

KELER CCP Ltd.'s conditions of acceptance of securities and currencies collateral

Effective from: 2 October 2017

According to the General Business Rules of KELER CCP Ltd., KELER CCP Ltd. accepts only currencies and securities listed below as financial collateral.

Securities denominated in HUF¹

- Government securities that are listed or shall be listed on the MTS Hungary under the agreement between EuroMTS and the State Debt Management Agency Ltd. (ÁKK),
- Discount T-Bills and one-year Hungarian government bonds (Treasury Notes) without reference to listing on MTS Hungary,
- Equity securities listed on the BSE and included in the BUX-basket (see the list below): OTP, MOL, MTELEKOM, RICHTER
- The above detailed securities are not accepted as collateral in case of CEEGEX market.

Securities denominated in foreign currency²

- non-HUF denominated Hungarian government bonds based on client request

Acceptable financial instruments

KELER CCP Ltd. accepts the following currencies in cash as collateral: HUF, CHF, EUR, GBP and USD. In case of CEEGEX market only EUR and HUF are accepted as collateral.

Collateral values of securities and currencies accepted as a financial collateral are valued daily at the end of settlement day, after KELER CCP Ltd. has fixed the daily re-valuation rate for the next settlement day as well as the freezing rate for the next settlement day which is equal to the next settlement day's rate for all securities and currencies (acceptance rate).

Calculation of acceptance rate

Calculation of acceptance rate in case of securities and currencies is as follows:

$$\text{Acceptance rate} = \text{Base valuation price} \times (1 - \text{haircut \%})$$

Base valuation price:

Price reflecting the market value of the security or currency that is fixed by KELER CCP Ltd. daily with reference to market information for each security and currency. In case of non-HUF denominated securities, calculation of acceptance rate is effected on basis of the value of the face value calculated in HUF.

¹ 2 days before the maturity KELER CCP does not accept government bonds denominated in HUF.

² 15 days before the maturity the KELER does not accept securities denominated in foreign currency.

Haircut:

The haircut is the given percentage value that reflects the accepted collateral asset's risk.

Limit management

Under present conditions the acceptance of certain assets are limited so during the occasion of distraint KELER CCP could refuse them.

Applied conditions of acceptance for security categories (base valuation price, haircut):

| Category of securities | | Base valuation price | Haircut | Limit |
|--|------------|---|---------|---------------|
| Hungarian Government Bonds | <1 year | price calculated from ÁKK's reference yields | 2% | Unlimited |
| | 1-3 years | | 5% | Unlimited |
| | 3-10 years | | 8% | Unlimited |
| | >10 years | | 12% | Unlimited |
| T-bills | | | 2% | Unlimited |
| Interest bearing treasury bills | | | 2% | Unlimited |
| Listed securities | OTP | last BSE closing price | 24% | 9 Billion HUF |
| | MOL | | 20% | 3 Billion HUF |
| | RICHTER | | 15% | 4 Billion HUF |
| | MTELEKOM | | 15% | 1 Billion HUF |
| Non-HUF denominated Hungarian government bonds based on client request | | face value calculated in HUF applying the CBH's mid rates | unique | Unlimited |

Applied conditions of acceptance for individual currencies:

| Acceptable currencies | Base valuation price | Haircut | Limit |
|-----------------------|---|---------|-----------|
| HUF | Nominal value | 0% | Unlimited |
| CHF | CBH's official HUF exchange middle rate | 8% | Unlimited |
| EUR | | 7% | Unlimited |
| GBP | | 7% | Unlimited |
| USD | | 9% | Unlimited |

Specific management of energy market collateral

KELER CCP applies 0% haircut in case of EUR collateral deposits.

Specific management of ceegex market collateral

KELER CCP applies 0% haircut in case of EUR collateral deposits and applies 7% haircut in case of HUF collateral deposits.

Public acceptance rates

Actual acceptance rates for securities and currencies are published daily via the KID terminal, following the daily valuation. Published prices are always valid until the next valuation.

Acceptance of non-HUF denominated Hungarian government bonds based on the clearing member's pre-request, which must be handled to Risk and Financial Management.

After receiving the pre-request KELER CCP examines the terms of acceptance taking into account the legal and risk factors and decides about the acceptance of the proposed debt securities within 10 settlement days.

KELER CCP Ltd. will not publish the accepted bonds; the KID gives information about the parameters during the distraint.

Restrictions on own issued securities

KELER CCP Ltd. does not accept from its Clearing Members those securities as a financial collateral which are issued by Clearing Members or by enterprises connected to the Clearing Members by direct or indirect ownership. Exceptions to the rule are securities issued by central banks or sovereign state.

Special process

In case of changes in the market circumstances KELER CCP Ltd. reserves the right to promptly change its acceptance conditions regarding valuation of acceptable securities and currencies.

Operate terms of conditions can be viewed at the KID terminal and at KELER CCP Ltd.'s official website (www.kelerkszf.hu). KELER CCP Ltd. publishes changes at the www.kozzetetelek.hu website operated by the HFSA.

Budapest, 12 September 2017

KELER CCP Ltd.