

# **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 HUF<sup>1</sup>**

- 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 currency<sup>2</sup>**

- 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.

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

<sup>2</sup> 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](http://www.kelerkszf.hu)). KELER CCP Ltd. publishes changes at the [www.kozzetetelek.hu](http://www.kozzetetelek.hu) website operated by the HFSA.

Budapest, 12 September 2017

KELER CCP Ltd.