

**RAIFFEISEN BANK PRIVATE COMPANY LIMITED BY SHARES**

(1054 Budapest, Akadémia u. 6.)

***Business Conditions for  
Investment Services***

**Effective as of 27 April 2017**

## 1. GENERAL PART

### I. GENERAL INFORMATION

#### *I.1 Terms & definitions*

“AIF” means an alternative investment fund, i.e. a collective investment form not qualifying as an UCITS, including sub-funds

“AIFM Directive” means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010

“AIFM Regulation” means Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

“Banking Act” means Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises

“Basic Agreement” means (i) the agreement entitled “Framework Agreement for Investment Services and Ancillary Services”, or (ii) the agreement entitled “Framework Agreement for Exchange-Listed and OTC Spot and Derivative Transactions, and Structured Deposits”, or (iii) the agreement entitled “Framework Agreement for the Provision of Financial Services”, or (iv) the agreement entitled “Framework Agreement for the Provision of Financial Services for Preferred Private Customers” which are from time to time in effect between the Client and the Bank and which determine the fundamental rules for the legal relationship concerning investment services and ancillary services between the Client and the Bank (e.g. account keeping)

“BCIS” mean this Business Conditions for Investment Services

“Capital Market Act” means Act CXX of 2001 on the Capital Market [*tőkepiacról szóló 2001. évi CXX. törvény*]

“Civil Code” means Act V of 2013 on the Civil Code of Hungary

“Client” means any natural or legal person who/which uses the services which are subject to this BCIS. For the purposes of the rules concerning providing information to and obtaining information on clients as specified in the BCIS, prospective customers (who do not yet have a legal relationship with the Bank for investment services and/or ancillary services) shall also qualify as Clients

“collective investment form” means any collective investment that collects capital from several investors in order to invest the same in accordance with a particular investment policy for the investors’ benefit (UCITS, AIF)

“Collective Investment Forms Act” means Act XVI of 2014 on Collective Investment Forms and Their Managers, and on the Amendment of Certain Financial Acts

“commodity” means any physical object that may be taken in possession, or natural forces that may be utilised as things, not inclusive of cash and financial instruments

“dealing on own account” means trading and swapping financial instruments against proprietary assets

“derivative contract” means a transaction whose value depends on the value of the underlying financial instrument as a basic product and which is traded independently of the underlying

“*durable medium*” means an instrument which enables the Client to store the data addressed to him for a period corresponding to the purpose of the data and to display the same data in the same form and with the same content, including especially personal electronic messages posted to the Bank’s website and e-mails sent by the Bank

“*EEA state*” means a member state of the European Union or any other state which is a party to the Agreement on the European Economic Area

“*eligible counterparty*” means a client meeting the criteria laid down in Section II.2

“*FIFO*” (“*first in first out*”) means a stock taking procedure where the stock received first is used first, and the closing stock is evaluated on the basis of the latest purchase prices. When securities are sold, applying this method means that the securities credited first in time to the account will be regarded as sold first

“*financial instruments*” mean

- a) transferable securities,
- b) money market instruments,
- c) units in collective investment undertakings,
- d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash,
- e) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event),
- f) options, futures, swaps, and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market and/or a multilateral trading facility,
- g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point f) and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether they are cleared and settled through recognised clearing houses or are subject to regular margin calls,
- h) derivative instruments for the transfer of credit risk,
- i) financial contracts for differences,
- j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, pollutant or greenhouse gas emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event),
- k) any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in points a)–j), which have the characteristics of other derivative financial instruments, having regard to whether they are traded on a regulated market or a multilateral trading facility, are cleared and settled through recognised clearing houses or are subject to regular margin calls, as well the derivative transactions defined in Art. 39 of Commission Regulation 1287/2006/EC

“*GBC*” means the Bank’s General Business Conditions [*Általános Üzleti Feltételek*] from time to time in effect

“*head official*” means

- a) an executive, a member of the board of directors or a member of the supervisory committee,
- b) a person assigned by the foreign undertaking to manage a branch office and his direct deputy, and
- c) any other person who is defined as such in a constitutive document or any internal regulation concerning operation

“*investment firm*” means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on

a professional basis under an operating licence as per the Investment Firms Act, and excluding the businesses specified in Art. 3 of the Investment Firms Act

“*Investment Firms Act*” means Act CXXXVIII of 2007 on Investment Firms and Commodity Exchange Service Providers, and Rules Concerning the Activities They Are Authorised to Pursue [*befektetési vállalkozásokról és az árutőzsdei szolgáltatókról, valamint az általuk végezhető tevékenységek szabályairól szóló 2007. évi CXXXVIII. törvény*]

“*KELER*” means Central Clearing House and Depository (Budapest) [*Központi Elszámolóház és Értéktár (Budapest) Zrt.*]

“*limit order*” means an order to buy or sell a financial instrument at its specified price limit or better and for a specified size

“*List of Terms & Conditions*” means any of the Bank’s Treasury List of Terms & Conditions, Consumer Terms & Conditions, Corporate Terms & Conditions, List of Terms & Conditions for Preferred Private Customers, and Premium Banking List of Terms & Conditions, or any of these together, in accordance with the Basic Agreement existing with the Client

“*manual stock matching*” means a method used in respect of the individual deal types specified in the List of Terms & Conditions, under which the Client has the right to choose—by type and quantity—in its sole discretion from the securities owned by the Client and held in his free disposal (equities, certificates, bonds, government securities, investment certificates) those to be sold (the “stock”) in the case of a sell order given by the Client via any channel other than Raiffeisen DirektNet

“*Money Laundering Act*” means Act XV of 2003 on the Prevention and Impeding of Money Laundering [*pénzmosás megelőzéséről és megakadályozásáról szóló 2003. évi XV. törvény*]

“*money market instrument*” means any instrument traded in the money market that is issued in series, does not qualify as securities, and embody a claim for money, except for instruments of payment

“*NBH*” means the National Bank of Hungary

“*professional client*” means a client meeting the criteria laid down in Section II.2

“*recognised clearing house*” means a financial institution operating in an EEA state or an OECD member state which meets the requirements for recognition as set by the laws or the supervisory authority of its home country and which administers settlements, or an organisation engaged in clearing house activities as specified in the Capital Market Act. For organisations engaged in clearing house activities executing the settlement of derivative transactions it is a further criterion that the settlement system of the organisation should ensure to the satisfaction of the supervisory authority of its home country that in the case of derivative transactions the person using the clearing service will satisfy daily margin requirements

