

WFC Single Disclosure Report 2018

Date submitted

19/02/2019 02:26:52

General information

1 G01Q001

Please indicate the full name of the responding institution:

PFMI: Annex A - CSD disclosure template [CSD name]

AGC: 0a

KELER Ltd.

2 G01Q002

Registered address:

PFMI: n/a

AGC: 0c

Rákóczi út 70-72, H-1074 Budapest

3 G01Q003

Country of registered address:

PFMI: n/a

AGC: 0d

Hungary

4 G01Q004

Official website of the respondent institution:

PFMI: Annex A - CSD disclosure template [website]

AGC: n/a

www.keler.hu

5 G01Q005

The date of this disclosure is:

PFMI: Annex A - CSD disclosure template [date]

AGC: n/a

28/12/2018

6 G01Q006

The WFC, the AGC, CPMI and IOSCO encourage respondents to make their disclosure reports publicly available. Do you agree to make your response publicly available?

PFMI: n/a

AGC: 99

Yes, my response will be public, but only for my answers to AGC questions. [A2]

7 G01Q007

How will you be making your answers publicly available?

PFMI: n/a

AGC: 99a

☒ Website

☒ Upon request

☐ OTHER:

8 G01Q008

This disclosure can also be found at the following web address(es):

PFMI: Annex A - CSD disclosure template [website URL]

AGC: 99b

https://english.keler.hu/Key%20documents/Questionnaires/

9 G01Q009

First and Last Name of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]

AGC: 99c

Mr. Gabor Szentpeteri

10 G01Q009A

Disclosure submission authorisation

☒ I hereby certify that I am authorised to submit this disclosure report on behalf of my institution.

11 G01Q010

Email address of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]

AGC: 99h

szentpeteri.gabor@keler.hu

12 G01Q011

Telephone number (please include the international country code):

PFMI: n/a

AGC: 99e

+3614836275

13 G01Q012

How do you prefer to be contacted?

PFMI: n/a

AGC: 99d

☒ Telephone

☐ Fax

☐ mail/air courier

☒ e-mail

14 G01Q013

Fax number

PFMI: n/a

AGC: 99f

+3614836194

15 G01Q014

What is the preferred street address for mailing requests?

PFMI: n/a

AGC: 99g

Rákóczi út 70-72, H-1074 Budapest, Hungary

24 G01Q023

filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Legal Basis (PFMI Principle 1)

26 G02Q002

Under what regulation or statute is the CSD established and governed?

PFMI: n/a

AGC: 7

Act CXX of 2001 on the Capital Market (Capital Market Act); Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Credit Institutions Act); Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (Investment Firms Act); KELER General Business Rules; KELER CCP General Business Rules

27 G02Q003

Is the regulation or statute electronically available?

PFMI: n/a

AGC: 7a

Yes [Y]

28 G02Q004

If regulation or statute is electronically available, please supply web address(es) here or upload document(s).

PFMI: n/a

AGC: 7b

KELER General Business Rules: <https://english.keler.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/>

KELER CCP General Business Rules: <https://english.kelerkszf.hu/Key%20documents/Regulatory%20documents/General%20Business%20Rules/>

29 G02Q005
filecount - Please supply document(s) here:

PFMI: n/a
AGC: 7c

act_cxx_of_2001.pdf (934KB)	Act CXX of 2001 on the Capital Market	Effective as of 10 November 2018
act_cxxxviii_of_2007.pdf (1073KB)	Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities	Effective as of 10 November 2018
act_ccxxxvii_of_2013.pdf (1178KB)	Act CCXXXVII of on Credit Institutions and Financial Enterprises	Effective as of 10 November 2018
2018_10_01_KELER-CCP-General-Business-Rules.pdf (1671KB)	KELER CCP General Business Rules	Effective as of 1 October 2018
2018_11_30_3-01_KELER-General-Business-Rules.pdf (1297KB)	KELER General Business Rule	Effective as of 30 November 2018

5

42 G02Q018
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Governance and ownership (PFMI Principle 2)

44 G03Q002
What type of legal entity is the institution?

PFMI: n/a
AGC: 3

- ☐ Public Company
☒ Private Company
☐ Central Bank (or part thereof)
☐ Stock Exchange (or part thereof)
☐ OTHER:

45 G03Q003
Is the institution operated as a "for profit" or a "not for profit" organization?"

PFMI: n/a
AGC: 4

For profit [A01]

46 G03Q004
Please provide the names of the owners and their ownership interest percentages.

PFMI: n/a
AGC: 5

National Bank of Hungary (NBH) - 53,33% Budapest Stock Exchange (BSE) - 46,67%

47 G03Q005
What is the date of establishment of the CSD?

PFMI: n/a

AGC: 6a
12/10/1993

48 G03Q006 What is the date that the CSD's operations began? PFMI: n/a AGC: 6b
12/10/1993

49 G03Q007 Are participants required to contribute capital to the CSD that would result in ownership of the CSD? PFMI: n/a AGC: 18
No [A02]

58 G03Q016 What are the roles and responsibilities of the CSD's board of directors (or equivalent), and are they clearly specified? Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the CSD. What are the qualifications to become a board member? PFMI: Q.2.3.1 AGC: 7d
The Board has seven members - two of them are appointed by National Bank of Hungary, two of them are appointed by Budapest Stock Exchange and two of them are inner members. The seventh member is independent.

60 G03Q018 What are the election procedures? PFMI: Q.2.3.2 AGC: 7e
Board members are elected at the General Meeting, the election is subject to approval by the supervisory authority, the National Bank of Hungary, according to the Hungarian banking regulations. The Board elects its chairman - the seventh member - from among its members.

61 G03Q019 What is the maximum length of time a board member can serve? PFMI: Q.2.3.2 AGC: 7f
Re-election is possible without limitation.

62 G03Q020 How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)? PFMI: Q.2.3.2 AGC: 7g
Each board member has one vote. In case of vote-equality, the vote of the chairman would be decisive.

64 G03Q022 What are the procedures established to review the performance of the board as a whole and the performance of the individual board members? Who is responsible for regulating the board members? PFMI: Q.2.3.4 AGC: 7h
Certain legislation, the company General Meeting, and the supervisory authority, the National Bank of Hungary are all in a sense responsible for regulating Board members. For the purpose of supervision of the Board the General Meeting elects the Supervisory Board.

84 G03042 filecount - Add relevant appendices for this group. PFMI: n/a AGC: n/a
0

Comprehensive risk management (PFMI Principle 3)

87 G04Q003 Any direct damages or losses to participants caused by the CSD as a result of force majeure events, acts of God, or political events, etc.? PFMI: Q.3.1.1 AGC: 66x.
No [A02]

88 G04Q004 If yes, please check all of the following that apply:
--

PFMI: Q.3.1.1
AGC: 66y.

- ☐ Financial limits are imposed on the amount of liability assumed by the CSD
- ☐ The CSD assumes liability for direct losses
- ☐ The CSD assumes liability for indirect or consequential losses
- ☐ OTHER:

89 G04Q005

In all cases where the CSD assumes responsibility for direct or indirect or consequential losses, is the CSD's liability limited by a standard of care determination?

PFMI: Q.3.1.1
AGC: 66+

Yes [A01]

90 G04Q006

Please define the standard of care applied:

PFMI: Q.3.1.1
AGC: 66*

The depository shall repair direct pecuniary losses of its customers proved by proper evidence if such damages are attributable to and occurred in the operation of the depository. The depository is exempted from liability for any damages, pecuniary losses, lost profit or non-material damages that may occur beyond its operations based upon statutory provisions and/or its General Business Rules. The depository shall be relieved of liability if it is able to prove that it has acted in a manner that can generally be expected in the given situation.

109 G04Q025

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Credit risk (PFMI Principle 4)

120 G05Q011

Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

PFMI: Q.4.3.1
AGC: 78

Other: The default funds are operated by KELER CCP Ltd.

123 G05Q014

How is the fund financed?

PFMI: Q.4.3.1
AGC: 78d.

Contributions from participants [A02]

126 G05Q017

Who is covered by the fund?

PFMI: Q.4.3.1
AGC: 78h.

- ☐ Direct CSD participants only
- ☐ The beneficial owner also
- ☒ OTHER: General Clearing Members and Direct Clearing Members of KELER CCP

127 G05Q018

When is the guaranty fund used?

PFMI: Q.4.3.1
AGC: 78j.

- ☐ When a broker defaults
- ☐ When a direct participant defaults
- ☒ OTHER: When a general or a direct clearing member's default cannot be covered by the member's own individual collateral

130 G05Q021

Does the CSD have insurance to cover losses in the event of Default on settlement commitments by the CSD or a participant?

PFMI: Q.4.3.3
AGC: 91

No [A02]

133 G05Q024
Please explain other loss or default protections:

PFMI: Q.4.3.3
AGC: T9a

N/A

134 G05Q025
Does the CSD accept liability (independent of any insurance coverage) for the following: Any direct damages or losses to participants caused by the CSD in its capacity as a central counterparty?

