment and securities settlement systems.

### **10.2. Participant of the Settlement system**

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

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

### **10.3. The indirect participant**

The person that has a contractual relationship with any Participant to execute its transfer orders and is named indirect participant by the Participant in the form contract concluded with KELER or the applicable is considered Indirect Participant by KELER.

The herein determined rules governing the transfer orders of the Participant of the Settlement system and the invulnerability of collateral apply to the Indirect Participant also until the Participant states in writing that the orders it sent for settlement and fulfillment do not include transactions of an Indirect Participant subject to proceedings to restrict payment, i.e. KELER handles separately the transfer orders of the Indirect Participant subject to proceedings to restrict payment. The statement template is available on the website of KELER.

In other respects the rules on Participants apply to the Indirect Participant.

### **10.4. Joining the system**

The terms of joining the system are as follows:

- provision of the specific documents, and
- provision of the data stated in Point 10.6. of these Rules.

The provisions in Points 10.2. and 10.3. of these Rules and other applicable requirements

apply to the change of the level of participation of the Participant of the Settlement system.

## 10.5. KELER as System Operator

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

- a) it completes simultaneously the tasks of the securities fulfillment party and the settlement party also in the Settlement system,
- b) submits the application for appointment,
- c) notifies the appointing authority on changes to the conditions of appointment,
- d) registers at the court, the authority competent to proceed and T2S to receive notifications relating to proceedings to restrict payment,
- e) keeps contact with the court, the authority competent to proceed and T2S,
- f) notifies the winding-up court, other authorities competent to proceed and the Eurosystem on the registration of the System, the data of the Participants stated in legislation and on changes to these data,
- g) makes the notifications and presents the documents stated in the Tvt.,
- h) keeps the records stated in the Tvt.,
- i) creates, maintains the rules of procedure of Participants necessary for the implementation of the agreement, informs the appointing authority on any amendment to the agreement,
- j) obliged to keep records and retain them for ten years based on which the content and time of receiving (year, month, day, hour, minute) of the notice on the start of the proceedings to restrict payment by the court, the authority entitled to proceed or T2S can be checked retrospectively also. KELER ensures the invulnerability of data during the storage of the content and the time of receipt of the notices.

As part of keeping contact with the court, the authority entitled to proceed and T2S, KELER is obliged to

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

The person designated to receive notices on the proceedings to restrict payment by the court, the authority authorized to act and T2S:

Attila Mónus, Chief Executive Officer  
Contact details: [elszamolahazusers@keler.hu](mailto:elszamolahazusers@keler.hu)  
[T2S-SettlementManager@keler.hu](mailto:T2S-SettlementManager@keler.hu) (for notices from the ECB)

**Mailing address:**

KELER Ltd.

KELER Central Depository Private Company Limited By Shares

Rákóczi út 70-72, Budapest, H-1074

Switchboard: +36-1-4836100

Central Fax: +36-1-342-3539

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

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

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

In case of receipt of a notification on proceedings to restrict payment KELER shall stop acceptance of the transfer orders of the participant concerned immediately but at the latest within thirty minutes of receipt and notify the appointing authority, the Supervisory Authority, the competent court, T2S as well as the participants.

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

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

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

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

If the notice by the authority entitled to take action or by T2S includes that the proceedings to restrict payment are of a temporary nature, KELER complies with the rules of procedure stated in Point 10.5.2. and after the temporary period it terminates the suspension of the Participant involved and will accept its transactions in the future. KELER terminates the suspension on the day when the authority entitled to take action or T2S informed KELER in writing. Transactions rejected or cancelled during the term of the proceedings to restrict payment cannot be restored subsequently.

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

Related to the central depository activity undertaken KELER does not consider the partial cancellation and cancellation of Dematerialized securities and the orders submitted related to the management of the central securities register transfer orders pursuant to the Tvt.. If a proceedings to restrict payment are opened against a Participant, KELER is entitled to accept and execute the orders necessary to undertake the above central depository activity and the Participant subject to the proceedings to restrict payment is required to submit the orders necessary to undertake the above central depository activity.

#### **10.6. Obligations of the Participants, Indirect participant of the Settlement system**

The Participant, Indirect Participant of the Settlement system is obliged as follows:

- a) simultaneously with signing the finality power of attorney, to provide the following data on the KELER form for this purpose:
  - name,
  - registered office,
  - company register number,

- tax number,
  - name, deputy/ies of the contact person,
  - position, name of the organizational unit,
  - mail address and e-mail address,
  - telephone and fax number.
- b) to send notification to KELER on any change in the data specified in Point a) within 5 days after the change by completing a new form,
- c) provide to KELER the necessary documents to complete the appointment procedure stated in Section 2.1 of these Rules,
- d) within 5 days of demand by KELER present documents of less than 3 months evidencing the data in the previous sub-points (certificate of incorporation, charter document).

In order to comply with the internal requirements of T2S and the provisions of the Tvt., in the course of keeping contact with Participants KELER is entitled to request and register the data stated in the previous sub points, furthermore, to request the documents supporting these data if this is found necessary.

