



Client information

2021 client satisfaction survey
of KELER CCP Ltd.

Gas market and energy market

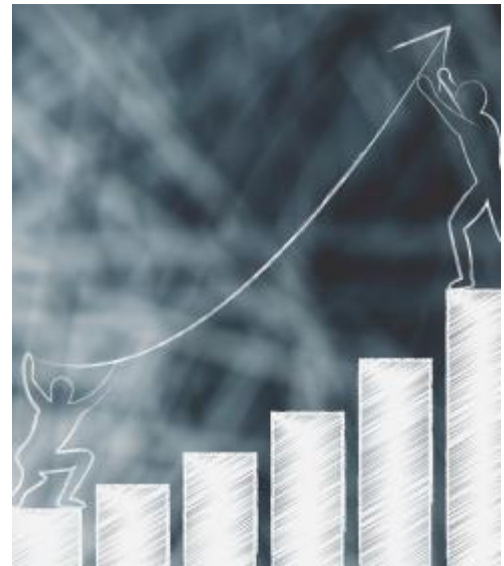


SUMMARY

The managers and employees of KELER CCP are fully committed to the highest possible level of service that we provide for our clients.

In accordance with the practice of the past years, we conducted a survey also in 2021 on what our clients think about the quality of the services we provide, which areas they are satisfied with and which areas they consider to be improved.

KELER CCP operates as an EMIR -licensed central counterparty in the European Union regulatory environment, under the strict monitoring of the Hungarian National Bank and ESMA (European Securities Market Authority) as supervisory authorities. Following the evaluation of the client satisfaction survey, taking into account the framework provided by the regulation, we put together the action plan presented in the second chapter, the aim of which is to contribute to the improvement of the client experience - while ensuring continued prudent operation. Within the action plans, we also present our current (partial) solutions that already reflect the client needs indicated in the survey, and we also provide information on the industry-level plans related to the given observation.



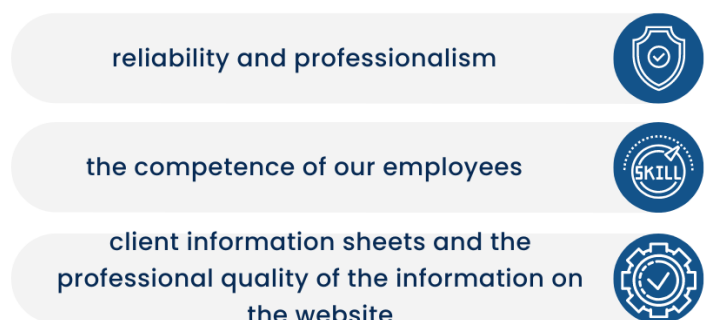
Results of the client satisfaction survey for the year 2021

In addition to the positives, at the same time, our clients pointed out the areas to be improved and formulated specific development needs. The table below shows the image elements that are still rated lower and the most important demands expressed by our clients:

IMPROVEMENT



OUTSTANDING EVALUATION

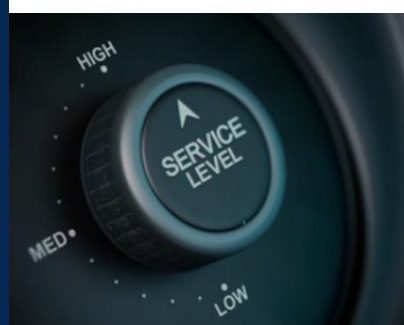


Least positively evaluated image elements	
Client focus	Although the general perception of KELER CCP has improved in this area as well, KELER CCP has not been traditionally - i.e. going back many years - considered by clients to be client-oriented, rather bureaucratic.
Modernity	In terms of modernity, the perception of KELER CCP improved, but the area of reporting was marked as an area where improvements are required.
Innovation	Compared to both 2019 and 2020, the perception of KELER CCP has improved in terms of innovation, but in addition to developments based on the expectations of regulatory authorities, it is necessary to place a greater focus on developments that provide a real client experience.
Flexibility	Still one of the least positively evaluated aspects, although the perception of flexibility has improved enormously compared to recent years. Further steps need to be taken in order to increase the client experience.