“*recognised exchange*” means an exchange which is recognised as such by the competent supervisory authority, and which meets the following criteria:

- a) it functions regularly;
- b) it has rules, issued or approved by the supervisory authority of the home country of the exchange, regulating the operation of the exchange, access to the exchange, eligibility criteria for being traded on the exchange, as well as the conditions that shall be satisfied by a contract before it can effectively be dealt on the exchange; and
- c) it has a clearing mechanism whereby futures are subject to daily margin requirements which, in the opinion of the competent supervisory authority of the home country of the exchange, provides appropriate protection

“*regulated market*” means the same concept as defined in the Capital Market Act

“*retail client*” means a client meeting the criteria laid down in Section II.2

“*Supervision*” means the National Bank of Hungary acting in its duties connected to the supervision of the financial intermediary system

“*swap*” means a complex agreement for the exchange of financial instruments which generally consists of a prompt and a forward sale and purchase transaction, or several forward transactions, and generally entails the exchange of future cash flows

“*Taxation Act*” means Act XCII of 2003 on the Rules of Taxation [*az adózás rendjéről szóló 2003. évi XCII. törvény*]

“*Telesales Act*” means Act XXV of 2005 on Agreements for Financial Services Concluded via Telesales [*a távértékesítés keretében kötött pénzügyi ágazati szolgáltatási szerződésekről szóló 2005. évi XXV. törvény*]

“*tiéd agent*” means any natural or legal person that facilitates—under the all-inclusive and unconditional responsibility of the investment firm represented by the agent—the provision of investment services and ancillary services for the client or prospective client

“*transferable securities*” mean securities recognised as such in the law of its country of distribution

“*UCITS*” (*undertaking for collective investment in transferable securities*) means (as per the definition provided in the Collective Investment Forms Act)

- a) a public open ended fund that meets the requirements set out in respect of UCITS in the government decree (issued on the basis of the authorisation given in the Collective Investment Forms Act) on the investment and borrowing rules of collective investment funds, or
- b) a public open ended collective investment form created on the basis of the adaptation of the rules set out in the UCITS Directive in the legal system of another EEA member state

“*UCITS Directive*” means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

“*website*” means the website [www.raiffeisen.hu](http://www.raiffeisen.hu)

## ***I.2 Data of the Bank***

The Bank’s data, business hours, list of branches, contact details, data concerning its supervisory authority, and where its official announcements can be seen by the public, are available in the Bank’s website. The Bank has the right to unilaterally modify these data any time.

## ***I.3 Operating licence and activities, languages used***

1. The Bank’s investment service and ancillary investment service activities as per the Capital Market Act effective on 30 November 2007 were approved in Resolutions of the Supervision No. 41.018/1998 dated 22 April 1998, No. 41.018-3/1999 dated 16 June 1999, and No. III/41.018-19/2002 dated 20 December 2002. The activities pursued on the basis of these licences meet the criteria of investment services and ancillary services as set out in the Investment Firms Act.
2. In accordance with the provisions of the Investment Firms Act, the pursuit by the Bank of its activities under the Investment Firms Act (investment services and ancillary services) and the entry in force of the BCIS are not subject to the approval of the Supervision.
3. Under the Investment Firms Act, the Bank provides the following investment services and ancillary services to its Clients:

- 3.1 Investment services and activities:
- a) reception and transmission of orders,
  - b) execution of orders on behalf of Clients,
  - c) dealing on own account,
  - d) portfolio management,
  - e) investment advice,
  - f) underwriting of financial instruments and/or placing of securities or other financial instruments on a firm commitment basis,
  - g) placing of financial instruments without a firm commitment basis.
- 3.2 Ancillary services:
- a) safekeeping and administration of financial instruments, and the keeping of the related client account,
  - b) custodianship and the keeping of the related securities account; in the case of physically printed securities, securities administration and client account keeping,
  - c) granting credits or loans to investment in financial instruments,
  - d) advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings,
  - e) dealing with foreign currency and exchange where these are connected to the provision of investment services,
  - f) investment research and financial analysis,
  - g) services related to underwriting,
  - h) investment services and activities as well as ancillary services related to the underlying of the derivatives included under points e)-g), j) and k) of the above definition of “financial instruments”.
4. The Bank may pursue the activities specified in Sections I.3.3.1 and I.3.3.2 in respect of any and all financial instruments specified in the Investment Firms Act.
5. Unless the agreement between the parties provides otherwise, the language of communication will be Hungarian. If under the agreement between the Bank and the Client communication took place both in Hungarian and in a foreign language, the Hungarian version will be governing for any difference in interpretation. The Bank reserves the right to make and receive statements, conclude agreements and provide information in any languages other than Hungarian in its discretion.

#### ***I.4 Effect and availability of the BCIS***

1. The BCIS constitutes an integral part of the GBC.
2. The investment services and ancillary services provided by the Bank will be governed by the provisions of the BCIS, which should be understood taking into account the provisions of the GBC. As regards any issues unregulated in the BCIS, the provisions of the GBC will be governing as applicable.
3. The BCIS and the GBC from time to time in effect—which are public documents accessible for anyone interested—may be received free of charge at any branch of the Bank upon request, as well as are continuously available in the Bank’s website ([www.raiffeisen.hu](http://www.raiffeisen.hu)).
4. The provisions of the BCIS shall apply—unless a mandatory provision of a law provides or the parties have stipulated otherwise—to all business relationship between the Bank and the Client where the Bank provides investment services and/or ancillary services.
5. The standard form contracts concerning the investment and ancillary services provided by the Bank and its investment and ancillary products, as well as the related prospectuses and product descriptions, and further appendices prescribed in the relevant laws, constitute annexes to the

BCIS, and are available in the Bank's website under the menu <https://www.raiffeisen.hu/raiffeisen-csoport/raiffeisen-bank-zrt/uzletszabalyzatok/mintaszerzodesek>, as well as in the Bank's branches.