PFMI: Q.4.3.3
AGC: 66g.

Other: KELER CCP Ltd. (subsidiary of KELER) is the sole central counterparty regarding guaranteed Budapest Stock Exchange transactions and regarding guaranteed gas market transactions and power market obligations.

135 G05Q026
If yes, please check all of the following that apply:

PFMI: Q.4.3.3
AGC: 66r.

- ☐ Financial limits are imposed on the amount of liability assumed by the CSD
- ☐ The CSD assumes liability for direct losses
- ☐ The CSD assumes liability for indirect or consequential losses
- ☐ OTHER:

139 G05Q030
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Collateral (PFMI Principle 5)

140 G06Q001
Summary narrative for PFMI Principle 5. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P5
AGC: 35c

KELER Ltd. handles collateral assets for the below reasons:

- for its own behalf (to cover cash credit provided to KELER CCP to support settlement)
- for KELER CCP,
- In addition, KELER handles collateral for the Hungarian Central Bank to cover bank credit lines.

157 G06Q018
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Liquidity risk (PFMI Principle 7)

198 G06Q041
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Settlement finality (PFMI Principle 8)

199 G08Q015
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Money settlements (PFMI Principle 9)

216 G09Q003
Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions?
PFMI: Q.9.1.1
AGC: 31

- ☒ CSD
- ☒ Central Bank
- ☐ Banks appointed by CSD
- ☐ Neither or others (e.g. credit lines used)
- ☐ Not applicable
- ☐ OTHER:

218 G09Q005
Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions?
PFMI: Q.9.1.1
AGC: 32

- ☒ CSD
- ☒ Central Bank
- ☐ Banks appointed by the CSD
- ☐ Neither or others (e.g. credit lines used)
- ☐ Not applicable
- ☐ OTHER:

220 G09Q007
Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)?
PFMI: Q.9.1.1
AGC: 33, 33b

- ☒ CSD
- ☒ Central Bank
- ☐ Banks appointed by CSD
- ☐ Neither or others (e.g. credit lines used)
- ☐ Not applicable
- ☐ OTHER:

222 G09Q009
Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)?
PFMI: Q.9.1.1
AGC: 34

- ☒ CSD
- ☒ Central Bank
- ☐ Banks appointed by CSD
- ☐ Neither or others (e.g. credit lines used)
- ☐ Not applicable
- ☐ OTHER:

223 G09Q010
Please name banks appointed by CSD
PFMI: Q.9.1.1
AGC: 34a

N/A

233 G09Q020
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Physical deliveries (PFMI Principle 10)

238 G10Q005
How are eligible securities lodged in the CSD system?

PFMI: Q.10.1.3
AGC: 57, 57a

- ☐ A registered certificate in the name of the CSD is delivered to the CSD.
- ☐ A participant delivers the security with a valid transfer deed or stock power or other transfer document to the CSD which then effects registration.
- ☐ A registrar re-registers the security in the name of the CSD.
- ☐ Not applicable
- ☒ OTHER: Either with a blank endorsement or in registered form.

239 G10Q006
When are securities lodged into the CSD reflected in a participant's CSD account?

PFMI: Q.10.1.3
AGC: 58, 58a

- ☐ Securities are reflected in the participant's CSD account immediately upon delivery to the CSD.
- ☐ Securities are re-registered prior to being reflected in the participant CSD account.
- ☐ Not applicable
- ☒ OTHER: Same day.

240 G10Q007
How long does it usually take to lodge securities with the CSD?

PFMI: Q.10.1.3
AGC: 59, 59b

1 to 2 days [A01]

242 G10Q009
During the process of lodging securities into the CSD, can the securities be traded?

PFMI: Q.10.1.3
AGC: 60

No [A02]

243 G10Q010
During the process of lodging securities into the CSD, can the securities be settled?

PFMI: Q.10.1.3
AGC: 60a

Other: Physical securities can only be settled in KELER's books after the process of lodging.

244 G10Q011
During the process of lodging securities into the CSD, can the securities have ownership transferred?

PFMI: Q.10.1.3
AGC: 60b

No [A02]

247 G10Q014
If ownership cannot be transferred, or if you answered other, please explain

PFMI: Q.10.1.3
AGC: 60e

Market practice.

248 G10Q015
Are securities immediately available for delivery upon transfer to the CSD?

PFMI: Q.10.1.3
AGC: 61, 61d

Yes [A01]

251 G10Q018
If not applicable, please explain

PFMI: Q.10.1.3
AGC: 61c

N/A

252 G10Q019

What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping?

PFMI: Q.10.1.3

AGC: 63, 63a

Other: Physical securities can only be delivered out or destroyed, no withdrawal process is available. IN case of delivery out signature check of the instruction is performed, the provision check follows, finally a debit entry is getting booked. Before physical securities are destroyed KELER checks if the security rights are expired and the company had been deleted from the Company Register.

253 G10Q020

How long does it usually take to remove securities from the CSD?

PFMI: Q.10.1.3

AGC: 64, 64b

1 to 2 days [A01]

255 G10Q022

While the securities are being removed from the CSD, can they be traded? (Choose one)

PFMI: Q.10.1.3

AGC: 65a

No [A01]

256 G10Q023

If they cannot be traded please explain

PFMI: Q.10.1.3

AGC: 65b

Market practice.

257 G10Q024

While the securities are being removed from the CSD, can they be settled? (Choose one)

PFMI: Q.10.1.3

AGC: 65c

No [A01]

258 G10Q025

If they cannot be settled, please explain

PFMI: Q.10.1.3

AGC: 65d

Market practice.

259 G10Q026

While the securities are being removed from the CSD, can they have ownership transferred? (Choose one)

PFMI: Q.10.1.3

AGC: 65e

No [A01]

260 G10Q027

If ownership cannot be transferred, please explain

PFMI: Q.10.1.3

AGC: 65f

Market practice.

262 G10Q029

What are the vault security procedures for the safekeeping of physical paper?

PFMI: Q.10.2.1

AGC: 75

- ☐ Not applicable, no vault is maintained
- ☒ Electronic keys or combinations
- ☒ Dual access control
- ☒ Visitor logs
- ☒ Vault counts
- ☒ Intrusion alarms
- ☒ Fire alarms
- ☒ Guards
- ☐ OTHER:

263 G10Q030
Please indicate frequency of vault counts:
PFMI: Q.10.2.1
AGC: 75a.

Full inventory on a yearly basis and random checks.

268 G10Q035
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Central Securities Depositories (PFMI Principle 11)

270 G11Q002
CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution. For which of the following security types do you serve as a CSD or clearing system?
PFMI: n/a
AGC: 26

- ☒ Government securities
- ☒ Equities
- ☒ Corporate bonds
- ☐ Corporate money market
- ☐ Not applicable
- ☒ OTHER: Investment Fund Share, Venture Fund Note, Central Bank Bond, ETF, Certificate, Compensation Note, Mortgage Bond, Convertible Bond, Futures, Options

271 G11Q003
Please name the other security types:
PFMI: n/a
AGC: 26a.

Investment Fund Share, Venture Fund Note, Central Bank Bond, ETF, Certificate, Compensation Note, Mortgage Bond, Convertible Bond, Futures, Options

272 G11Q004
Is the use of the CSD in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc).
PFMI: n/a
AGC: 27, 27c

- ☐ Yes by law for settlement of all instrument types
- ☐ Yes by law for safekeeping of all instrument types
- ☐ Yes by market practice for settlement of all instrument types
- ☐ Yes by market practice for safekeeping of all instrument types
- ☒ Yes by law for settlement, but not for all instrument types
- ☒ Yes by law for safekeeping, but not for all instrument type
- ☐ Yes by market practice for settlement, but not for all instrument types
- ☐ Yes by market practice for safekeeping, but not for all instrument types
- ☐ Neither
- ☐ OTHER:

273 G11Q005
Please list the instrument types for which it is not compulsory by law to: (i) settle in your CSD
PFMI: n/a
AGC: 27a. (i)

Non-dematerialized securities eg. equities issued by private limited companies, OTC money market instruments, OTC warrants, OTC derivatives

274 G11Q006
(ii) safekeep in your CSD:
PFMI: n/a
AGC: 27a. (ii)

Non-dematerialized securities eg. equities issued by private limited companies, OTC money market instruments, OTC warrants, OTC derivatives

275 G11Q007

Please list the instrument types for which it is not compulsory by market practice to: (i) settle in your CSD

PFMI: n/a

AGC: 27b. (i)

Non-dematerialized securities eg. equities issued by private limited companies, OTC money market instruments, OTC warrants, OTC derivatives

276 G11Q008

(ii) safekeep in your CSD:

PFMI: n/a

AGC: 27b. (ii)

Non-dematerialized securities eg. equities issued by private limited companies, OTC money market instruments, OTC warrants, OTC derivatives

277 G11Q009

Settlement and Safekeeping Percentages 28a Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

PFMI: n/a

AGC: 28 28a

By law 100% of dematerialized securities are administered by KELER.