Ügyfelek által megjelölt konkrét javaslatok
Informing clients about the status of developments, the planned implementation of developments and promotions in response to client requests.
Improving the user-friendliness of the website and improving searchability.
Further development of document management (further development of digital documents, online KYC questionnaire, development of electronic management of documents related to the conclusion of contracts).
Expanding the range of settlement banks and improving their services.
Education, organization of professional forums.
Expanding the range of collateral assets (e.g. bank guarantee).
Improvement of limit management, online tracking option (real time limit monitoring and control functions).
Gas market: Further improvement of the reporting system: further development of data services related to daily trading and collateral management.

ACTION PLAN DETERMINED BASED ON THE RESULTS OF THE CLIENT SATISFACTION SURVEY FOR THE YEAR 2021, INFORMATION ON INDUSTRY-LEVEL PLANS

Based on the findings and recommendations of the client satisfaction report for the year 2021, KELER CCP prepared the action plan in order to improve the client experience in the coming years, so that the perception of KELER CCP among its clients continues to improve. In the following, we will present these specific action plans to our clients, as well as referring to the industry-level efforts that are relevant to the given comments.



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9. *Indication of client's development needs*



INFORMING CLIENTS ABOUT THE RESULTS OF THE CLIENT SATISFACTION QUESTIONNAIRE AND PLANNED ACTION PLANS

It can be concluded from the report that our clients lack information about the results of the client satisfaction questionnaire and the action and development plans created based on it.

We consider it very important to provide continuous information to our clients, as it is in our common interest that our clients see and understand the goals we are pursuing and where we are in achieving these goals. Therefore, we will put more emphasis in the future on providing our clients with detailed information on this topic as well.



- **Action: Informing clients about the results of the client satisfaction questionnaire and planned action plans: annually, looking back at the points implemented in the previous year and presenting the new plans**

1. WEBSITE STRUCTURE REVIEW, WEBSITE DEVELOPMENT

According to our clients, it is currently difficult to separate the relevant information for individual market clearing members/non-clearing members for their own markets (financial market/gas market/energy market) on the website of KELER CCP. We received the same feedback regarding the newsletters/news sent out: clients would like to see a personalised separation of information. Perhaps this can be one of the reasons that the website and the newsletter are not the channels through which customers prefer to obtain information.

As early as 2022, we made several minor improvements and structural changes to the website and to the newsletters for easier transparency. In preparation for the complete transformation planned for 2023, we have begun to separate the entire content in order to make it easier and faster for clients to find information related to the market relevant to them even on the current website. Among other things, we have broken down the References menu item by market, so the more than 20 documents previously published here have been organized.

The conceptual plan of the completely new website structure planned for 2023 has been compiled. According to our plans, by creating separate interfaces for financial market, gas market and energy market clients, clients will use the website more and more willingly, thus improving the client experience, and also the client information process of KELER CCP will become much more efficient.

- **Action: New website (with separation of markets and functions in line with client expectations), target launch date: December 31, 2023.**

2. SIMPLIFYING THE MANAGEMENT OF DOCUMENT FLOWS

According to our current processes, we use a number of forms and various reporting documents during the entry, the exit, and data changes processes, which in most cases we ask to be signed and sent by post or email as an attachment. Based on the report, clients consider the document management process used by KELER CCP to be bureaucratic and difficult.



Always keeping in mind the risk management and compliance requirements of the onboarding, exit, and data modification processes, KELER CCP set the agenda the review and the simplification of the administrative processes, also striving to make use of the technical possibilities (e.g. uploading documents to the website). We are confident that after the review, we will be able to implement improvements that will reduce the time required for the processes, and clients will experience a noticeable simplification in the process of document management.