### ***1.5 Rules governing for the legal relationship between the Client and the Bank***

1. As regards the different investment services and ancillary services provided by the Bank, primarily the provisions of the individual agreements between the Bank and the Client and—unless the relevant agreement provides otherwise—the provisions of the Basic Agreement and/or any other framework agreement which might have been concluded between the Bank and the Client will be governing, and any issues which are unregulated in the aforementioned agreements will be subject to the special rules set out in the BCIS in respect of the relevant activity or transactions. For issues which are uncovered by these special rules, the general rules of the BCIS shall apply. Under mutual agreement, the Bank and the Client may depart from any provision set out in the BCIS in the individual and framework agreements concluded between them, with the exception of the provisions which are in force from time to time based on cogent statutory provisions.
2. Where in the course of the provision of investment services and ancillary services neither the individual or framework agreements nor the BCIS provide for some issue, the GBC from time to time in effect, the regulations and customs of the Budapest Stock Exchange, the pertaining rules of KELER in effect at the given moment, the Investment Firms Act, the Collective Investment Forms Act, the Capital Market Act, the Banking Act, other laws from time to time in force in respect of investment and financial services, and the provisions of the Civil Code will be governing as applicable. If the aforementioned laws, regulations and decrees should be replaced by new laws, regulations or decrees, the new, effective laws, regulations and decrees from time to time in force shall be applied. The order described above—unless a law or a cogent act of the European Union provides otherwise—shall also be understood as an order of interpretation. If the provisions of an individual or framework agreement, the BCIS or the GBC might be contrary to non-cogent statutory provisions, the provisions of the relevant individual or framework agreement, the BCIS or the GBC will prevail.
3. The underlined clauses of the BCIS may qualify as provisions departing from the usual market practice.

### ***1.6 Amendment of the BCIS, the Basic Agreements, and of other contracts falling within the scope of the BCIS***

1. The Bank shall have the right to change or amend the conditions set out in the BCIS and in the Basic Agreements, as well as in other contracts falling within the scope of the BCIS, unilaterally, unfavourably for the Client, subject to the terms set out in detail in Chapter XIX “Modification of Agreements” of the GBC.
2. In case the Bank changes the BCIS unilaterally, unfavourably for the Client, then 15 days before the entry in force of the modification it shall display the amended BCIS in its customer areas as well as in the Bank's website, and inform the Clients of the fact of the modification, the date of effectiveness of the modification, and where the modified BCIS are available via an Announcement displayed in the Bank's branches and in its website. If the unilateral amendment of the terms set out in the Basic Agreement and in other contracts falling within the scope of the BCIS is unfavourable for the Client, the Bank shall also notify the Client directly, in writing, or in another manner specified in the relevant agreement, 15 days before the date of effectiveness of the change.

Unless the Client terminates his Basic Agreement or other contract falling within the scope of the BCIS that is concerned by the modification prior to the entry in force of the modification communicated in the way described above, and repays to the Bank any and all of his outstanding debts arising from such contract, along with the relevant charges, the modified terms and other contractual conditions shall be regarded as accepted by the Client. Termination will not affect any

obligation of performance owed by the Client to the Bank which arises from any transaction falling within the scope of the BCIS.

3. If the change is favourable or not unfavourable for the Client, then the Bank shall have the right to change or amend any of the conditions or provisions set out in the BCIS and in the Basic Agreements, as well as in other contracts falling within the scope of the BCIS, unilaterally any time, without providing its reasons.

Such change(s) shall be disclosed on their date of effectiveness at the latest, in the List of Terms & Conditions and in an Announcement, and upon a change in the individual interest rates, fees and commissions and other contractual terms stipulated in other contracts falling within the scope of the BCIS that is favourable or not unfavourable for the Client, the Bank shall also notify the Client directly, in writing, or in another manner specified in the relevant agreement.

4. The Bank shall send the integrated version—including the modifications—of the BCIS from time to time in effect to the Supervision for information purposes.
5. The Client shall monitor on an ongoing basis the modifications of the BCIS and the text of the BCIS which is in force from time to time, and shall be aware of the same. Should the Client fail to meet such obligation, this circumstance shall not provide legitimate grounds for the Client on which he might lay claims against the Bank.

#### ***1.7 Effect and modification of the List of Terms & Conditions***

1. The title and measure of the fees, commissions, costs and penalties charged for the services provided by the Bank to the Client, the rate of interest payable by the Bank on the monies deposited at the Bank, and other specific terms and conditions related to the provision of the services are set forth in the List of Terms & Conditions from time to time in effect. Unless the Basic Agreement, or other contract falling within the scope of the BCIS expressly provides otherwise, the List of Terms & Conditions from time to time in effect shall qualify as an integral part of the agreement.
2. The Bank's List of Terms & Conditions—which is a public document accessible for anyone interested—shall be displayed in the Bank's customer areas, disclosed in the Bank's website, and delivered to the Client upon request.
3. The Bank shall have the right to establish different Lists of Terms & Conditions for the different client types and transaction types. The individual agreements between the Bank and the Client may set out individual terms and conditions for the Client which are different from those in the List of Terms & Conditions.
4. The Bank shall have the right to change or amend the List of Terms & Conditions unilaterally, unfavourably for the Client, subject to the terms set out in detail in Chapter XIX "Modification of Agreements" of the GBC. Of any modification, the Bank shall disclose an announcement in its customer areas and on its website, it shall display the modified List of Terms & Conditions in its customer areas and on its website 15 days prior to the change becoming effective.
5. If the change is favourable or not unfavourable for the Client, then the Bank shall have the right to change or amend any of the conditions or provisions set out in the List of Terms & Conditions unilaterally any time, without providing its reasons. Such modification(s) shall be disclosed in an Announcement on their date of effectiveness at the latest.
6. Unless the Client terminates his Basic Agreement or other contract falling within the scope of the BCIS that is concerned by the modification prior to the entry in force of the modification communicated in the way described in Section I.7.4, and repays to the Bank any and all of his

outstanding debts arising from such contract, along with the relevant charges, the modified terms shall be regarded as accepted by the Client.