278 G11Q010

Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

PFMI: n/a

AGC: 28b.

By law 100% of dematerialized securities are administered by KELER.

280 G11Q012

In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible: By the participant's clients?

PFMI: Q.11.1.1

AGC: 44a

No [A02]

282 G11Q014

By the intervening authorities controlling insolvency or other proceedings?

PFMI: Q.11.1.1

AGC: 44d.

Yes [A01]

283 G11Q015

If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

PFMI: Q.11.1.1

AGC: 44e.

Based on the Finality Directives to the competent authority ordering the blocking of the account may be granted upon strict rules and the decision of the court.

284 G11Q016

By the participant's creditors?

PFMI: Q.11.1.1

AGC: 44g, 44i

No [A02]

286 G11Q018

By the CSD's creditors?

PFMI: Q.11.1.1

AGC: 44j.

No [A02]

288 G11Q020

What is your document and record retention policy for documents and records described above in this section?

PFMI: Q.11.1.1

AGC: 47, 47a

Other: 10 years

289 G11Q021

Does the law protect participant assets from claims and liabilities of the CSD?

PFMI: Q.11.1.1

AGC: 54

Yes [A01]

290 G11Q022

Can the CSD assess a lien on participant accounts? (A lien would entitle the CSD to take and hold or sell the securities of the participant in payment of a debt.)

PFMI: Q.11.1.1

AGC: 55

Yes [A01]

291 G11Q023

If yes, for what reasons are liens or similar claims imposed?

PFMI: Q.11.1.1

AGC: 55a

☒ Fees and expenses

☒ Collateralization of overdrafts

☐ To secure payment for purchased securities

☐ OTHER:

292 G11Q024

Please describe:

PFMI: Q.11.1.1

AGC: 55b

N/A

293 G11Q025

Please indicate the limits of this lien as indicated below:

PFMI: Q.11.1.1

AGC: 55c

The lien is limited to securities in the course of purchase and sale transactio [A02]

295 G11Q027

If a lien is placed on a participant's account which has been designated for its clients, will the CSD select certain securities to be subject to the lien?

PFMI: Q.11.1.1

AGC: 55e

No [A02]

297 G11Q029

Please explain:

PFMI: Q.11.1.1

AGC: 55g

N/A

298 G11Q030

If no, please indicate whether the entire account will be subject to the lien.

PFMI: Q.11.1.1

AGC: 55h

Other: The lien will be placed to the proprietary account.

299 G11Q031

For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

PFMI: Q.11.1.1

AGC: 55j

Yes [A01]

300 G11Q032

If yes, are the restrictions accomplished by:

PFMI: Q.11.1.1
AGC: 55k

Contract between the CSD and the participant [A01]

301 G11Q033
Please explain:

PFMI: Q.11.1.1
AGC: 55l

N/A

302 G11Q034
Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

PFMI: Q.11.1.1
AGC: 56, 56e

Yes [A01]

303 G11Q035
When does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1
AGC: 56a

When the transaction is processed on an intra-day basis [A03]

304 G11Q036
Please describe:

PFMI: Q.11.1.1
AGC: 56b

N/A

305 G11Q037
Where does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1
AGC: 56c

On the CSD books [A01]

306 G11Q038
Please describe:

PFMI: Q.11.1.1
AGC: 56d

N/A

308 G11Q040
In what form does the CSD maintain records identifying the assets of each participant?

PFMI: Q.11.1.2
AGC: 45

- ☒ Computer file
- ☐ Microfiche
- ☐ Hard copy
- ☐ Computer tape
- ☒ OTHER:CD

309 G11Q041
In which format is the source data maintained?

PFMI: Q.11.1.2
AGC: 45b

prn file format on CD

314 G11Q046
If the securities held with the CSD are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the CSD (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

PFMI: Q.11.1.6
AGC: 52i

N/A

317 G11Q049
How are CSD eligible securities held by the CSD?

PFMI: Q.11.3.1
AGC: 50, 50a

- ☒ In dematerialized form
- ☒ In certificated form
- ☐ OTHER:

319 G11Q051
If CSD eligible securities are certificated, can CSD eligible securities be held outside of the CSD?

PFMI: Q.11.3.2
AGC: 51

Other: Only physical securities can be held outside of the CSD

322 G11Q054
Are these certificates:

PFMI: Q.11.3.2
AGC: 51c

- ☒ Bearer
- ☒ Registered
- ☐ OTHER:

323 G11Q055
If registered, how are the CSD eligible securities registered?

PFMI: Q.11.3.2
AGC: 51d

- ☐ In the name of the CSD
- ☐ In the name of the depositing participant or its nominee
- ☐ In the name of a separate nominee of the CSD
- ☒ OTHER:

327 G11Q059
If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the CSD?

PFMI: Q.11.3.2
AGC: 52

No [A02]

328 G11Q060
Are the securities held:

PFMI: Q.11.3.2
AGC: 52a, 52k

- ☒ Through book-entry at the CSD
- ☐ Through book-entry at a registrar or issuer
- ☐ OTHER:

329 G11Q061
Please identify which types of entities may act as registrars:

PFMI: Q.11.3.2
AGC: 52b

- ☐ Issuers
- ☐ Separate companies that perform registrar functions
- ☐ CSD
- ☐ OTHER:

330 G11Q062
If the securities held by the CSD are recorded by book entry at the registrar, are the securities registered only to the CSD, with the CSD providing the function of recording ownership on a centralized basis for the market?

PFMI: Q.11.3.2
AGC: 52d

Other: N/A

332 G11Q064
Please describe:

PFMI: Q.11.3.2
AGC: 52f

N/A

334 G11Q066
Please describe:

PFMI: Q.11.3.2
AGC: 52h

N/A

337 G11Q069

Does the CSD accept liability (independent of any insurance coverage) for the following: Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

PFMI: Q.11.4.1
AGC: 66, 66a, 66d

Yes [A03]

338 G11Q070

If yes, please check all of the following that apply:

PFMI: Q.11.4.1
AGC: 66b 66c

- ☐ Financial limits are imposed on the amount of liability assumed by the CSD
- ☒ The CSD assumes liability for direct losses
- ☐ The CSD assumes liability for indirect or consequential losses
- ☐ OTHER:

339 G11Q071

Theft of securities (either physical certificate or electronically from accounts at the CSD) from the CSD that results in direct damages or losses to participants?

PFMI: Q.11.4.1
AGC: 66e, 66g, 66h

Yes [A02]

340 G11Q072

If yes, please check all of the following that apply:

PFMI: Q.11.4.1
AGC: 66f

- ☐ Financial limits are imposed on the amount of liability assumed by the CSD
- ☒ The CSD assumes liability for direct losses
- ☐ The CSD assumes liability for indirect or consequential losses
- ☐ OTHER:

341 G11Q073

Failure of the CSD's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

PFMI: Q.11.4.1
AGC: 66i, 66l

Yes [A02]

342 G11Q074

If yes, please check all of the following that apply:

PFMI: Q.11.4.1
AGC: 66j, 66k

- ☐ Financial limits are imposed on the amount of liability assumed by the CSD
- ☒ The CSD assumes liability for direct losses
- ☐ The CSD assumes liability for indirect or consequential losses
- ☐ OTHER:

343 G11Q075

Any direct damages or losses to participants caused by the CSD due to its errors, omissions or fraud?

PFMI: Q.11.4.1
AGC: 66m, 66p.

- ☒ Yes
☐ No
☐ Not applicable
☐ OTHER:

344 G11Q076
If yes, please check all of the following that apply:

PFMI: Q.11.4.1
AGC: 66n.

- ☐ Financial limits are imposed on the amount of liability assumed by the CSD
☒ The CSD assumes liability for direct losses
☐ The CSD assumes liability for indirect or consequential losses
☐ OTHER:

346 G11Q078
Is the CSD immune from legal action in its own jurisdiction?

PFMI: Q.11.4.2
AGC: 68

No [A02]

348 G11Q080
Does the CSD have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

PFMI: Q.11.4.3
AGC: 92

No [A02]

350 G11Q082
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 92b.

N/A

351 G11Q083
Does the CSD have insurance for Operational Errors?

PFMI: Q.11.4.3
AGC: 93

No [A02]

353 G11Q085
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 93b.

N/A

356 G11Q088
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 94b.

HUF 5 Million each and every loss

357 G11Q089
Does the CSD have insurance for the Premises?

PFMI: Q.11.4.3
AGC: 95

Yes [A01]

358 G11Q090
What is the amount of the coverage?

PFMI: Q.11.4.3
AGC: 95a.

Third party liability insurance including tenants liability. 50 million HUF per incident and 250 million HUF per year

359 G11Q091
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 95b.

50 thousand HUF per incident

360 G11Q092
Does the CSD have any other insurance?

PFMI: Q.11.4.3
AGC: 96, 96d

Yes [A01]

361 G11Q093
If so, what is it for?

PFMI: Q.11.4.3
AGC: 96a.

