

KELER CCP Ltd.'s conditions of acceptance of bank guarantee

Effective from

1st March 2016

KELER CCP Ltd. accepts bank guarantee as collateral ruled in General Business Rules of KELER CCP Ltd. from its non-financial clearing members and energy market non-clearing members in the following terms.

Terms of acceptance:

KELER CCP Ltd. accepts bank guarantees in the form of the attached “Guarantee statement” elaborated by KELER CCP Ltd., which contains the same wording in case of a domestic bank in Hungarian or in case of a foreign bank in Hungarian or English, is duly signed, original, authenticated, and :

- is filled out by a bank accepted by KELER CCP Ltd.,
- the currency of the bank guarantee is Hungarian Forint,
- the sole beneficiary is KELER CCP Ltd.,
- the guarantee is unconditional,
- specified client can only be a non-financial clearing member or energy market non-clearing member of KELER CCP Ltd.,
- Bank guarantee is accepted as collateral only in case of spot markets extended with the following special case:
 - On the derivative markets bank guarantee is accepted as collateral only for supplementary financial collateral.

In case the non-financial clearing member or energy market non-clearing member is a bank, the submitted bank guarantee shall not derive from the same bank. At the client’s request KELER CCP Ltd. makes the client aware of acceptance list of the issuer banks by KELER CCP Ltd.

In case the non-financial clearing member or the energy market non-clearing member submits a bank guarantee with the exact wording of “Guarantee statement” presented in the appendix (Appendix 1) where the issuer of the bank guarantee is listed on KELER CCP Ltd.’s acceptance list then KELER CCP Ltd. shall notify the clearing member or the energy market non clearing member about the acceptance of the bank guarantee within 3 work days.

The condition of the acceptance of the bank guarantee statement is that there should be an existing and valid RMA authorisation (RMA - Relationship Management Application) between the issuer bank and KELER CCP Ltd.’s account management institution. Lack of such an RMA authorisation, the issuer bank is obliged to initiate RMA authorisation with KELER CCP Ltd.’s account management institution for the chosen SWIFT message type before submitting the bank guarantee statement. The SWIFT message type shall also be agreed by the issuer bank and KELER CCP Ltd.’s account management institution prior to the submission.

In case the non-financial clearing member or the energy market non-clearing member fails to submit a bank guarantee with the exact wording of “Guarantee statement” presented in the appendix (Appendix 1) then KELER CCP Ltd. is entitled to reject the guarantee statement without justification or to decide on the acceptance based on individual assessment. About the acceptance or rejection of the bank guarantee KELER CCP Ltd. shall notify the non-financial clearing member or the energy market non-clearing member within 15 days.

KELER CCP Ltd. makes an individual decision on the acceptance of each bank guarantee that derives from a bank not listed on KELER CCP Ltd.’s acceptance list. Due to rating purposes KELER CCP Ltd. may require financial data from the guarantee issuer bank. The non-financial clearing member or energy market non-clearing member will be informed about the decision of acceptance or refusal of the guarantee statement without delay upon the end of the rating process, but not later than 60 days.

The clearing member or the energy market non-clearing member is obliged to ask the bank to present the bank guarantee to KELER CCP Ltd. prior to the date of opening. If the issuer bank presents the bank guarantee directly to KELER CCP Ltd. KELER CCP Ltd. asks for a confirmation from the issuer bank’s head office, and the bank guarantee will be accepted only from the receipt of the confirmation. (To shorten the time of procedure, KELER CCP Ltd. asks the bank to give the name and phone number of the officer responsible for the confirmation.)

In case an issuer bank is under bankruptcy, liquidation, a supervisory commissioner is appointed, its accounts are blocked, or any unexpected incidence evolves due to which KELER CCP Ltd. can not vindicate the bank guarantee, KELER CCP Ltd. – even prior to the maturity of the bank guarantee – is allowed to notify the clearing member or power market non-clearing member to replace the bank guarantee with a new one issued by another bank accepted by KELER CCP Ltd. in 15 work days.

Acceptance limit:

According to the General Business Rules of KELER CCP Ltd. the following collaterals can be provided in bank guarantee: basic financial collateral, supplementary collateral, additional financial collateral turnover margin, energy market initial margin, energy market turnover margin -in excess of the value set by the European Commodity Clearing (ECC) parts required by KELER CCP Ltd.-, the maximum value of 500 000 000 HUF shall be accepted in the form of bank guarantee per market per client.