- **Action: Revision of the document management process, if possible online (prioritizing electronic processing), target date: December 31, 2023.**

3. DEVELOPMENT OF SETTLEMENT BANKING COOPERATION

We are in continuous negotiations with the settlement banks in order to promote the development of the services provided by the banks (with a focus on supporting the liquidity management of clients), so that, in addition to the standard account management service, banking products that can represent added value for clients are included in their offer

Furthermore, as a result of the negotiations that started in 2021, we plan to include two banks with an international background in the settlement banking range, which plan is currently under approval by the supervisory authorities. We expect that with the expansion of the settlement banking range, service competition between banks will strengthen, which will result in an improvement of the client experience.

- **Action: Inclusion of two new settlement banks in the partner circle, subject to supervisory approval, planned go live still in 2022.**



4. STRENGTHENING THE COMMUNICATION AND MARKETING APPEARANCE OF KELER CCP, EDUCATION, PROFESSIONAL FORUMS

One of the main goals of KELER CCP is to place as much emphasis as possible on its communication and marketing appearances. Accordingly, in 2021, KELER CCP created its own LinkedIn company page (@kelerccpltd) where we share valuable professional content regularly, consciously, according to a pre-planned schedule

In 2021, we created our own YouTube channel and the CCP Academy page on the KELER CCP website, where our external appearances are available (mainly our self-organized workshop materials). During 2022, we put a lot of energy and a lot of emphasis on education, so both the educational video materials (in Hungarian language) for the KELER Group employees, as well as the gas market training videos intended for gas market clients (explanation of the account structure , operation of the limit system, presentation of costs, etc. in English language) can be found on the webpage::

KELER CCP website - CCP Academy

In this way, we encourage our clients to follow our LinkedIn profile and YouTube channel, regularly visit the CCP Academy page on the KELER CCP website, where they can find answers to many of their professional questions in the informative materials published here!

From the report, it can be concluded that our clients expect more active contact from KELER CCP regarding implemented and planned developments and changes. In 2021, due to the pandemic, the possibility of this kind of contact was more limited (or shifted to an online form), however, in 2022 we already organized several forums and personal meetings (e.g. gas market online forum regarding the changes affecting turnover margin calculation in the balancing market). In the rest of the year, we plan to organize an additional professional forum for our gas market clients. In the following years, our goal is to organize several personal/online forums per year.



We trust that all of our efforts will contribute to the fact that our clients will perceive a significant improvement in the quality of contact and information.

- **Action: Active communication and client consultations, e.g. LinkedIn communication, CCP Academy, appearance at professional conferences and organization of regular professional customer.**



5. EXPANDING THE RANGE OF COLLATERAL ASSETS



Our gas market clients can currently only fulfill their obligation to provide collateral in the form of bank account money (this is the general form of collateral typically accepted by clearing houses), in the energy market, the obligation to provide collateral can currently be fulfilled in the form of a bank guarantee in addition to bank account money.

Based on the indication of our gas market clients, there was a demand for KELER CCP to accept a bank guarantee. The range of collateral asset acceptable to the central counterparty and their detailed types are regulated by EMIR, which, among other things, sets expectations for an acceptable bank guarantee that it must be 100% covered. This is a very strict rule, practically making it impossible to issue such a bank guarantee, so KELER CCP does not currently have a product or process approved by the supervisory authority that allows the acceptance of a bank guarantee as collateral.

One of our energy market clients requested the acceptance of the CO2 quota as a collateral. KELER CCP currently does not have a product or process approved by the supervisory authority that enables the acceptance of the CO2 quota, therefore we conducted a survey among our clients and found that the development costs given the current client demand would be such that the implementation of the development would not be reasonable. If the number of client requests justifies it, we will of course review the possibility of opening in this direction in the future.

KELER CCP is currently examining the acceptability of euro government bonds as a collateral asset on the energy market, but even here we do not currently have the process approved by the supervisory authority. As soon as any progress is made in this regard, we will inform our clients in due course.