1. Property insurance including robbery 2. Employers liability 3. Chief officers liability insurance

362 G11Q094
What is the amount of the coverage?

PFMI: Q.11.4.3
AGC: 96b.

1. 257 million HUF 2. 10 million HUF per incident and 20 million HUF per year 3. 1 billion HUF per incident and 1 billion HUF per year

363 G11Q095
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 96c.

1. 200-250 thousand HUF depending on the type of incident (natural vs. robbery) 2. 50 thousand HUF per incident 3. 1 million HUF

364 G11Q096
Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.

PFMI: Q.11.4.3
AGC: 97

Allianz Hungaria Ins. Co.

365 G11Q097
Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

PFMI: Q.11.4.3
AGC: 97a.

Allianz Versicherungs AG, Germany

366 G11Q098
What is the term of the policy?

PFMI: Q.11.4.3
AGC: 97b.

01.01.2018. - 31.12.2018. both days inclusive, except Chief Officers liability insurance: 01.05.2018. – 30.04.2019.

367 G11Q099
Who does the insurance cover?

PFMI: Q.11.4.3
AGC: 97c, 97d

- ☒ CSD
- ☐ Direct CSD participants
- ☐ Final investors
- ☐ Not applicable
- ☐ OTHER:

369 G11Q101
Filecount - Upload document here:

PFMI: Q.11.4.3
AGC: 98a.

0

370 G11Q102
Do the CSD's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the CSD in the form of indemnification?

PFMI: Q.11.4.3
AGC: 67a, 67b.

- ☐ Yes
☒ No
☐ Not applicable
☐ OTHER:

372 G11Q104
Please provide details of the relevant sections of the contracts, rules or practices where this information is found

PFMI: Q.11.4.3
AGC: 67c.

N/A

373 G11Q105
Insurance

PFMI: Q.11.4.3
AGC: 67d.

- ☒ Yes
☐ No
☐ Not applicable
☐ OTHER:

374 G11Q106
Please explain (then please answer 67f):

PFMI: Q.11.4.3
AGC: 67e.

Act CXX of 2001 on Capital Market

375 G11Q107
Please provide details of the relevant sections of the contracts, rules or practices where this information is found

PFMI: Q.11.4.3
AGC: 67f.

"Section 340/A. (2) a); Section 340/B. f) of Act CXX of 2001 on Capital Market Please see question 7 documents uploaded. Note: the indicated section is not effective anymore because the subject is going to be regulated by the CSD (EU) regulation which does not require the conclusion of insurance coverage, however the current insurance coverage was concluded according to the provisions of the above indicated act of law."

376 G11Q108
Acknowledgement of liability for losses caused by CSD's own actions.

PFMI: Q.11.4.3
AGC: 67g.

Yes [A01]

377 G11Q109
Please explain (then please answer 67i):

PFMI: Q.11.4.3
AGC: 67h.

General Business Rules of KELER Ltd. and KELER CCP Ltd. detail rules regarding acknowledgement of liability.

378 G11Q110
Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

PFMI: Q.11.4.3
AGC: 67i.

KELER General Business Rules 10.4. KELER CCP General Business Rules 11.4. Please see documents uploaded.

379 G11Q111
Other

PFMI: Q.11.4.3
AGC: 67j.

No [N]

381 G11Q113

Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

PFMI: Q.11.4.3
AGC: 67l.

N/A

383 G11Q115

Are participants permitted to maintain more than one account at the CSD?

PFMI: Q.11.5.1
AGC: 41

Yes [A01]

384 G11Q116

If yes, please indicate number:

PFMI: Q.11.5.1
AGC: 41a, 41c

- ☒ An unlimited number of accounts
☐ More than one account
☐ OTHER:

387 G11Q119

Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?

PFMI: Q.11.5.2
AGC: 42

- ☒ Yes
☐ No
☐ Not applicable
☐ OTHER:

388 G11Q120

If yes, is segregation required or simply permitted?

PFMI: Q.11.5.2
AGC: 42a

Required [A01]

389 G11Q121

How does segregation occur?

PFMI: Q.11.5.2
AGC: 42b, 42c

- ☒ By separately designated participant accounts.
☒ By sub-accounts within a single participant account.
☐ By separately designated beneficial owner accounts.
☐ OTHER:

390 G11Q122

Does the CSD permit its participants to open accounts in the participant's own nominee name(s)?

PFMI: Q.11.5.2
AGC: 43, 43b

Other: Main accounts within KELER must be in the participants' own name, however a nominee name can be applied to any underlying subaccount. Laws exist to acknowledge the rights of beneficial owners with respect to shares registered in a nominee name.

392 G11Q124

Does the CSD maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

PFMI: Q.11.5.2
AGC: 53, 53a

- ☒ Yes
☐ No
☐ Not applicable
☐ OTHER:

394 G11Q126
Please indicate services you provide.

PFMI: Q.11.6.1
AGC: 35

- ☒ Own list or: AGC: Information in advance on corporate (annual or special) meetings in order that owners can vote.
☒ Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.
☒ In order to avoid fails, an automatic securities lending facility - if requested - is provided for.
☒ Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc.
☒ Same day turnaround settlements.
☒ Information on distribution of new issues (IPO, Privatization).
☐ Not applicable
☒ OTHER: NOTE: Tax assistance applies only in case when the non-domestic custodian of foreign holder is direct client of KELER. OTHER SERVICES: 1. Cross-border settlement and custody 2. Share Registrar and paying agent services

395 G11Q127
Automatic securities lending facility is provided for:

PFMI: Q.11.6.1
AGC: 35a

- ☒ Brokers
☒ Banks
☐ Other financial institutions
☐ OTHER:

396 G11Q128
If collateral handling, please provide details

PFMI: Q.11.6.1
AGC: 35c

KELER Ltd. handles collateral assets for the below reasons: -for KELER CCP, -Cash financing transactions to support settlement are also subject to collateral from the participant. -Securities and/or cash for SLB transactions -In addition, KELER handles collateral for the Central Bank to back credit lines.

397 G11Q129
Other, please explain:

PFMI: Q.11.6.1
AGC: 35d

NOTE: Tax assistance applies only in case when the non-domestic custodian of foreign holder is direct client of KELER. OTHER SERVICES: 1. Cross-border settlement and custody 2. Share Registrar and paying agent services

398 G11Q130
What procedures are in place for the processing of corporate action entitlements?

PFMI: Q.11.6.1
AGC: 36

- ☐ Credited to the securities account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
☒ Credited to the securities account upon actual receipt by the CSD.
☒ Corporate action entitlements are handled by an entity separate from the CSD.
☐ Not applicable
☐ OTHER:

399 G11Q131
Credited to the securities account:

PFMI: Q.11.6.1
AGC: 36a

- ☐ On pay date.
☐ On pay date +1.
☐ On pay date +2.
☐ OTHER:

400 G11Q132
Name of entity:

PFMI: Q.11.6.1
AGC: 36c

Securities distribution is the responsibility of the issuer based on record date positions provided by KELER and payment details provided by the investor. Paying agent is appointed by the issuer. In case of reorganisations, the entitlements are credited to the CSD participants' securities accounts by KELER.

401 G11Q133

What procedures are in place for the processing of interest and dividends?

PFMI: Q.11.6.1
AGC: 37, 37d.

- ☐ Credited to the cash account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- ☒ Credited to the cash account upon actual receipt by the CSD.
- ☒ Income and dividend collection is handled by an entity separate from the CSD.
- ☐ Not applicable
- ☐ OTHER:

402 G11Q134

Credited to the cash account:

PFMI: Q.11.6.1
AGC: 37a

- ☐ On pay date.
- ☐ On pay date +1.
- ☐ On pay date +2.
- ☐ OTHER:

403 G11Q135

Name of entity:

PFMI: Q.11.6.1
AGC: 37c

Cash distributions are the responsibility of the issuer based on record date positions provided by KELER and payment details provided by the investor. Paying agent is appointed by the issuer. KELER provides paying agent services. In case of dividend payments, pay date is the start of paying period. Those shareholders receive dividend payments on payment date that are recorded as shareholders in the Company Share Register on that date. Shareholders will remain entitled to receive the dividend within a limited five-year period (set by the statute of limitation) beginning at the starting day of the dividend payment.

405 G11Q137

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Exchange-of-value settlement systems (PFMI Principle 12)

408 G12Q003

Does the CSD guaranty settlement?

PFMI: Q.12.1.1
AGC: 66u.

Yes [A02]

409 G12Q004

Please explain how this is accomplished. What are the procedures and safeguards that permit the CSD to guaranty settlement?

PFMI: Q.12.1.1
AGC: 66v.

KELER CCP Ltd. (subsidiary of KELER) as central counterparty guarantees transactions concluded on the guaranteed markets of the Budapest Stock Exchange to its clients. The guarantee is supported by individual collateral of clearing members, collective guarantee funds and KELER CCP's assets.