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

#### **10.7. Agreement between the participants of the Settlement system**

##### **10.7.1. General provisions**

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

##### **10.7.2. Time to receive transfer orders**

In case of institution of a procedure for the blocking of payments under transfer orders, the times of their acceptance in the Settlement system, the conditions of acceptance, and the sanctions for the participants in the Settlement system are defined in Section 10.5.1 of these Rules and the Depository Announcement on the finality of performance in payment and securities settlement systems.

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

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

##### **10.7.4. Compensation from collateral**

Pursuant to Section 8 (1) of the Tvt., the proceedings to restrict payment initiated against the System and any participant of the Settlement 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 do not hinder the direct compensation of the claim by the Settlement system or any participant and System Operator of the system linked from the collateral.

Pursuant to Section 8 (2) of the Tvt. in the case of proceedings to restrict payment opened against the Participant or the System operator of the system linked, until execution of the transfer order legally accepted in line with Section 4 (1) of the Tvt. the funds and securities

registered in the settlement account on the business day corresponding to the day of opening of the proceedings to restrict payment cannot be taken, thus:

- a) the balances of the free purpose cash and securities accounts of the Participant subject to the proceedings to restrict payment and
- b) the balances of its collateral sub-accounts registered on the business day corresponding to the day of opening of the proceedings to restrict payment,
- c) the balance arising from the credit entries posted on the day of opening of the proceedings to restrict payment

that serve to meet the liabilities of the Participant towards the System and the system linked that exist on the business day corresponding to the day of opening of the proceedings to restrict payment.

The liabilities existing on the business day corresponding to the opening day of the proceedings to restrict payment are the liabilities arising from the transfer orders received pursuant to Section 4 (1) of the Tvt. on the business day corresponding to the opening day of the proceedings to restrict payment.

The credit items received and posted on the business days after the day of opening of the proceedings to restrict payment in favor of the Participant subject to the proceedings to restrict payment can be used to meet the liabilities existing on the business day corresponding to the opening day of the proceedings to restrict payment subject to the instructions of the person authorized to dispose over the cash and securities accounts of the Participant involved in the proceedings to restrict payment during the execution of the proceedings.

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

The notice on the proceedings to restrict payment can be sent primarily electronically as set forth in section 10.5.1. KELER receives the notices primarily but not exclusively from the MNB, courts or T2S (EKB). If it is not possible to send notices electronically, the obligation to give notice can be met by personal delivery or by mail.

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

The notice on the opening of the proceedings to restrict payment is considered received if it can be evidenced that KELER received the written notice electronically at the e-mail address stated on its website or received the written notice at the mailing address stated on its website.

#### **10.10 Notice to the Participants of the Settlement System on the opening of the proceedings to restrict payment**

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

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

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

KELER will open and handle cash accounts used for settlements for the various Participants as

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

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

### **11.1. Complaint management**

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

### **11.2. 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.

### **11.3. 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.

The detailed rules of remedies under the law in relation to rejection or equivalent suspension of request for access subject to the scope of Depository Announcement entitled "Treatment of access" are contained in the said Depository Announcement.

### **11.4. 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 the false or falsified character of which could not be recognized despite careful control applied in the course of business as usual operation,
- for any damage arising from delay due to correcting an order that was incomplete and/or that was performed pursuant to such an order,
- for damage arising from delay in, or failure of sending or receipt of instructions to be sent or received by any party as between KELER and its external account manager for a technical error of any kind
- for any damage caused by default of postal delivery,
- for damage resulting from delayed performance due to shorter time available for performance than necessary,
- for any damage caused by failure to meet any notification obligation by the Client;
- for any application error, disturbance, technical difficulty (e.g. line breakdown outside KELER), misuses that may occur on the side of the Client during communication,
- for damage resulting from non-performance of items submitted for real time processing concerning an account kept with the MNB due to operation errors of the VIBER system (or any of its elements, e.g. SWIFT, MNB, VIBER),
- in case of transformation of securities, if the central securities account is blocked, and the blocking is discontinued due to transformation of security without recycling and the securities account manager fails to initiate blocking again,
- for claims relating to personal data handled by the Client,
- in case of Issuers subject to Act LVII of 2018 on the control of foreign investments conflicting with Hungary's security interest, for the fulfillment of reporting obligations, and for the checking of Ministerial decisions relating acceptance of reports or restrictions under such Ministerial decisions, and for all entries in the shareholders' list that may violate this latter law.

The Client is responsible for any damage arising from failure to meet any obligation of notification.

The Client 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 client 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 "Depository 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 Depository Announcement on Cut-off times to receive, execute and cancel orders. KELER takes no responsibility for any damage resulting from delayed performance of orders due to shorter time being available for processing than necessary.



## 12 Data protection

Pursuant to Tpt., KELER – for the purposes of fulfilling transactions as laid down in the Tpt. and CSDR in transactions where it is a contracting party – may manage personal data and in this respect, it may transmit personal data to KELER CCP without separate authorisation.

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

### **Data processing:**

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

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

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

### Data processing:

In any other case covered in the present General Business Rules and REgulatory document, KELER will act as data processor (Client being data controller). Data processing on the part of KELER is performed in the manner and scope described in the present General Business Rules and Regulatory document, standard and specific contracts.

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

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

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

The duties in respect of the Central Credit Information System are laid down in a separate Depository Announcement.

### **14. Closing provisions**

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

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