

KELER CCP Ltd.

Investment Policy

File name:	3-06 KELER CCP Ltd. Investment Policy_v9_20250630
Responsible organizational unit:	KELER CCP Chief Executive Officer
ID of the regulation document:	3-06
Effective date:	30 June, 2025
Board of Directors approval:	Resolution no. IG/5/2025/11. on 23 June 2025
Date of review:	21 May 2025

1. General

1.1. Reason for the preparation / modification of the policy

Annual review, review due to the clearing of Balkan Gas Hub.

1.2. Review date

At least once every year, or in the case of changes to the provisions of Point 1.4.

1.3. Scope of the policy

Material scope: investment activity undertaken by KELER CCP in Hungarian Forint and other currencies.

Personal scope: KELER CCP's Risk Management Department , KELER CCP's chief executive officer (CEO) and KELER CCP's chief operating officer.

1.4. References

Related regulations:

- 4-04 KELER CCP's Accounting Policy
- KELER CCP Risk Rules of Operational Procedures
- 3-01 KELER CCP's General Business Rules

References to legislation:

- Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR)
- Commission delegated regulation (EU) No 153/2013 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties (RTS)
- Act CXX of 2001 on The capital market (Tpt.)

Terms indicated in capital letters are equivalent to the meaning specified in chapter II. of KELER CCP's General Business Regulations.

1.5. Repealed regulations

None.

1.6. Version control

Version number of this policy: v9.

Version number of previous policy: v1.8

Effective date of previous policy: 14 July 2022

2. Investment principles

2.1. General principles

2.1.1. In accordance to Article 47 (1) of EMIR, KELER CCP can invest its financial resources corresponding to Article 16 (2) and Article 45 (4) of EMIR only in cash or in highly liquid financial instruments with minimal market and credit risk. KELER CCP's investments must be capable of being liquidated rapidly with minimal adverse price effect.

To the own assets of KELER CCP placed with the respective settlement banks, as well as to the collateral assets placed or blocked with beneficiary pledging in favor of KELER CCP, the KELER CCP may have immediate access during the record-keeping hours of the settlement bank, without any prior notification requirement or restriction.

2.1.2. KELER CCP's financial resources may be managed three ways:

2.1.2.1. KELER CCP may use its financial resources to purchase discount treasury bills and government bonds denominated in HUF, issued by the Hungarian State, provided their average duration does not exceed two (2) years. These instruments must be exclusively issued by the Hungarian State, limits related to counterparty risk and concentration risk is not applied. Market risks is managed through the maximum 2-year average maturity restriction.

2.1.2.2. KELER CCP may hold its financial resources as sight deposit at its account-keeping bank.

2.1.2.3. KELER CCP may enter into overnight securities repurchase agreements ("individual repo transactions") using its financial resources. The securities received in such "individual repo transactions" may be either the Hungarian government securities described in section 2.1.2.1. of the Investment Policy or in EUR denominated discount treasury bills or government bonds, issued by the Bulgarian State, provided their average maturity does not exceed two (2) years.

2.1.3. KELER CCP does not invest its capital corresponding to EMIR Article 16 (2) and Article 45 (4) and the amounts arising from the requirements stated in Articles 41., 42., 43. and 44. into its own securities and the securities of its parent company or its subsidiary.

2.1.4. KELER CCP may contribute to the default fund managed by another central counterparty, which amount cannot be taken into account to the provision of requirements set in Article 16 (2) and Article 45 (4) and Articles 41, 42, 43 and 44 of EMIR.

2.2. Placement of Dedicated own resources

2.2.1. Capital markets

KELER CCP places its financial resources related to multinet settlement and Budapest Stock Exchange (BSE) derivative settlement transactions, that is to say, part of its shareholders' equity (Dedicated own resources) and related default fund contributions either at KELER on cash custody accounts or manages them through individual repo transactions as detailed in section 2.1.2., with the designated settlement bank.

2.2.2. Gas markets

Regarding Gas markets cleared as a Central counterparty, KELER CCP places its financial resources,

that is to say, part of its shareholders' equity (Dedicated own resources) and related gas market default fund own contributions either at OTP Bank Plc. as Settlement bank on cash custody accounts or manages them through individual repo transactions as detailed in section 2.1.2., with the designated settlement bank. The Default fund contributions paid by Clearing members are placed on KELER CCP's own separate Default fund custody account at the Settlement bank chosen by the Clearing member, or managed by individual repo transactions with designated settlement bank, in the manner detailed in section 2.1.2.

2.3. Placement of assets for business management purposes

KELER CCP's balances for management purposes are kept either at a Clearing Bank on a custody account or manages them through individual repo transactions as detailed in section 2.1.2., with the designated settlement bank. The subject of the Individual Repo Transaction can only be securities that are fully in line with the Investment Policy of KELER CCP.