411 G12Q006

The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble.

PFMI: Q.12.1.2
AGC: 48

- ☒ Model1

- ☐ Model2
- ☒ Model3
- ☐ Not applicable
- ☐ OTHER:

412 G12Q007
Please briefly describe your settlement process, including how do your settlement procedures vary from the model chosen above?

PFMI: Q.12.1.3
AGC: 48a

No difference from standard models. Note: Model 1 for off-exchange settlements, Model 3 for on-exchange cash market settlements

415 G12Q010
Are the cash and security movements simultaneous?

PFMI: Q.12.1.3
AGC: 49

Yes [A01]

417 G12Q012
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Participant default rules and procedures (PFMI Principle 13)

421 G13Q004
During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

PFMI: Q.13.1.2
AGC: 77

No [A02]

423 G13Q006
Does the stock exchange have default protections that extend to the CSD, such as the following?

PFMI: Q.13.1.2
AGC: 80

- ☐ Margin requirements for stock exchange members
- ☐ Guaranty fund for stock exchange members
- ☐ Financial requirements for stock exchange membership
- ☐ No
- ☐ Not applicable
- ☒ OTHER:In principal, the relevant trading venue and KELER CCP applies rules for such cases.Procedures are elaborated for the affected organisations to inform each other and the relevant authorities, if a client defaults.

424 G13Q007
Please explain:

PFMI: Q.13.1.2
AGC: 80a

In principal, the relevant trading venue and KELER CCP applies rules for such cases.Procedures are elaborated for the affected organisations to inform each other and the relevant authorities, if a client defaults.

427 G13Q010
Participant Default Protections Resulting from a Participant Failure. If a participant defaults, how is the loss covered? (Choose all that apply?)

PFMI: Q.13.1.4
AGC: 76, 76d

- ☐ CSD insurance covers the loss
- ☐ The CSD guaranty fund covers the loss
- ☐ Loss is shared among participants
- ☐ Not applicable
- ☒ OTHER:The CCP within the KELER Group does have loss sharing mechanism and KELER Ltd. takes part in the CCP's default procedures as a CSD. However it does not guarantee any transactions and does not have own loss sharing mechanism.

430 G13Q013

Please explain:

PFMI: Q.13.1.4
AGC: 76d

Please, find the explanation in the answer for question 427.

438 G13Q021
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

General business risk (PFMI Principle 15)

440 G14Q002
Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

PFMI: Q.17.2.3
AGC: 15

Yes [Y]

441 G14Q003
If yes, please state the name(s) of the entity(ies) who perform the financial audit.

PFMI: n/a
AGC: 15a.

KELER Central Depository Ltd, Deloitte Auditing and Consulting Ltd.

442 G14Q004
Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

PFMI: n/a
AGC: 15b.

27/04/2018

443 G14Q005
Please list the period that the audit covered:

PFMI: n/a
AGC: 15c.

Start date: 01/01/2017
End date: 31/12/2017

444 G14Q006
How frequently does the financial audit occur?

PFMI: n/a
AGC: 15d.

Annually [A02]

446 G14Q008
Please select the statement that most accurately characterizes the results of the last financial audit:

PFMI: n/a
AGC: 15g.

No material exceptions found. [A01]

448 G14Q010
Has there been any material loss by the CSD during the past three years?

PFMI: n/a
AGC: 86

No [A02]

450 G14Q012
Has the CSD been subject to any litigation involving a participant during the past three years?

PFMI: n/a
AGC: 87

No [A02]

452 G14Q014
Has the CSD realized revenues sufficient to cover expenses during the past three years?

PFMI: n/a
AGC: 88, 88a

Yes for all three years [A01]

453 G14Q015

Has any participant suffered any losses in the past three years due to the CSD's performance?

PFMI: n/a

AGC: 30, 30m

No [A02]

454 G14Q016

If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter.

PFMI: n/a

AGC: 30a, 30j

- ☐ Corporate Action
- ☐ Settlement Process - Securities
- ☐ Settlement Process - Cash
- ☐ System Outage
- ☐ OTHER:

456 G14Q018

Corporate Action. Please specify total loss in USD:

PFMI: n/a

AGC: 30c.

N/A

458 G14Q020

Settlement Process - Securities. Please specify total loss in USD:

PFMI: n/a

AGC: 30e.

N/A

460 G14Q022

Settlement Process - Cash. Please specify total loss in USD:

PFMI: n/a

AGC: 30g.

N/A

462 G14Q024

System Outage. Please specify total loss in USD:

PFMI: n/a

AGC: 30i.

N/A

463 G14Q025

For Other, please specify number of instances:

PFMI: n/a

AGC: 30k.

N/A

464 G14Q026

For Other, please specify total loss in USD:

PFMI: n/a

AGC: 30l.

N/A

468 G14Q030

Does the CSD maintain a reserve for operating losses?

PFMI: Q.15.2.1

AGC: 89, 89b

Yes [A01]

471 G14Q033

Please describe and indicate reserve (for operating losses) amount:

PFMI: Q.15.2.2

AGC: 89a.

Based on audited data of financial year 2015, 2016 and 2017, capital requirement for operational risk under pillar I is approximately USD 3,5 million (USD/HUF exchange rate at 29 December 2017: 258,82).

482 G14Q044

filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Custody risk (PFMI Principle 16)

485 G15Q003

Are there any activities performed by a third party on behalf of the CSD for the CSD participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

PFMI: Q.16.1.1

AGC: 29, 29i

- ☒ Yes
- ☐ No
- ☐ Not applicable
- ☐ OTHER:

486 G15Q004

If third parties are employed, please indicate which services they supply:

PFMI: Q.16.1.1

AGC: 29a.

Some services in connection with custody of non-dematerialized securities and with proxy voting services provided by third parties for foreign serviced markets.

487 G15Q005

If third parties are employed, does the CSD assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?

PFMI: Q.16.1.1

AGC: 29b.

Yes [Y]

488 G15Q006

If you acknowledge responsibility, please indicate whether your responsibility is assumed

PFMI: Q.16.1.1

AGC: 29c, 29e.

- ☒ regardless of whether such loss was caused by any action or inaction of the agent
- ☒ if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be negligence on the part of the agent
- ☒ if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be gross negligence on the part of the agent
- ☒ if the loss was caused by the willful default or other willful conduct on the part of the agent
- ☐ OTHER:

489 G15Q007

If you acknowledge responsibility for agents, your responsibility is assumed for losses

PFMI: Q.16.1.1

AGC: 29d, 29h.

- ☒ without limit
- ☒ which are not consequential losses
- ☐ subject to a monetary limit not based on insurance limits
- ☐ subject to a monetary limit based on insurance limits
- ☐ OTHER:

496 G15Q014

Please describe briefly the arrangements / procedures / facilities you maintain to ensure that eligible securities held at the CSD are handled at least as efficiently as compared to securities held outside the CSD, particularly in relation to income, corporate actions and proxy services.

PFMI: Q.16.3.1
AGC: 62

Annual due diligence process is carried out by KELER on the respective partners and services provided based on the CSDR requirements.

503 G15Q021
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Operational risk (PFMI Principle 17)

514 G16Q011
Internal Audit. Is an internal audit undertaken in your CSD?

PFMI: Q.17.2.3
AGC: 14

Yes [Y]

515 G16Q012
If yes, what areas does the audit cover (financials, operations, etc.) and which department in your CSD handles it?

PFMI: Q.17.2.3
AGC: 14a.

The audits of internal audit department cover IT, financials, operations, security and all other functions of the depository

516 G16Q013
Please list the date of your last internal audit and the period that the audit covered:

PFMI: Q.17.2.3
AGC: 14b.

Start date: 01/01/2017
End date: 30/04/2018
Audit date: 25/09/2018

517 G16Q014
How frequently does the internal audit occur?

PFMI: Q.17.2.3
AGC: 14c.

Two or more times a year [A01]

519 G16Q016
Are the results of the internal audit publicly available?

PFMI: Q.17.2.3
AGC: 14e.

No [N]

520 G16Q017
Please select the statement that most accurately characterizes the results of the last internal audit:

PFMI: Q.17.2.3
AGC: 14f.

Minor exceptions found. [A02]

521 G16Q018
If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: Q.17.2.3
AGC: 14g.

Action plan was prepared containing the findings, proposed measures, responsible departments and deadlines.

523 G16Q020
Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?

PFMI: Q.17.2.4
AGC: 16

Yes [Y]

524 G16Q021

If yes, please state the name(s) of the entity(ies) who perform the operational audit.

PFMI: Q.17.2.4
AGC: 16a.

The National Bank of Hungary.

525 G16Q022

Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:

PFMI: Q.17.2.4
AGC: 16b.

23/08/2017

526 G16Q023

Please list the period that the audit covered:

PFMI: Q.17.2.4
AGC: 16c.

Start date: 01/01/2014
End date: 21/02/2017

527 G16Q024

How frequently does the operational audit occur?

