

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

**Effective from:**

**11 February 2015**

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

**Securities denominated in HUF:**

- 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 Treasury Notes without reference to listing on MTS Hungary,
- Bonds issued by the Student Loan Centre Ltd. (Diákhitel Központ Zrt.) and listed on the MTS Hungary,
- Equity securities listed on the BSE and included in the BUX-basket (see the list below): OTP, MOL, MTELEKOM, RICHTER,
- Bonus Hungarian Government Bonds and Premium Hungarian Government Bonds after due consideration

**Securities denominated in foreign currency after due consideration:<sup>1</sup>**

- non-HUF denominated Hungarian government bonds,
- non-HUF denominated Hungarian or foreign debt securities.
- non-HUF denominated Bonus Hungarian Government Bonds and Premium Hungarian Government Bonds after due consideration

**Acceptable financial instruments:**

KELER CCP Ltd. accepts the following currencies in cash as collateral: HUF, CHF, EUR, JPY, PLN and USD.

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:

**Acceptance rate = Base valuation price × (1 - haircut %)**

**Base valuation price:**

**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.

**Haircut:**

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

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<sup>1</sup> 15 days before the expiration KELER CCP does not accept securities denominated in foreign currency.

**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, limit):

Category of securities		Base valuation price	Haircut	Limit
Government securities NBH bonds, Bonus- and Premium Hungarian Government Bonds	< 1 year	price calculated from ÁKK's reference yields	3%	Unlimited
	1-3 year		5%	Unlimited
	3 year <		8%	Unlimited
Student Loan Centre Ltd. bonds			15%	Unlimited
Listed securities	OTP	last BSE closing price	24%	25 Billion HUF
	MOL		20%	6 Billion HUF
	RICHTER		15%	8 Billion HUF
	MTELEKOM		15%	3 Billion HUF
Non-HUF denominated Hungarian government bonds, non-HUF denominated Bonus- and Premium Hungarian Government Bonds		face value calculated in HUF	unique	unique
Non-HUF denominated Hungarian or foreign debt securities		Individual price based on KELER CCP estimation	unique	unique

Applied conditions of acceptance for individual currencies:

Acceptable currencies	Base valuation price	Haircut	Limit
HUF	Nominal value	0%	Unlimited
CHF	NBH's official HUF exchange middle rate <sup>2</sup>	8%	Unlimited
EUR		7%	Unlimited
JPY		11%	5 Billion HUF
PLN		7%	5 Billion HUF

USD		9%	Unlimited
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**Specific management of energy market collateral:**

KELER CCP uses 0 % haircut by EUR collateral placed for the energy market transactions.

**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.

**Unique estimated bonds:**

Acceptance of non-HUF denominated Hungarian and foreign debt securities are 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 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](http://www.kelerkszf.hu)). KELER CCP Ltd. publishes changes at the [www.kozzetetelek.hu](http://www.kozzetetelek.hu) website operated by the HFSA.

09 February 2015

**KELER CCP Ltd.**