## II. GENERAL TERMS AND CONDITIONS OF THE SERVICES

### II.1 *Client identification*

1. Upon the conclusion of the first agreement for investment services, the Bank shall record the data of the Client as required under the laws—including especially the Money Laundering Act from time to time in effect—as well as any data which the Bank deems necessary. The Client shall provide credible evidence on all data required by the Bank.
2. If the Client is a natural person, the Bank shall accept the following documents for certifying the data of the Client or his representative:
  - a) in the case of natural persons domiciled in Hungary, a valid:
    - ID card and address card, or
    - passport and address card, or
    - card format driver's licence and address card.
  - b) in the case of natural persons domiciled abroad, a valid:
    - passport, or
    - personal identification certificate authorising the holder to reside in Hungary, or
    - a document certifying the holder's right to reside in Hungary, or
    - residence permit.
3. Where the Client is a legal entity or an unincorporated organisation, the Bank shall accept for the purpose of client identification—in addition to the presentation of the documents identified in the above section of the person(s) authorised to act on behalf of the Client either as a representative or as an attorney—a document certifying
  - 3.1 in the case of business associations domiciled in Hungary, that the court of registry has registered the company, or the request for registration has been filed; in the case of sole proprietors, that he has a tax number, or he has filed his request for registration to the tax authority,
  - 3.2 in the case of any other legal entity domiciled in Hungary, if registration by an authority or court is needed for the entity to be established, that registration has taken place, or the request for registration has been filed,
  - 3.3 in the case of legal entities and unincorporated organisations domiciled abroad, that court-registration or registration has taken place under the law of the home country of the entity;  
  
or if the request for court-registration or registration by an authority or court has not been filed yet with the court of registry, authority or court, the articles of association (deed of foundation, statutes) of the legal person or unincorporated organisation.
4. The Bank is under an obligation to require that the legal person or unincorporated organisation present documents not older than 30 days.
5. In view for the fulfilment of the obligation of identification, the Bank may request the Client to present:
  - a) data serving the identification of the Client and
  - b) specific data identified in the Money Laundering Act and in the tax laws from time to time in effect which are necessary for the Bank to fulfil its obligations as a paying agent, including:
    - in the case of natural persons:
      1. family name and given name (name at birth), married name if applicable,
      2. address,
      3. place and date of birth,
      4. citizenship,
      5. mother's name at birth,
      6. type and number of personal identification document,

7. tax number,
  8. in the case of a natural person domiciled abroad, all data (from those referred to in points 1-6) which may be ascertained on the basis of the identification document presented by the Client, and residence in Hungary;
- in the case of legal entities and unincorporated organisations:
1. name and abbreviated name,
  2. registered office, and in the case of enterprises domiciled abroad, address of Hungarian branch office,
  3. main activity,
  4. number of identification document,
  5. names and positions of the persons authorised to represent the entity,
  6. data suitable for the identification of the agent to receive service of process.
6. If the Bank has any obligation of tax withholding, it shall effect any payment to the Client subject to the Client having provided his tax identification number to the Bank.
  7. Where the Client as an entity is established with a constitutive entry in an official register, and such entry has not taken place yet by the time of the agreement, it shall be up to the Bank to decide in its own discretion whether to enter into an agreement with the Client or not.
  8. Upon any change in the range of data which are to be entered on a mandatory basis from the data of the Clients as defined in the Money Laundering Act, the range of data specified in the latest amendment of the Money Laundering Act from time to time in effect will be governing automatically, without any special amendment of the BCIS, on the Bank's procedure to follow in the course of client identification. The Client shall monitor on ongoing basis the modifications of the Money Laundering Act and its text which is in force from time to time, and shall be aware of the same. Should the Client fail to meet such obligation, this circumstance shall not provide legitimate grounds on which the Client might lay claims against the Bank.
  9. In the case of any document which certifies the existence of a right or fact, the Bank shall have the right to request the Client to present or deliver an up-to-date original copy (one not older than 30 days) of the relevant document.
  10. Official certificates shall be accepted only if the period of validity of the certificate has not expired. If an official certificate has no period of validity, the Bank reserves the right to accept the relevant certificate only if it is dated not longer than 30 days before.
  11. The Bank reserves the right to accept a document presented by the Client only if it is either an original or a copy attested by a notary public.
  12. The Bank shall have the right upon the establishment of the first contractual relationship and any time thereafter to ask for a specimen signature from the Client, and to use the same for the identification of the Client when entering an order or instruction given by the Client, and check the signature featuring in the order or instruction from time to time given by the Client against the signature specimen filed at the Bank before executing the given order or instruction. It is the responsibility of the Client to make sure that any order or instruction from time to time given by him is furnished with a signature that matches the signature specimen from time to time filed at the Bank. In the case of any presumed difference between the signature featuring in the order or instruction and the signature specimen filed at the Bank, the Bank shall have the right to reject the order or instruction from time to time given by the Client.
  13. If the signature of the Client has changed as compared with the specimen signature filed at the Bank, the Client shall request the Bank to enter his new specimen signature. Any loss arising from failure to meet such obligation shall be borne only and exclusively by the Client.

## ***II.2 Client categories and rules for qualification***

1. The Bank assigns Clients into different client types set up on the basis of the Investment Firms Act (client categories).
2. The law sets out different provisions for the different client categories in respect of the relevant services. Accordingly, in respect of the (i) reception and transmission of orders, and the execution of orders on behalf of Clients, and (ii) dealing on own account, the Bank distinguishes retail clients, professionals and eligible counterparties.
3. Unless assigned to any other category, each Client will qualify as a retail client.
4. Within the retail client category, the Bank may as well set up a prominent private client category. The eligibility criteria for qualifying as a prominent private client are identified in the List of Terms & Conditions from time to time in force for prominent private clients.
5. The following entities shall qualify as professional clients:
  - a) investment firms,
  - b) commodity exchange service providers,
  - c) credit institutions,
  - d) financial enterprises,
  - e) insurance companies,
  - f) collective investment schemes and management companies of such schemes,
  - g) venture capital funds and the managers of such funds,
  - h) private insurance funds and voluntary mutual insurance funds,
  - i) organisations engaged in clearing house activities,
  - j) the central depository,
  - k) employer-sponsored pension institutions,
  - l) exchanges,
  - m) central counterparties,
  - n) any other enterprise recognised as such by its home state,
  - o) large undertakings meeting at least two of the following size requirements based on their last audited standalone financial accounts, calculated at the foreign exchange rates quoted by NBH for the statement date of the balance sheet:
    - total assets of at least twenty million euro,
    - net turnover of at least forty million euro,
    - own funds of at least two million euro,
  - p) the prominent institutions identified below:
    - the government of any EEA state,
    - regional governments and local authorities of any EEA state,
    - the Government Debt Management Agency, organisations managing the state debt of any other EEA state,
    - the NBH, the central bank of any EEA state, and the European Central Bank,
    - the World Bank,
    - the International Monetary Fund,
    - the European Investment Bank, and
    - any other international organisation of the financial type established under an international convention or an interstate agreement.
6. When the Bank becomes aware that the Client fails to meet any of the above criteria, the qualification of the Client as a professional will be withdrawn.