KELER CCP Ltd. does not accept any bank guarantee which issued by banks within the same banking group with which the bank (group) registered in respect of collateral assets ratio exceeds all individual assets held as collateral 10%.

If all individual collateral elements – KELER CCP Ltd. as beneficiary - deposited by the non-financial clearing members and energy market non-clearing members exceed 10% of bank guarantee issued by a bank (group), then the KELER CCP Ltd. takes all bank guarantee – issued by a bank (group) – into account as collateral to the extent necessary measured limit on assets. KELER CCP Ltd. shall notify the non-financial clearing members and energy market non-clearing members about the ordered haircuts for bank guarantees and the extent of haircuts.

Energy market acceptance conditions:

KELER CCP Ltd. declares to accept bank guarantees as collateral (energy market turnover margin) only for the exceeding value of the margin requirement calculated by ECC compared to the total margin requirement calculated for the energy market non-clearing member.

KELER CCP Ltd. reserves the right to change the terms of conditions of acceptance. KELER CCP Ltd. shall notify the non-financial clearing members and energy market non-clearing members about the changes of the conditions of acceptance of bank guarantee on its official website (www.kelerkszf.hu) and shall publishes the changes at the www.kozzetetelek.hu website operated by the HFSA.

1st March 2016.

KELER CCP Ltd.

Guarantee statement

for KELER CCP Central Counterparty Ltd (hereinafter „**KELER CCP Ltd.**”)
H-1074 Budapest, Rákóczi út 70-72., by

.....
as Issuing Bank (hereinafter “**Bank**”) , for

.....
client (hereinafter “**Client**”),

from 20..... till20

in the amount of

.....HUF,

that is

..... Hungarian Forint

guarantees unconditional and irrevocable cash payment warranty.

Code number:

Bank:

Phone:

Officer:

1. According to information provided by the Client the Bank is aware that the Client has to place own account basic financial collateral, supplementary collateral, additional financial collateral, turnover margin, energy market turnover margin with regard to the General Business Rules of KELER CCP Ltd. Own account basic financial collateral, supplementary collateral, additional financial collateral, turnover margin can only be used by KELER CCP Ltd. under the above mentioned Rules.

For the coverage of payment a bank guarantee is opened with the followings:

Value:

Expiration date:

The Bank hereby gives an irrevocable and unconditional guarantee for KELER CCP Ltd., and engages itself to entirely pay to KELER CCP Ltd. without considering the underlying legal relationship the amount set out in a notification as described in section 2. no later than the first bank day 16 p.m. CET from the date of receipt of such notification, when the Client fails to meet any outstanding payment or partial payment obligation laid down in KELER CCP's General Business Rules.

2. The present guarantee can be called by a bank guarantee drawing statement issued by KELER CCP's account management institution via SWIFT MT free format message sent to the Bank's SWIFT BIC code. The sample of the drawing statement can be found in the appendix enclosed (Appendix 2). The wording of the drawing statement cannot differ from the wording of the enclosed Appendix 2. With sending the SWIFT message containing the drawing statement, KELER CCP's account management institution certifies that the bank guarantee drawing statement is duly signed.

The total sum of the guarantee is decreased by every settled payment. Commitment of the bank arising from the bank guarantee will cease beyond the expiry specified in section 1.

Questions not regulated in the present guarantee shall be interpreted in accordance with the laws of Hungary, especially the relevant rules of the Act V of 2013 on the Civil Code except for section 6:435 subsection (3) and section 6:436 subsection (2) point b) and c), which provisions shall not be applicable.

Date:

Proper signature

Place of Stamp

Bank guarantee drawing statement

KELER CCP Central Counterparty Ltd (H-1074 Budapest, Rákóczi út 70-72.; (hereinafter KELER CCP Ltd.) hereby informs (name of the Bank), that its client (client name) for whom the bank issued a bank guarantee in HUF on the following date with the following code number has not fulfilled its contractual obligation towards KELER CCP Ltd. stated in the General Business Rules of KELER CCP Ltd. on the market.

As a result of breach of contract KELER CCP Ltd. as the beneficiary of the above mentioned bank guarantee statement hereby presents its claim to call for the bank guarantee through its account management institution:

..... HUF in words
HUF.

The above stated amount in HUF shall be transferred no later than the first banking day 16 p.m. CET upon receiving this SWIFT message to KELER CCP Ltd.'s account with the following IBAN number managed at bank.

..... as the account management institution of the KELER CCP Ltd. hereby certifies that the bank guarantee drawing statement is duly signed by KELER CCP Ltd.