It is important to mention here that due to the increased liquidity burden due to the current turbulent market situation, the European Commission - in cooperation with ESMA, EACH (European Association of Clearing Houses) and EFET (European Federation of Energy Traders) - is also investigating the possibilities of making the margining process more efficient. These include:

- broadening the list of eligible collateral (including the admissibility of a not fully covered bank guarantee),
- improvement of collateral transformation services,
- improvement of transparency and predictability of initial margin models and modalities under which a CCP can call intraday margins,
- review to further increase the clearing threshold for commodities (EMIR CCT).

So far, no official position has been reached on the above topics. KELER CCP actively participates in the working groups of EACH, which work on the feasibility of the above initiatives, as soon as details about all these plans become known, we will inform our clients immediately.

- **Action: Follow-up of measures related to the energy crisis - possible expansion of the range of collateral instruments, if possible. Also, further professional consultation and lobbying through the European Association of CCPs (EACH).**

6. IMPROVEMENT OF LIMIT MANAGEMENT SYSTEM

As of August 1, 2022, the CEEGEX and KP gas markets operate under a limit system determined on the basis of the collateral amount provided on a voluntary basis, i.e. starting from this date, the KELER CCP does not determine the minimum collateral amount to be fulfilled based on historical data. The amount of the collateral depends solely on the decision of the clearing members, depending on their planned trading activities for the future. We are confident that this methodological modification will contribute to making the business processes of our clients more efficient.

The current CEEGEX and KP trading limit amounts are transferred to the trading systems by KELER CCP, but only the trading systems have information about the current limit utilization, KELER CCP does not carry this information.



Our clients must send instructions for increasing or decreasing trading limits to the email address limits@kelerkszf.hu.



The limit system applied on the energy market operates according to the framework provided by the ECC, according to which the right to trade is suspended in the event of a limit violation. Currently, ECC does not guarantee real-time notification in case of limit violation and suspension of trading rights - ECC sends an email notification to the clearing member on a best effort basis in such cases - the statuses can be known to the clearing members through a query, in which case KELER CCP will notify the non-clearing member of the limit violation. Reducing the time the recovery of

limit violation takes, this year we introduced the so-called standing order process for the event of a limit violation, with which the limit violation cannot be avoided, but the recovery process can be reduced.



We recommend our clients to take advantage of the option of placing a standing order! More detailed information can be found in the related Announcement. Our clients must send instructions regarding the voluntary increase or decrease of trading limits to the email address limits@kelerccp.hu.

Here we highlight that the ECC also plans to change the suspension process in the near future. According to the current process, in the case of a client who is active in both the spot and derivative markets, if the TMR limit for a given trading code is violated, the right to trade for the given trading code will be suspended with immediate effect on all trading platforms - i.e. on both spot and futures platforms. As a result of the change introduced on October 4, 2022, the right to trade on spot markets will no longer be suspended in the event of a TMR limit violation, only on futures trading platforms.

We emphasize that the fact of the suspension can be tracked by the energy market non-clearing member itself after subscription in the Eurex C7 system.

7. GAS MARKET - FURTHER IMPROVEMENTS OF THE REPORTING SYSTEM



KELER CCP currently provides clearing services as a central counterparty for the following natural gas markets:

- Balancing market operated by FGSZ Zrt. (hereinafter Balancing or IP),
- Trading Platform operated by FGSZ KP Kft. (hereafter KP),
- CEEGEX spot gas market operated by CEEGEX Zrt. (hereafter CEEGEX),
- HUDEX/Gas futures gas market operated by HUDEX Zrt. (hereinafter HUDEX).

During the previous and 2021 client satisfaction surveys, we also received feedback that clients require the harmonization of the closing processes of the above gas markets and the improvement of the transparency of reports.