7. Upon the written request of a retail client, the Bank may qualify the Client as professional in respect of the financial instruments and transaction types identified by the Client, provided the Client satisfies at least two of the following criteria:
- a) the Client has carried out transactions on the relevant market at an average frequency of 10 per quarter over the four quarters preceding the date of the request, each worth EUR 40,000 at the official foreign exchange rate quoted by NBH on the date of the transaction, or altogether worth EUR 400,000 over the same period,
  - b) the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000 calculated at the official foreign exchange rate quoted by NBH on the date preceding the request,
  - c) the client has been employed by or has worked in another manner at any of the following financial institutions for one year continuously or for at least one year over the 5 years preceding the day when eligibility is checked in a professional position:
    - ca) investment firms,
    - cb) commodity exchange service providers,
    - c) credit institutions,
    - cd) financial enterprises,
    - ce) insurance companies,
    - cf) investment fund managers,
    - cg) collective investment undertakings,
    - ch) managers of venture capital funds,
    - ci) private insurance funds,
    - cj) voluntary mutual insurance funds,
    - ck) organisations engaged in clearing house activities,
    - cl) the central depository,
    - cm) employer-sponsored pension institutions,
    - cn) central counterparties, or
    - co) exchanges,
 and his/her job or duties there presuppose some knowledge connected to the financial instrument or investment service constituting the subject of the Basic Agreement or other contract falling within the scope of the BCIS between the Bank and the Client.
8. The Bank shall withdraw the qualification established upon the request of the retail client if the Client withdraws his request in writing, or if the Client notifies the Bank of any change as a result of which the preconditions for such qualification do not hold any longer.
9. Upon the express written request of a professional client, the Bank shall provide him the same terms as apply to retail clients in respect of all financial instruments or specific transaction types or financial instruments.
10. The following entities qualify as eligible counterparties in respect of the reception and transmission of orders, the execution of orders on behalf of clients and dealing on own account:
- a) investment firms,
  - b) commodity exchange service providers,
  - c) credit institutions,
  - d) financial enterprises,
  - e) insurance companies,
  - f) collective investment schemes and management companies of such schemes,
  - g) venture capital funds and the managers of such funds,
  - h) private insurance funds and voluntary mutual insurance funds,
  - i) organisations engaged in clearing house activities,
  - j) the central depository,
  - k) employer-sponsored pension institutions,
  - l) any other enterprise recognised as such by its home state,
  - m) large undertakings,

- n) prominent institutions,
  - o) any enterprise recognised as such by its home member state.
11. A large undertaking or institution may request in writing—either in respect of certain transactions or with a general nature—that the Bank provide them the same terms as apply to professional or retail clients in the course of investment or ancillary services. In such case the relevant Client shall qualify as a professional or retail client for the purposes of this BCIS.
  12. The Bank shall notify Clients on their qualification as well as on any change in such qualification. If the Client requests re-qualification as described above, the Bank shall inform the Client on the difference between the rules applying to professional clients and retail clients, and explain the consequences.
  13. The Bank expressly reserves the right to determine—without prejudice to the relevant laws—the rules for assigning Clients to the different client categories, and for re-assigning and re-qualifying Clients, as well as to change such rules without the approval of or notice to the Clients.
  14. The Bank reserves the right to provide certain services only and exclusively to specific categories of clients. Which services are provided to which client category and at what terms are set out in the Bank's Lists of Terms & Conditions from time to time in effect.

### ***II.3 Representation of the Client***

1. In view for the security of the business relationship, the Bank shall make sure that the person proceeding on behalf of the Client is authorised to represent the Client. When holding business negotiations or prior to the fulfilment of orders as well as in the course of fulfilment the Bank may any time require the right of representation as well as the representative's personal identity to be properly certified. The Bank is obligated and entitled to refuse concluding the agreement if the person proceeding as the Client's representative fails to certify his right of representation or identity.
2. The Bank shall accept a power of attorney concerning the Client's representation if it is in the form of a deed attested by a notary public, or a private document of full evidencing force. It is a further precondition for the acceptance of a power of attorney issued abroad that it should be authentic, i.e. it should be authenticated by the Hungarian foreign representation, or furnished with an apostille by the competent foreign authority on the basis of the Hague Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents (announced in Hungary in Law-Decree No. 11 of 1973), unless there is a bilateral international convention that provides otherwise.
3. The Bank keeps record of the specimen signatures of the Client and the Client's representative authorised to operate the Client's accounts in the form "Signature Card" issued by the Bank. The Bank files signature cards by clients.
4. The Bank shall have the right to regard the representatives registered by the Client in the form "Signature Card" issued by the Bank and the signatures of such representatives to be valid until the Bank receives a written notice satisfying the formal requirements of announcements—and, if necessary, supported by a document of sufficient evidencing force—of the termination or withdrawal of the right of representation or the delegation of the right of representation to a new representative.
5. In case it is a matter of dispute who is authorised to represent the Client, the Bank will regard the person(s) registered as lawful representatives at the organisation registering the Client (including especially in the case of organisations featuring in the companies register, the natural person(s) registered in the companies register) as the person(s) authorised to represent the Client.

6. Where the Bank and the Client have established a connection for the transmission of electronic data between them, signature may as well as replaced—under an agreement to this effect—by an enhanced-security electronic signature. This opportunity does not constitute an obligation for the Bank to enter into such an agreement with the Client.
7. The Bank will not be held liable for the consequences of fulfilling false or counterfeit orders or instructions—including orders, data and instructions forwarded to the Bank electronically—and other legal statements where the false or counterfeit nature of the order or instruction was not recognisable at first sight in the checking process carried out with due diligence in the scope of the Bank's usual procedures.