KELER CCP's demand deposit accounts for business management purposes (currently the Forint and foreign currency accounts -which are not custody purposed- kept with KELER and the Forint account -which is not custody purposed- kept with MKB Bank) cannot exceed 5% of the total demand deposits calculated based on the average of one calendar month. KELER CCP Risk Management monitors compliance monthly.

2.4. Placement of Collaterals

2.4.1. Capital markets

Regarding multinet and Budapest Stock Exchange (BSE) derivative markets Collaterals required by the Central counterparty will be kept and blocked by collateral purposes in customer accounts maintained in KELER. KELER CCP keeps demand deposits provided as contribution to the Default fund at an account kept by KELER, separate from its own accounts on a cash custody account.

2.4.2. Gas markets

Regarding Gas markets on which KELER CCP operates as a central counterparty, the clearing members' individual Collaterals are placed separately by Clearing members and collateral purposes, at the Clearing members' chosen Settlement bank on cash custody accounts.

2.4.3. Energy markets

Collaterals related to the Energy market clearing are at the place and in the form required by the ECC (European Commodity Clearing AG) because of the general clearing member status of KELER CCP. Besides the required collaterals specified by the ECC, Collaterals required by KELER CCP are placed at Citibank Frankfurt AG or at a Settlement bank in case of EUR settlement, and at Citibank London or at a Settlement bank in case of GBP settlement, on cash accounts owned by KELER CCP.

2.4.4. KELER CCP can utilize collaterals in case of default only; these cannot be invested or reused.

2.5. Rules for KELER management of fixed assets

2.5.1. KELER fully complies with the segregation requirements of EMIR with regard to Collaterals and Default fund contributions, and ensures the secure management of KELER CCP's own assets and its Clients' collaterals.

2.5.2. Pursuant to the cooperation agreement concluded between KELER and KELER CCP:

- a) during the opening hours of KELER, KELER CCP has immediate and unrestricted access to its own assets with KELER, the Default funds with KELER and the Collaterals provided or blocked in favor of KELER CCP and kept in KELER, with no need to give notification in advance.
- b) KELER agreed to attempt to sell on OTC markets the securities owned by KELER CCP and the Collaterals, the latter in case of compulsory measures related to Default, in favor of KELER CCP deposited with KELER, at the order of KELER CCP.

2.5.3. During Default management, for temporary liquidity creation purposes, KELER CCP is entitled to conclude Individual repo transaction for the collateral securities withdrawn from the defaulter.

3. Concentration limit

With respect to its investments, KELER CCP applies the following concentration limits:

The value of the KELER CCP securities portfolio (not including the existing financial instruments behind the repo transactions) that are purchased from its shareholders' equity (i.e. not including the financial instruments purchased from the default fund contributions made by clients) cannot exceed 90% of the shareholders' equity that is monitored monthly by Risk Management. In case of concentration limit breach KELER CCP is obliged to inform MNB as the Supervisory Authority. KELER CCP ceases the limit breach as soon as possible by disposing part of the securities.

Furthermore, in the case of individual repo transactions involving in EUR denominated securities issued by the Bulgarian State, as detailed in section 2.1.2.3., the cash leg of the transaction may exclusively consist of the end-of-day cash account balance related to the clearing of the Balkan Gas Hub, which is held with the respective Bulgarian settlement bank.

4. Acquisition and sale of holdings

4.1. In line with the provisions of Section 4. of this policy KELER CCP may acquire holdings in other business associations, the amount of holdings cannot be taken into account with respect to meeting the requirements stated in EMIR Article 16 (2) and Article 45 (4), and Articles 41., 42., 43. and 44..

4.2. Pursuant to the Tpt. Article 342, KELER CCP cannot acquire holding and cannot become member in an undertaking for the debts of which it has unrestricted liability regardless of the size of the holding.

4.3. Based on the Articles of Association of KELER CCP, decisions aimed at acquiring a corporate share in a business company and selling the corporate share of a business company owned by KELER CCP fall under the exclusive competence of the General Assembly, pursuant to the regulations of Tpt.

4.4. Individual risk assessment is completed prior to the acquisition of holdings. The analysis has to consider the entire credit risk exposure towards individual debtors and it must be ensured that the entire credit risk exposure towards any debtor remains below acceptable concentration limits.

4.5 The Accounting Policy of KELER CCP governs the valuation of holdings.

4.6. Once a year the Risk Management Department determines the market value and examines the extent of concentration of holdings for investment and informs the CEO accordingly.

The KELER CCP Risk Rules deal with the rating and the valuation of holdings.