PFMI: Q.17.2.4
AGC: 16d.

Less than annually [A03]

528 G16Q025

If less than annually, please explain:

PFMI: Q.17.2.4
AGC: 16e.

General operational audit is carried out by the Central Bank of Hungary in every three years on average. The law prescribes to carry out such audits at least in every five years.

529 G16Q026

Please select the statement that most accurately characterizes the results of the last operational audit:

PFMI: Q.17.2.4
AGC: 16g.

Minor exceptions found. [A02]

530 G16Q027

If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: Q.17.2.4
AGC: 16h.

The surveillance report of 2017 included conclusions of different scales beside imposition of fine. Action plan was prepared containing the findings, proposed measures, responsible departments and deadlines.

537 G16Q034

How is access to the physical building controlled?

PFMI: Q.17.5.1
AGC: 74

- ☒ By guards
☒ By electronic keys
☒ personal ID card
☒ By alarm system
☐ OTHER:

538 G16Q035

Please explain:

PFMI: Q.17.5.1
AGC: 74a.

N/A

541 G16Q038

Regarding data security: Are passwords used by participants to access their accounts?

PFMI: Q.17.5.3
AGC: 71 71a.

Yes [A01]

542 G16Q039
Does each user have a unique user ID?

PFMI: Q.17.5.3
AGC: 71c.

Yes [A01]

543 G16Q040
Are passwords regularly changed?

PFMI: Q.17.5.3
AGC: 71e.

Other: KELER requires users to change their passwords every 31 days.

545 G16Q042
Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?

PFMI: Q.17.5.3
AGC: 71h.

Yes [A01]

546 G16Q043
How many?

PFMI: Q.17.5.3
AGC: 71i.

3

550 G16Q047
How quickly can the main system be reactivated in the event of an outage?

PFMI: Q.17.6.2
AGC: 82

Other: Depends on the situation. Electric failure: 1-2 minutes Server farm outage: 50-80 minutes Office (building) outage: 2 hours

553 G16Q050
Will the CSD publicly announce any system interruption?

PFMI: Q.17.6.4
AGC: 84

Yes [A01]

554 G16Q051
To whom will the CSD disclose any system interruptions?

PFMI: Q.17.6.4
AGC: 84a.

- ☒ To the CSD regulators
- ☒ To all direct participants
- ☐ To direct and indirect participants
- ☒ To the public via the internet
- ☐ In the press
- ☐ OTHER:

555 G16Q052
If so, please list webpage address:

PFMI: Q.17.6.4
AGC: 84b.

www.keler.hu

557 G16Q054
Please explain:

PFMI: Q.17.6.4
AGC: 84d.

Budapest Stock Exchange

558 G16Q055
How will the CSD disclose any system interruptions?

PFMI: Q.17.6.4
AGC: 84e.

- ☒ By e-mail
- ☒ By telephone
- ☐ Public announcement
- ☐ Press release
- ☒ OTHER: Via KELER's proprietary communication system and its website (www.keler.hu)

559 G16Q056
Please explain:

PFMI: Q.17.6.4
AGC: 84f.

Via KELER's proprietary communication system and its website (www.keler.hu)

561 G16Q058
If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing?

PFMI: Q.17.6.5
AGC: 83

1 - 4 hours [A01]

565 G16Q062
BUSINESS RECOVERY PLAN. This section is intended to identify key aspects of the CSD's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP. Do you have a formal business recovery plan?

PFMI: Q.17.6.8
AGC: 81

Yes [Y]

566 G16Q063
Does your Business Recovery Plan include:

PFMI: Q.17.6.8
AGC: 81a, 81h.

- ☒ Back-up of all computer files
- ☒ Off-site data storage
- ☒ Back-up files stored and locked
- ☒ Off-site operations facility
- ☐ OTHER:

567 G16Q064
Please identify both the frequency and the last date of testing for the following third party: CSD participants/members

PFMI: Q.17.6.8
AGC: 81b.

Live BCP test is carried out yearly. Last date: 13 December 2018 live testing of contingency infrastructure.

568 G16Q065
Please identify both the frequency and the last date of testing for the following third party: Stock exchange

PFMI: Q.17.6.8
AGC: 81c.

Live BCP test is carried out yearly. Last date: 13 December 2018 live testing of contingency infrastructure.

569 G16Q066
Please identify both the frequency and the last date of testing for the following third party: Central bank

PFMI: Q.17.6.8
AGC: 81d.

Live BCP test is carried out yearly. Last date: 13 December 2018 live testing of contingency infrastructure.

570 G16Q067
Please identify both the frequency and the last date of testing for the following third party: Local brokers

PFMI: Q.17.6.8
AGC: 81e.

Live BCP test is carried out yearly. Last date: 13 December 2018 live testing of contingency infrastructure.

571 G16Q068

Please identify both the frequency and the last date of testing for the following third party: Any other third party

PFMI: Q.17.6.8
AGC: 81f.

Live BCP test is carried out yearly. Last date: 13 December 2018 live testing of contingency infrastructure.

572 G16Q069

In the past three years, has it been necessary to activate the recovery plan in a live situation?

PFMI: Q.17.6.8
AGC: 85

Yes [A01]

573 G16Q070

If yes, how much time was needed to implement the recovery plan?

PFMI: Q.17.6.8
AGC: 85a.

Less than 1 hour [A01]

574 G16Q071

How much time was needed to recover and restore business to normal operations?

PFMI: Q.17.6.8
AGC: 85b.

4 - 8 hours [A02]

575 G16Q072

What was the impact to the market?

PFMI: Q.17.6.8
AGC: 85c, 85d.

- ☒ All securities settlements took place as scheduled on the same day with good value
- ☒ All cash settlements took place as scheduled on the same day with good value
- ☐ All securities settlements took place one business day late with good value
- ☐ All cash settlements took place one business day late with good value
- ☐ All securities settlements took place one business day late with value one day late
- ☐ All cash settlements took place one business day late with value one day late
- ☐ All securities settlements took place more than one business day late
- ☐ All cash settlements took place more than one business day late
- ☐ As a result of the system failure, all fines and penalties for late settlements were waived
- ☐ Even though there was a system failure, all fines and penalties for late settlements were still assessed
- ☐ OTHER:

578 G16Q075

Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

PFMI: Q.17.7.1
AGC: 39

- ☒ Yes
- ☐ No
- ☐ Not applicable

579 G16Q076

Please explain

PFMI: Q.17.7.1
AGC: 39a

KELER prepared its formalized Business Continuity Plan (BCP) with consultancy and quality assurance from KPMG Hungary Ltd. With the preparation of the BCP KELER had the following goals: - To ensure the continuity of business operations in case of undesirable events. - In case of any disruption in normal business operations, to resume operations within the shortest possible time at the lowest possible cost. The cornerstone of our BCP is the in-depth analysis of the potential risk factors and their possible effects on the operation of the company, based on which the critical business processes and their supporting resources were defined. In order to manage extensive crisis situations, a back-up site was set up in 2004, which serves as an alternative site for operations and an alternative workplace for staff if the operations can not be continued at the prior site. Data are replicated real-time in the back-up site. Business Continuity Plan (BCP) ensures the expected business continuity in case of incidents, partial stops or crisis. In the event that KELER is unable to provide the service supported by alternative means in accordance with its BCP or in case the Clients' co-operation is required KELER notifies Clients without delay. KELER communicates updates primarily via e-mail to both network management and operations contacts. The latest BCP-Disaster Recovery Plan (DRP) testing of KELER's back-up site workstations and most of its business processes was carried out by KELER on 25 October 2016. The real life disaster recovery test was carried out successfully, clients were using KELER's services without any problems and the test did not substantially influence day-to-day operations. BCP and DRP regulations, and recovery plans are regularly (1 year period) reviewed, tested and updated, as well as audited by external parties (supervisory institutions and auditing organisations).

584 G16Q081
Filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

Yes [A01]0

Access and participation requirements (PFMI Principle 18)

587 G17Q003
Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

PFMI: Q.18.1.1
AGC: 19

Yes [A01]

591 G17Q007
What governs the relationship between the CSD and the participants?

PFMI: Q.18.2.2
AGC: 20

- ☒ Relevant law and regulation
- ☒ Standard participation contract
- ☒ Established terms and conditions of participation
- ☐ By-laws of the CSD
- ☒ Rules of the CSD
- ☐ Not applicable
- ☐ OTHER:

592 G17Q008
Please explain:

PFMI: Q.18.2.2
AGC: 20a

N/A

594 G17Q010
PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently?

PFMI: Q.18.2.3
AGC: 17, 17q

- ☒ Banks
- ☒ Brokers
- ☐ Individuals
- ☒ Foreign Institutions
- ☐ Not applicable
- ☒ OTHER: Others include commodities exchange service provider, investment fund manager, issuer, stock exchange, foreign organization performing clearing house activity, participant of an organized market as provided for in law, organization performing central depository activity, central counterparty, the Hungarian State, the institution managing the estate of the Hungarian State, The Central Bank of Hungary, National Deposit Insurance Fund, Investor Protection Fund, payment institution, electronic money institution.