In fact, this development need was already included in the former development plans of KELER CCP, but unfortunately it was not in focus during the prioritization of those developments. 2 steps of the harmonization plan have been implemented so far, in addition to CEEGEX and HUDEX, from January 2020, the Trading Platform and the Balancing market settlement were also converted to EUR, which created the theoretical possibility to manage all domestic natural gas markets in the same settlement structure, to harmonize statements, financial settlements and to standardize purchase price invoicing. We are pleased to inform our clients that the implementation of the reform of the entire closing process has been supported as part of our development plans for next year, the details of which are shared as below:



- By implementing the harmonized closing process, a single combined settlement item will be created per settlement entity and settlement day (1 credit or 1 debit item on the settlement account).
- The purchase price invoicing will change to the extent that 1 seller's and 1 client's purchase price invoice will be issued, on which all items affecting the 4 gas markets will appear.
- In addition, we have reviewed the content and types of statements, and, taking into account previous client feedbacks, we have compiled a list of new types of statements with a limited number, which will contain data of all 4 gas markets:

1. Trade and Position Report
2. Payment Report
3. Collateral and Limit Report - already implemented

In the case of the three types of statements, in addition to the daily statements, monthly statements will be also created, which will include the data in the daily statements for the entire month. The reports will continue to be sent as email attachments. We will prepare a description of the reports and make the related file specification available to our clients as soon as possible.

- Important to mention that collateral settlements will be broken down according to the four gas market segments, and guarantee fund contributions will be settled in connection with the two separate guarantee funds, exactly as it is today - no change will happen with this regard.



The harmonization of settlement practices will bring the following benefits to our gas market clients:

- simplification of post-trade processes, improvement of transparency,
- simplification of cash flow,
- simplification of purchase price invoicing,
- improving the transparency and interpretability of settlement statements.

We trust that the development, after its implementation, will contribute to improving the efficiency of our gas market clients' own operational processes, thus increasing our clients' satisfaction.

- **Action: system developments: unification of closing processes, simplification of reporting processes. Expected entry into force of its developments: April 1, 2023.**

8. SHAPING OF A MORE UNIQUE, SPECIFIC QUESTIONNAIRE SEPARATLY FOR THE GAS AND FOR THE ENERGY MARKET

Questionnaire
Indicate your behaviour by ticking the appropriate box.

How often do you travel by car per week?	How many of your car journeys involve:
<input type="checkbox"/> Never	Never <input type="checkbox"/>
<input type="checkbox"/> 1-2 times per week	Daily <input type="checkbox"/>
<input type="checkbox"/> 3-4 times per week	2 - 5 Times <input type="checkbox"/>
<input type="checkbox"/> 5-6 times per week	More than 5 times per week <input type="checkbox"/>
How often do you use Public Transport per week?	How long is your average journey to your work?
<input type="checkbox"/> Never	Less than 1 Mile <input type="checkbox"/>
<input type="checkbox"/> 1-2 times per week	1 - 5 miles <input type="checkbox"/>
<input type="checkbox"/> 3-4 times per week	5 - 10 Miles <input type="checkbox"/>
<input type="checkbox"/> 5-6 times per week	More than 10 Miles <input type="checkbox"/>

Although the gas and energy markets are often collectively referred to as the energy market, the servicing of the two markets operates according to completely different processes, the client base can also be clearly separated, in addition our energy market service is considered a competitive market service. In order to be able to interpret the feedback of clients correctly and to be able to give an appropriate and relevant answer to it, it is important to know which market the given feedback was specifically received in relation to, therefore we see it justified to separate the client satisfaction survey for the 2 main markets in the future.

- **Action: Shaping of a new, specific client satisfaction questionnaire separately for the**

gas market and separately for the energy market: December 31, 2022



9. INDICATION OF CLIENT'S DEVELOPMENT NEEDS

We encourage our clients to send us their suggestions and feedback for development purposes, regardless of the timing of the client satisfaction questionnaire, using the [Application Form for a Development Request](#) option dedicated to this purpose on our website.

KELER CCP is committed to serving its clients at the highest possible professional level. Its goal is to support its clients in the effective implementation of their business decisions while providing maximum security and guarantees regarding the settlement of transactions.

We are confident that by implementing the above development plans, we will be able to increase the satisfaction of our clients and further strengthen their trust in the services of KELER CCP.

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