#### ***II.4 Contact with the Client***

1. In accordance with the requirements of mutual co-operation, the Bank and the Client shall notify each other without delay—especially via telephone, facsimile or e-mail—of any circumstance or fact that is relevant for the business relationship between them.
2. The Bank and the Client shall immediately notify each other of any change in their name, registered office or permanent address, as well as of any other change concerning their identity or legal status. Any loss resulting from omission of these obligations shall be borne by the omitting party. In addition to the aforesaid, clients who are legal persons or unincorporated organisations must immediately notify the Bank of any change in their representatives.
3. The Client shall inform the Bank of any change in his mailing or notification address 5 banking days before the change, and at the same time of his new mailing or notification address and the date of the change.
4. The Client shall provide to the Bank all data and information connected to the transaction that the Bank may require in view for making its decision and evaluating the transaction or the Client.
5. The Client shall notify the Bank in writing 1 business day after becoming aware of the fact if anyone has initiated liquidation or enforcement proceedings against him, or if he has intentions of initiating bankruptcy or liquidation proceedings against himself, or if the legal preconditions for such proceedings exist, as well as of any material change in his economy or financial situation, any significant change in the identity of his head officials and senior employees, or if there is any (other) circumstance that endangers the payment of his debts that have become or are becoming due and payable towards the Bank.
6. The Client shall notify the Bank within 3 business days—or in the case of futures and option contracts, within 1 business day—if some notice expected from the Bank has not arrived on time. The Bank will not be held liable for any loss that may arise in the case of the Client's omission of this obligation.
7. Upon the Client's request, the Bank shall provide extraordinary notices and information in addition to regular notices; however, all related costs shall be borne by the Client as agreed on a case-by-case basis, or in the absence of such an agreement by paying the charges specified in the Bank's List of Terms & Conditions.
8. If a written notice to the Client is sent by ordinary mail, to the postal address last named by the Client, the notice shall be assumed to have been delivered on the fifth calendar day after mailing.

Any notice or other communication sent by the Bank to the aforementioned address of the Client by registered and/or certified mail shall be regarded as communicated and delivered to the Client even if the mail was actually undeliverable, or if the addressee has failed to obtain knowledge of it, on the fifth day calculated from the certified posting of such mail.

Notices retained at the Bank upon the Client's instructions shall be regarded as delivered on the first day when they are available for the Client to collect.

Any notice sent by fax will qualify as delivered to the Client at the date/time shown in the confirmation testifying successful transmission by the Bank to the fax number provided by the Client.

9. In case there is an electronic connection between the Client and the Bank, the Bank shall deposit any notice addressed to the Client in the Client's electronic mailbox; any such notice shall be presumed to have been received by the Client in the moment of deposition (which is recorded by the Bank's computer system in each case).
10. All losses resulting from the omission of any notification relevant for the Bank, or from misinformation, shall be borne by the Client.
11. The Client shall make it possible for the Bank to examine his books any time (subject to an obligation of confidentiality) whenever the Bank deems this necessary for the evaluation of the soundness of any claim already owed or to be owed by the Client to the Bank.
12. Any breach of the obligation of providing information, or any refusal or impeding by the Client of the Bank's inspection of the Client's books shall qualify as a gross breach of the agreement. Any loss resulting from the breach of the obligation of providing information shall be the Client's liability.

#### ***II.5 Rules for the Information of Clients***

1. Before concluding an agreement for investment services and/or ancillary services with the Client, the Bank shall inform the Client—unless the Client qualifies as an eligible counterparty under Section II.2, and the activity is directed at the reception, transmission or execution of orders, or dealing on own account—of the following:
  - a) fundamental information concerning the Bank,
  - b) rules for the Bank's operation and activities,
  - c) rules for the management of the financial instruments and monies owned by or due to the Client,
  - d) information on the financial instrument involved in the transaction concerned by the agreement,
  - e) information on the transaction concerned by the agreement, including public information on the transaction, and its risks,
  - f) execution venues,
  - g) any fees and charges connected to the making of the agreement or—in the case of a framework agreement—to the conclusion of the individual transactions which are borne by the Client.
2. The shortened prospectus prepared by the collective investment form as described in the Capital Market Act shall qualify as the fulfilment of the obligation of providing information as per points *d)*, *e)* and *g)* of the above list in respect of the relevant investment fund.
3. The Bank shall inform the Client on any change in the content of the above information which is relevant for the transaction or financial instrument constituting the subject of the agreement in the same manner and using the same data carrier as in the case of the delivery of the original information.
4. The Bank will provide the information in writing, on another durable medium, or in its website. The Bank may provide the information on other durable media if the use of such medium for providing the information meets the provisions of the prospective or existing agreement between the Bank and the Client, and the Client expressly chooses using a durable medium as opposed to

the written form. The Bank may fulfil its obligation of providing information via its website if the Client has expressly ordered so, and the Client has declared that he has regular Internet access, or if he has chosen e-mailing as the method of communication with the Bank. An instruction for communication via electronic correspondence or on durable media will become effective only and exclusively subject to the Bank's notice to this effect (sent in writing, by mail, or via electronic correspondence).

In case e-mailing is chosen as a method of communication, it will be the Bank's exclusive right to determine what documents, data and information and in what format will be sent to the Client by e-mail. The e-mail address provided by the Client will be regarded as the Client's address used for electronic correspondence, and the Bank will not examine in any form the e-mail address from time to time identified by the Client (especially its appropriateness from the security aspect or its accessibility); consequently, any loss arising from the accessibility to third parties of the documents, data and information sent to the e-mail address from time to time provided by the Client will be borne only and exclusively by the Client, and the liability of the Bank for losses originating from unauthorised access to the electronic mailbox located at the e-mail address from time to time provided by the Client, or from the irregular operation of the Internet or any IT system, or from computer manipulation of any kind (including especially without limitation viruses, malware and spyware) will be excluded.

In the case of communication by electronic mailing or on durable media, the Bank will not accept or send instructions of any kind through this channel which would result in the amendment or termination of any individual or framework agreement between the Client and the Bank, or cause any change in the persons authorised for representation.

As regards the sending of electronic mails, as well as the content of the electronic message from time to time sent, the Bank's books will be governing.