595 G17Q011
How many Bank participants are there currently? (then please answer 17b)

PFMI: Q.18.2.3
AGC: 17a.

41

596 G17Q012
Please select the features included in the eligibility requirements for Banks.

PFMI: Q.18.2.3
AGC: 17b, 17d

- ☒ Financial Thresholds
- ☒ Regulatory Oversight
- ☐ Market Experience
- ☒ OTHER: Financial Thresholds apply to (CCP) clearing members only.

597 G17Q013

Please explain:

PFMI: Q.18.2.3

AGC: 17d.

Financial Thresholds apply to (CCP) clearing members only.

598 G17Q014

How many Broker participants are there currently? (then please answer 17f)

PFMI: Q.18.2.3

AGC: 17e.

16

599 G17Q015

Please select the features included in the eligibility requirements for Brokers.

PFMI: Q.18.2.3

AGC: 17f, 17h

- ☒ Financial Thresholds
- ☒ Regulatory Oversight
- ☐ Market Experience
- ☒ OTHER:Financial Thresholds apply to (CCP) clearing members only.

601 G17Q017

Please select the features included in the eligibility requirements for Individual participants.

PFMI: Q.18.2.3

AGC: 17j.

- ☐ Financial Thresholds
- ☐ Regulatory Oversight
- ☐ Market Experience
- ☒ OTHER:N/A

602 G17Q018

How many Foreign Institution participants are there currently?

PFMI: Q.18.2.3

AGC: 17m.

16

603 G17Q019

Please select the features included in the eligibility requirements for Foreign Institution participants.

PFMI: Q.18.2.3

AGC: 17n, 17p.

- ☒ Financial Thresholds
- ☒ Regulatory Oversight
- ☐ Market Experience
- ☒ OTHER:Financial Thresholds apply to (CCP) clearing members only.

604 G17Q020

If you have selected "Other entities" above, please explain:

PFMI: Q.18.2.3

AGC: 17q.

Others include commodities exchange service provider, investment fund manager, issuer, stock exchange, foreign organization performing clearing house activity, participant of an organized market as provided for in law, organization performing central depository activity, central counterparty, the Hungarian State, the institution managing the estate of the Hungarian State, The Central Bank of Hungary, National Deposit Insurance Fund, Investor Protection Fund, payment institution, electronic money institution.

605 G17Q021

Indicate how many "Other entities" are currently participants?

PFMI: Q.18.2.3

AGC: 17r.

66

606 G17Q022

Please select the features included in the eligibility requirements for the participants referred to above as "Other entities".

PFMI: Q.18.2.3
AGC: 17s, 17u

- ☒ Financial Thresholds
- ☒ Regulatory Oversight
- ☐ Market Experience
- ☒ OTHER: Financial Thresholds apply to (CCP) clearing members only.

609 G17Q025
Where can a description of the specific eligibility requirements for Bank participants be found?

PFMI: Q.18.2.5
AGC: 17c.

Capital Market Act, KELER General Business Rules, KELER CCP General Business Rules (all of them can be downloaded in the questionnaire)

610 G17Q026
Where can a description of the specific eligibility requirements for Broker participants be found?

PFMI: Q.18.2.5
AGC: 17g.

Capital Market Act, KELER General Business Rules, KELER CCP General Business Rules (all of them can be downloaded in the questionnaire)

612 G17Q028
Where can a description of the specific eligibility requirements for Foreign Institution participants be found?

PFMI: Q.18.2.5
AGC: 17o.

Capital Market Act, KELER General Business Rules, KELER CCP General Business Rules (all of them can be downloaded in the questionnaire)

613 G17Q029
Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

PFMI: Q.18.2.5
AGC: 17l.

Capital Market Act, KELER General Business Rules, KELER CCP General Business Rules (all of them can be downloaded in the questionnaire)

614 G17Q030
How does the CSD notify participants of material changes to the conditions of participation?

PFMI: Q.18.2.5
AGC: 22

- ☒ By e-mail
- ☐ By telephone
- ☒ By public announcement
- ☒ By press release
- ☐ Not applicable
- ☒ OTHER: Via KELER's proprietary communication system, the official website of the Hungarian authority for announcement purposes (www.kozzetetelek.hu) and KELER's website (www.keler.hu).

615 G17Q031
Please explain:

PFMI: Q.18.2.5
AGC: 22a.

Via KELER's proprietary communication system, the official website of the Hungarian authority for announcement purposes (www.kozzetetelek.hu) and KELER's website (www.keler.hu).

617 G17Q033
Who enforces compliance with the CSD's conditions of participation?

PFMI: Q.18.3.1
AGC: 23

- ☒ The CSD
- ☒ The exchange
- ☒ The CSD's regulator
- ☐ Not applicable

☐ OTHER:

618 G17Q034
Please explain:

PFMI: Q.18.3.1
AGC: 23a

N/A

619 G17Q035

Does the CSD have forms of oversight management for assessing and monitoring of the following?

PFMI: Q.18.3.1
AGC: 79

- ☒ Participant eligibility requirements
- ☒ Participant volumes
- ☒ Participant financial strength
- ☐ Other loss or default protections the CSD maintains
- ☒ Collateral requirements for participants
- ☐ Debit caps for participants
- ☒ Settlement controls that minimize or eliminate the risk of default by a participant
- ☒ Blocking of securities movement before receipt of payment
- ☒ Blocking payment until securities are moved
- ☐ Not applicable
- ☐ OTHER:

621 G17Q037

Please explain the requirements:

PFMI: Q.18.3.1
AGC: 79b

KELER Ltd., the CSD collects collateral only in case of cash financing transactions to support settlement.

623 G17Q039

What type or types of settlement controls

PFMI: Q.18.3.1
AGC: 79d.

- ☐ Blocking or freezing of securities positions
- ☐ Controlling DVP settlement
- ☒ Simultaneous DVP
- ☐ OTHER:

626 G17Q042

Please explain:

PFMI: Q.18.3.1
AGC: 79g.

N/A

627 G17Q043

Please identify and explain:

PFMI: Q.18.3.1
AGC: 79h

Multilaterally netted positions (Budapest Stock Exchange spot, BSE MTS and MTS Hungary trades) are settled on a DVP basis in batch processing, other DVP transactions are executed in real-time environment on a gross basis.

628 G17Q044

Please explain briefly how these work:

PFMI: Q.18.3.1
AGC: 79i

N/A

631 G17Q047
What enforcement actions are available to the enforcement authority?
PFMI: Q.18.3.3
AGC: 24

- ☒ Fines
- ☒ Restrictions on participation
- ☒ Suspension of participation
- ☒ Termination of participation
- ☐ Not applicable
- ☐ OTHER:

632 G17Q048
Please explain:
PFMI: Q.18.3.3
AGC: 24a

N/A

633 G17Q049
Has there been any such enforcement actions in the last three years?
PFMI: Q.18.3.3
AGC: 25

Yes [Y]

634 G17Q050
If yes, please explain, including information relative to any suspensions of CSD participants:
PFMI: Q.18.3.3
AGC: 25a.

Defaults in the CCP system of KELER CCP, or non-compliance with reporting obligations occur every once in a while and result in fines and temporary suspensions.

636 G17Q052
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Tiered participation (PFMI Principle 19)

647 G18Q011
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Links (PFMI Principle 20)

651 G19Q004
Please list all depositories or settlement systems to which you have an electronic link.
PFMI: Q.20.1.2
AGC: 38

OEKB; KDPW; SIX SIS, European Commodity Clearing AG (for Hungarian Organized Power Market - HUPX and other commodity market settlement)

664 G19Q017
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Efficiency and effectiveness (PFMI Principle 21)

673 G20Q009
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Communication (PFMI Principle 22)

676 G21Q003
Security Control. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts?

PFMI: Q.22.1.1
AGC: 69

- ☒ By direct electronic link
- ☒ By receipt of physical account holding statements
- ☐ Not applicable
- ☐ OTHER:

677 G21Q004
Please explain:

PFMI: Q.22.1.1
AGC: 69a.

N/A

678 G21Q005
Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

PFMI: Q.22.1.1
AGC: 70

Yes [A01]

679 G21Q006
How is access given to participants?

PFMI: Q.22.1.1
AGC: 70a.

- ☒ By direct electronic link
- ☒ OTHER: Paper-based instructions

680 G21Q007
Please select type of electronic link:

PFMI: Q.22.1.1
AGC: 70b.

- ☐ Dial-up modem
- ☒ Secured, leased, dedicated telephone line
- ☒ Internet
- ☒ Fax

681 G21Q008
Please explain:

PFMI: Q.22.1.1
AGC: 70c.

