

Dear Clients,

We would like to inform you that the Board of Directors of KELER decided at its meeting of 22 November 2021 to go live with the first phase of the KELER Service Development Program (KSDP) on 6 December 2021. You have also played a very important role in this process, with your suggestions, your cooperative attitude and your active testing of the new securities settlement system, which was made necessary by the requirements of the CSDR and the regulation governing settlement discipline (SDR) for European central securities depositories. The decision to go live was based on the results of internal user acceptance, regression and market testing of the systems involved in the program, which lasted almost six months, as well as surveys, development questionnaires, consultations with our clients and, last but not least, the evaluation of the testing protocols.

The new platform will be launched with the technical content specified in the [Service Description<sup>1</sup>](#) published on 31 August 2021, i.e. the transaction types and functionalities related to the settlement within KELER (without or against payment), as well as the new and renewed, and the old end-of-day holding and transaction reports.

The following features that were not included in the second round of market testing will be also launched:

- securities sub-account operations
- settlement of euro DVP transactions in T2S
- reverse billing

Critical bugs in the new securities settlement system, affecting core services and clients, have been fixed and the issues identified during performance testing have been resolved. For this reason, no further performance testing with our clients is planned before the go live.

The MAT environment for market testing will be available to you for the remaining time until the go live date, just as it was after the second round of MAT tests. In fact, should you need access to the test environment after 6 December, 2021 we will still be able to provide the test environment access for you.

Please continue to follow the information published on the KELER website for the correction of some (non-critical) bugs still to be fixed in the MAT environment.

Please also be informed that the penalty system supporting the settlement discipline measures to be introduced from 1 February 2022 will not be launched on 6 December 2021, thus the testing in the production environment (“dry run”) of the related processes and reports will also not start on this date.

Market testing of the penalty mechanism is expected to take place between December 2021 and January 2022. Further information on this will be made available to you shortly.

Please also note that, contrary to our previous plans, the start of the operating time for the processing of securities settlement instructions (as well as for status change and cancellation

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<sup>1</sup> The correct SUBS, REDM FOP operating time indicated in the Service Description: 18:00

instructions) will continue to be 7:00.<sup>2</sup> The end of operating times by transaction type are set out in the Service Description, as well as in the No. 9-11 [Depository Announcement on the Cut-off times to receive, execute and cancel orders](#), effective from 6 December 2021, also available on our website.

The main account level matching BIC codes of KELER Clients required for the future matching of settlement instructions are set out in the [Annex](#) to the notification.

The scenario of the migration weekend of 3-6 December will be as follows:

### 3 December 2021 (Friday)

- Securities instructions will be settled during the operating times announced in the current settlement system according to the normal daily business hours; the last operating cut off time (COT) will be at 18:15.
- As previously announced, KELER will start the cancellation of the future dated and pending securities instructions in the system and the migration of the maturing leg of the pending repo transactions as part of the end of day process following the closing of the last operating COT.
- Status messages on the cancellation will be sent via the communication channels between 19:00 and 20:00 in the evening.
- The status before and after the cancellation will also be provided in the form of an excel sheet no later than by 22:00.
- On KID and SWIFT, the usual end-of-day statements are expected to be sent between 19:50 and 20:10.
- KID will be closed at the usual time of 22:00; statements for Friday will only be downloadable up to this time.
- Settlement instructions submitted between the last operating COT and the closing of KID will also be cancelled, and our clients will no longer receive an electronic status message via the instruction submission channel; we will only inform our clients of instructions submitted and cancelled during this period on the morning of 6 December.
- After 22:00, KELER will send a client communication by email and will publish on the website that it has started the go live process. This is in fact the point of no return, after which we will not stop the go live procedure.
- Task of our Clients:
  - check the lists received

### 4 December 2021 (Saturday)

- Performing tasks related to the go live
- Client communication on the progress of the go live
- Task of our Clients:
  - check the lists received if not done the previous day

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<sup>2</sup> Except on the morning of 6 December 2021, when the start of the operating time will be 5:00.

### 5 December 2021 (Sunday)

- Go live related tasks will continue.
- We plan to open the 6 December 2021 business day around 22:00 at the latest, with KID and SWIFT connections available.
- After that, the new settlement system will enter the technical processing phase and will be able to receive, validate, modify, cancel and match orders.
- Client communication that the go live was successful, that KELER has switched to the new system and that the acceptance of orders has started - no later than 22:00.
- Tasks of our Clients:
  - if not done on previous days, check the lists receivedAfter opening the business day of 6 December 2021:
  - KID client update ([instructions](#) enclosed)<sup>3</sup>
  - optional connectivity test between our clients and KELER systems
  - submission of instructions (optional, of course this will also be possible on the following day)

### 6 December 2021 (Monday)

- Start of operating time: 5:00<sup>4</sup> - start of the settlement phase, during which the bookings will also be executed.
- VIBER will continue to open at 7:00.
- Tasks of our Clients:
  - if not done on previous days, check the lists received
  - KID client update (see instructions under previous day)
  - submission of instructions

In case of queries, we will be at our clients' disposal during the launch weekend according to the following schedule:

- **Until 22:00 on 3 December 2021:** Service Desk - [servicedesk@keler.hu](mailto:servicedesk@keler.hu)
- **From 22:00 on 3 December 2021 until 22:00 on 5 December 2021** - dedicated MS Teams channel, where we can assist our Clients with questions and problems. Access link to this will be communicated at a later date.
- **From 22:00 on 5 December 2021 until daily closing on 6 December 2021**, the Service Desk will once again be available - [servicedesk@keler.hu](mailto:servicedesk@keler.hu)

Sincerely,  
KELER Ltd.

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<sup>3</sup> If the installation is completed before 22:00, we will send you an e-mail and publish a notice on the website, in order to start the KID client update earlier.

<sup>4</sup> Only on 6 December 2021; from the following day onwards, the start of operating times will once again be 7:00.