Based on its case-by-case decisions, the Bank may choose other forms of communication (letter, fax) as well—either besides or instead of electronic mailing—even if the agreed upon form of communication is electronic mailing.

5. The Bank may as well meet its above obligation of notification immediately after starting the execution of the service at the latest if the following conditions are satisfied:
  - upon the express request of the Client the agreement is concluded via a telecommunications channel, e.g. on telephone, by facsimile or in another electronic manner (collectively, "electronically"), which does not make it possible to provide information in advance, or
  - the Bank makes an offer or an invitation on the phone to conclude an agreement or to make an offer, to which the Client expressly consents, and the Bank informs the Client at least of its corporate name (name), registered office and phone number; the attention of the Client should be expressly called to the Bank's intention to conclude the agreement, and he should also be informed of the following:
    - a) the name of the person contacting the Client, and his relationship with the Bank,
    - b) essential features of the subject of the agreement,
    - c) the consideration payable by the Client, including miscellaneous payment obligations connected to the service, or—if the amount of the consideration cannot be precisely established—the basis for fee calculation,
    - d) the possibility that in addition to the consideration the Client might bear other payment obligations as well (including taxes),
    - e) the terms of payment and delivery,
    - f) the fact that the right of withdrawal (termination) as regulated in Art. 6 of the Telesales Act does not apply to financial instruments, as well as of the right of withdrawal (termination), the terms and method at which it is to be exercised, its legal consequences, and the address (e-mail address, facsimile number) where the Client should send his statements of withdrawal (termination),
    - g) the opportunity to receive further information.
6. Unless the parties have agreed otherwise, the Bank will provide the information as described in this section in the Hungarian language.

7. When informing the Client on the rules of its operation and activity, the Bank informs retail clients—by making the BCIS available to the Client—on:
  - a)* the frequency, timing and nature of the reports (statements of account) to be sent on the service,
  - b)* a summary of the measures ensuring the protection of the Client’s financial assets and monies (available in Section III.18), as well as the investor protection scheme available to the Client and the operation of such scheme (available in Section III.19),
  - c)* a summary of the Bank’s conflicts of interest policy (available in the prospectus attached to the BCIS),
  - d)* a summary of the Bank’s order execution policy (available in the prospectus attached to the BCIS).
  
8. The Bank provides information to retail clients on the financial instrument and the risks of the relevant transaction in the statement attached as an annex to the agreement, or in the Bank’s website, which information shall include
  - a)* the risk of the financial instrument, including the meaning and effects of leverage,
  - b)* the risk of the Client potentially losing the total invested amount,
  - c)* the market situation of the financial instrument, the volatility of the price of the financial instrument, and (if applicable) any limitations on access to the market,
  - d)* the development of the price of the financial instrument over the period preceding the making of the agreement, in accordance with Commission Regulation 1287/2006/EC,
  - e)* whether the Client may expect margin calls in addition to the costs of purchasing the financial instrument,
  - f)* margin requirements or similar other requirements connected to the financial instrument,
  - g)* in the case of a public offering, how the prospectus as described in Commission Directive 2003/71/EC has been made available, and where it can be obtained by the public,
  - h)* the fact (where applicable) that the risk of a complex financial instrument might exceed the sum of the risks of the individual components,
  - i)* a description of the individual components of the complex financial instrument mentioned in point *h)*, and
  - j)* where guarantee is attached to the financial instrument, details of the nature of the guarantee so that the Client may get a picture on the guarantor as well as the guaranteed institution, and be able to evaluate the guarantee.
  
9. The Bank provides information to retail clients in the document attached as an annex to the agreement (the List of Terms & Conditions from time to time in effect) or in its website on the following issues:
  - a)* costs of the purchase and maintenance of the financial instrument, the making, maintenance and performance of the agreement, including all kinds of fees and commissions (per financial instrument and transaction), contributions and taxes withheld or settled by the Bank (“total costs”), in terms of amounts, of if the exact amount cannot be determined, the method and the basis of the calculation,
  - b)* names of the different currencies, the conversion rates applied and conversion costs, if the total costs defined in point *a)* or a part of the same are to be paid in a foreign currency,
  - c)* other rules concerning payment or the method of delivery.
  
10. Clients should be aware that depending on the nature of the transaction the Client may also incur costs or tax liabilities which are to be paid otherwise than through the Bank.
  
11. The Client expressly takes note without receiving any specific information to this effect that due to abrupt and unpredictable changes in the prices of financial instruments he should also reckon the possibility of serious loss. This is especially true for forward/future contracts and options. The Client expressly takes note without receiving any specific information to this effect that the transactions concluded by the Bank in the scope of its investment services and ancillary services do not qualify as betting, gambling or illegal games of chance, and that any profit made earlier on the

subject of the investment service or ancillary service is no guarantee for making profit as a result of the present agreement as well.

12. The Bank expressly excludes its liability for any loss arising from any business decision made by the Client on the basis of the information provided above.

## ***II.6 Examination of the product knowledge and risk tolerance of clients***

1. In the case of an agreement or framework agreement for the reception and transmission of orders, the execution of orders on behalf of clients, dealing on own account, and the placement of financial instruments, the Bank shall in accordance with its obligation set out in the Investment Firms Act request a statement from the Client prior to executing the order on the knowledge and experience of the Client regarding the essential features of the transaction envisaged in the agreement, the characteristics of the financial instrument concerned in the transaction, and the relevant risks (the “appropriateness test”). When evaluating the appropriateness test, the Bank shall examine
  - a) the Client’s knowledge of services, transactions and financial instruments,
  - b) the nature, size and frequency of the transactions implemented by the Client in financial instruments, as well as the time horizon of such transactions, and
  - c) the education of the Client, and his occupation or any former occupation which is relevant for the evaluation.
2. No appropriateness test is to be completed if the agreement is for the reception and transmission of orders or the execution of orders on the Client’s behalf, and
  - a) the transaction relates to shares admitted to trading on a regulated market or an equivalent third country market, money market instruments, bonds or other forms of securitised debt (excluding those bonds or securitised debt that embed a derivative), securities issued by collective investment forms and other non-complex financial instruments,
  - b) the agreement for the transaction is made at the initiative of the Client,
  - c) no conflicts of interest arise.
3. A financial instrument qualifies as a non-complex financial instrument if it satisfies all of the following criteria:
  - a) it does not qualify as securities giving the right to acquire or sell transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures,
  - b) it does not qualify as a derivative contract,
  - c) there are frequent and regular opportunities to sell or redeem the instrument or realise its yield in other ways at public prices qualifying as market price or quoted by a price-setting system which is independent of the issuer of the financial instrument,
  - d) it does not entail any actual and potential obligations for the Client in addition to the costs of acquisition,
  - e) public information is available on the financial instrument and its essential features whose content and quality enable retail clients to take investment decisions on an informed basis.
4. In the case of services to be provided to professional clients the appropriateness test should be regarded as accomplished, except for retail clients re-qualified as professionals where the Client will not qualify as a professional in respect of the financial instruments and transactions for which he did not request his re-qualification.
5. If on the basis of the appropriateness test the Bank thinks that the financial instrument or transaction envisaged in the agreement is inappropriate for the Client, the order will be executed only if the Client expressly requests so. The Bank will not be held liable for losses arising from any instance where the Client in his sole discretion gave an order for a financial instrument which was inappropriate for him.