N/A

682 G21Q009
Does the CSD communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

PFMI: Q.22.1.1
AGC: 72

Yes [A01]

683 G21Q010
Please explain:

PFMI: Q.22.1.1
AGC: 72a

1. Exchange - leased line 2. Payment system - SWIFT 3. MTS-Hungary - SWIFT

684 G21Q011
How does the CSD communicate with Stock Exchanges?
PFMI: Q.22.1.1
AGC: 73 73a

- ☐ Dial-up modem
- ☒ Secured, leased, dedicated telephone line
- ☐ Internet
- ☐ Fax
- ☐ Paper
- ☐ other
- ☐ Not applicable
- ☐ OTHER:

685 G21Q012
How does the CSD communicate with Payment Systems?
PFMI: Q.22.1.1
AGC: 73b

- ☐ Dial-up modem
- ☐ Secured, leased, dedicated telephone line
- ☐ Internet
- ☐ Fax
- ☐ Paper
- ☐ other
- ☐ Not applicable
- ☒ OTHER:SWIFT

686 G21Q013
How does the CSD communicate with Clearing Houses?
PFMI: Q.22.1.1
AGC: 73c

- ☐ Dial-up modem
- ☐ Secured, leased, dedicated telephone line
- ☐ Internet
- ☐ Fax
- ☐ Paper
- ☐ other
- ☐ Not applicable
- ☒ OTHER:KELER CCP, the clearing house for Hungarian capital market trading venues is the subsidiary of KELER. Therefore KELER and KELER CCP has common IT infrastructure, KELER CCP's systems are communicating directly with KELER's systems.

687 G21Q014
How does the CSD communicate with Registrars?
PFMI: Q.22.1.1
AGC: 73d

- ☐ Dial-up modem
- ☐ Secured, leased, dedicated telephone line
- ☐ Internet
- ☐ Fax
- ☐ Paper
- ☐ other
- ☐ Not applicable
- ☒ OTHER:KELER may act as registrar based on the instructions of the issuer; if other player acts as registrar, KELER provides the data prepared for registrars in file or on paper

692 G21Q019
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Transparency and disclosure (PFMI Principle 23)

712 G22Q020 Capital. Are annual financial statements publicly disclosed? PFMI: Q.23.5.3 AGC: 13 Yes [A01]						
713 G22Q021 If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically? PFMI: Q.23.5.3 AGC: 13a. Yes [Y]						
714 G22Q022 filecount - If yes, please upload the document(s) here or insert web link(s) in question 13d: PFMI: Q.23.5.3 AGC: 13b. <table border="1"> <tr> <td>keler_annual_report_2016_22.pdf (5879KB)</td> <td>KELER Annual Report 2016</td> </tr> <tr> <td colspan="2">1</td> </tr> </table>			keler_annual_report_2016_22.pdf (5879KB)	KELER Annual Report 2016	1	
keler_annual_report_2016_22.pdf (5879KB)	KELER Annual Report 2016					
1						
715 G22Q023 filecount - If more than one document for 13b, please upload the additional document here: PFMI: Q.23.5.3 AGC: 13c. 0						
716 G22Q024 Please insert web link(s) for 13b here: PFMI: Q.23.5.3 AGC: 13d. https://english.keler.hu/Key%20documents/Financial%20Reports/Annual%20Reports/						
718 G22Q026 Reserves (then please answer 13g): PFMI: Q.23.5.3 AGC: 13f. N/A						
719 G22Q027 Retained Earnings: PFMI: Q.23.5.3 AGC: 13g. N/A						
721 G22Q029 AGC members from time to time receive requests from their direct investor-clients for an informational copy of a CSD's completed questionnaire. Such requests typically lead to interactions between personnel at the CSD in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories. Do you approve of AGC members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request? PFMI: Q.23.5.4 AGC: 100 Yes [Y]						
722 G22Q030 Are the results of the financial audit publicly available? PFMI: Q.23.5.4 AGC: 15f Yes [Y]						
725 G22Q033						

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Compliance with SEC Rule 17f-7

726 G23Q001

Rule 17f-7, by reference to Rule 17f-4, requires that, for a CSD to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the CSD must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

PFMI: n/a
AGC: 1

Yes [Y]

727 G23Q002

Please explain

PFMI: n/a
AGC: 1a

N/A

728 G23Q003

Rule 17f-7 also requires that an Eligible Securities CSD "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries." Does your institution:

PFMI: n/a
AGC: 2

- ☒ Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated?
- ☒ Act as or operate a transnational system for the central handling of securities or equivalent book-entries?
- ☐ Act in another capacity with respect to the handling of securities or equivalent book-entries?
- ☐ Not applicable
- ☐ OTHER:

729 G23Q004

Please explain:

PFMI: n/a
AGC: 2a.

As a participant of the T2S platform it is able to act as or operate a transnational system for the central handling of securities or equivalent book-entries since February 6, 2017.

730 G23Q005

Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

PFMI: n/a
AGC: 2b.

Primarily publicly issued (dematerialized) securities and all non-publicly issued dematerialised securities.

731 G23Q006

Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act, with section 2(a)(50) establishing that a "foreign financial regulatory authority" means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above." Who regulates the activities of the CSD?

PFMI: n/a
AGC: 8

- ☒ A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.
- ☐ A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.
- ☐ A membership organization which regulates the participation of its members in securities matters or other financial activities.
- ☐ OTHER:

732 G23Q007
Please explain:

PFMI: n/a
AGC: 8a.

N/A

733 G23Q008
Please provide the name of regulatory authority(ies) identified in question 8:

PFMI: n/a
AGC: 9

The National Bank of Hungary

734 G23Q009
Rule 17f-7 requires that an Eligible Securities Depository is subject to periodic examination by regulatory authorities or independent accountants. Is the CSD subject to periodic examination by:

PFMI: n/a
AGC: 10

- ☒ Regulatory authorities?
☒ Independent accountants?
☐ OTHER:

735 G23Q010
Please explain:

PFMI: n/a
AGC: 10a

N/A

736 G23Q011
Name of Authority #1 (please answer 11a):

PFMI: n/a
AGC: 11

The National Bank of Hungary

737 G23Q012
What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements?

PFMI: n/a
AGC: 11a.

- ☒ Fines
☒ Restrictions on CSD activities.
☒ Suspension of CSD activities.
☒ Termination of CSD activities.
☐ OTHER:

738 G23Q013
Please explain:

PFMI: n/a
AGC: 11b.

N/A

739 G23Q013A
Name of Authority #2:

N/A

740 G23Q014
What enforcement actions are available to regulatory authority #2 for breach of applicable statute or regulatory requirements?

PFMI: n/a
AGC: 11c.

- ☐ Fines
☐ Restrictions on CSD activities.
☐ Suspension of CSD activities.

☐ Termination of CSD activities.

☒ OTHER:N/A

741 G23Q015

Please explain:

PFMI: n/a

AGC: 11d.

N/A

742 G23Q016

Has there been any use of such enforcement actions in the last three years?

PFMI: n/a

AGC: 12

☐ Yes

☒ No

☐ OTHER:

744 G23Q018

Has the regulatory body with oversight responsibility for the CSD issued public notice that the CSD is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

PFMI: n/a

AGC: 90

No [A02]

746 G23Q020

In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the CSD?

PFMI: n/a

AGC: 90b.

Other: N/A

749 G23Q023

Rule 17f-7 requires that an Eligible Securities Depository holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants. Please confirm that assets of foreign investors held by custodians as participants in the CSD are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

PFMI: n/a

AGC: 21

Yes [A1]

751 G23Q025

Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants.

PFMI: n/a

AGC: 21b, 21c.

☒ Relevant Law and Regulation

☐ Standard participation contract

☐ Established terms and conditions of participation

☐ By-laws of the CSD

☐ Rules of the CSD

☐ OTHER:

752 G23Q027

For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or CSD rule(s), participation condition(s), or participant contract provision (s), as applicable.

PFMI: n/a

AGC: 21d

Section 350/B(4) of Act CXX of 2001 on Capital Market declares: „The standard service agreements and other internal regulations of the central depository must ensure compliance with the principle of equal treatment.“ Note: the indicated provision is not in effect anymore and the concerning provision of the new legislation (CSD regulation) is not in effect yet, but meanwhile KELER is obliged to observe the above rule.

753 G23Q028

Rule 17f-7 requires that an Eligible Securities Depository provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account. Does the CSD make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

PFMI: n/a

AGC: 46

Yes [A01]

755 G23Q030
If yes, please indicate the scheduled frequency:
PFMI: n/a
AGC: 46b, 46c.

☐ Daily

☐ Weekly

☐ Monthly

☐ Quarterly

☐ Annually

☐ Upon request

☒ OTHER:Based on the type of transaction/report, automatically in real-time, upon request in real-time and at the end of the day.

756 G23Q031
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Relevant RSSS recommendations

762 G24Q006
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Appendices

763 G25Q001
filecount - Add relevant appendices
PFMI: n/a
AGC: n/a

0

764 G25Q002
I am submitting up-to-date information in response to:

AGC questions [A1]