6. When providing investment consultancy or portfolio management services, before concluding the agreement or—in the case of a framework agreement—before executing the order the Bank shall obtain the necessary information regarding the Client’s knowledge, experience and risk tolerance in the investment field relevant to the specific type of product or service, to make sure that the Client is able to take appropriate investment decisions, and examine his financial situation and his investment objectives to the extent necessary for the Bank to recommend to the Client the investment services and financial instruments that are suitable for him (the “suitability test”). In the scope of the suitability test, the Bank assesses whether:
  - a) the service is appropriate to implement the investment objectives identified by the Client,
  - b) the measure of the risk associated with the service—if it is otherwise in accord with the investment objectives of the Client or prospective Client—matches the financial risk tolerance of the Client, and
  - c) the knowledge and experience of the Client or prospective Client in the investment field enables him to understand and evaluate the nature of the service and the risks associated with it, including the risks arising from portfolio management services.
7. Where the services are provided to a professional client, the Bank need not examine points *b)* and *c)* of Section II.6.6, except for retail clients re-qualified as professionals, where the Client will not qualify as a professional in respect of the financial instruments and transactions for which he did not request his re-qualification.
8. The Bank shall have the right to integrate the appropriateness and suitability tests in one single document.
9. In the scope of the appropriateness and suitability test, the Bank may request the Client:
  - a) to make a written statement on his financial situation, education, knowledge and experience relevant to the capital market, etc.,
  - b) present documents supporting his statements, and
  - c) disclose any agreement which he may have with other investment firms or commodity exchange service providers,in the form and with the content determined by the Bank.
10. In the absence of the suitability part of the test (the Client has failed the test, filled the suitability part of the test incompletely, or refused to fill it), the Bank is not allowed to give investment advice or provide portfolio management services to the Client.
11. If on the basis of the test the Bank thinks that the knowledge and experience of the Client relevant to the given financial instrument or transaction or his risk tolerance are inadequate for the Client to take investment decisions on an informed basis, the Bank will not be allowed to give investment advice to the Client in respect of the relevant financial instrument, but upon the express request of the Client the Bank may execute orders concerning the given financial instrument.
12. Unless the parties have agreed otherwise, the Bank will provide the information as described in this section and the Client will make the risk awareness statement described in this section in the Hungarian language.

### **III. GENERAL TERMS AND CONDITIONS OF AGREEMENTS**

#### ***III.1 Types of agreements***

For the different investment services and ancillary services executed by the Bank, the Bank and the Client will conclude a model agreement elaborated by the Bank for the relevant service or an individual agreement negotiated between the parties. To be eligible for the service, the Client is also required to conclude a Basic Agreement, unless the aforementioned agreement provides otherwise. The text and content of the model agreements used by the Bank serve information purposes in so far as they set out the legal terms and conditions of the relevant service which are usually applied by the Bank. Under mutual understanding, the parties may depart any time from the terms set out in the model agreement.

#### ***III.2 Making the agreement***

1. Unless the agreement between the parties provides otherwise, the Bank may receive orders in its customer areas.
2. The Bank receives the Clients' orders and instructions on working days, between the times (starting and closing time) specified in the annex of the BCIS (business hours). Unless the List of Terms & Conditions, a framework or individual agreement provides otherwise, the Bank will attempt to execute orders and instructions on the relevant day subject to having received the order or instruction by 2:00 p.m. on that day. The Bank regards any order or instruction received later than such time as if it were received on the next business day, and will start attempting the execution of the order or instruction on such day. The individual agreement concluded with the Client may as well provide for a different cut-off time.
3. The definition of business hours as per Section III.2.2 will also be governing for the receipt of the Clients' debit orders relating to their accounts, unless the List of Terms & Conditions, a framework or individual agreement provides otherwise.
4. On the basis of an agreement with the Client, the Bank will also have the right to receive orders given electronically. In respect of orders forwarded electronically, the date and time of receipt shall be the date and time of receipt of the electronic order as registered by the Bank's computer system. As regards the sequence of orders received electronically, the sequence in the data file incoming to the Bank will be governing. In the case of orders entered via Raiffeisen Direkt or on tape-recorded phone, the date/time of the call (recorded by the Bank's computer system) will be regarded as the date/time of receipt. In respect of orders forwarded by facsimile, the date/time of receipt shall be the date/time recorded in the Bank's fax activity report.
5. The Bank tape-records orders given on the phone. The Bank shall keep tape-recordings until the transaction prescribes, but at least for six years from the calendar year following the reception of the order (or for the period specified in the laws which are from time to time governing), unless the parties have subsequently set out the given transaction in writing (i.e. the Bank has provided a confirmation on the relevant transaction, which has been acknowledged and signed by the Client in writing). Only the employees authorised by the Bank shall have the right to access tape-recordings, subject to observing the rules concerning securities secrecy. Upon the request of the Client, the Bank will provide an opportunity for the Client to hear the tape-recordings in the Bank's premises, in a room provided by the Bank.
6. The Bank will not be held liable for losses arising from mishearing or unidentifiability due to bad accent or the substandard quality of the phone lines or the fax transmission. This will apply especially to instances where the Bank executes the Client's instruction before receiving the written confirmation. The Client expressly takes note that he may give orders or instructions of any kind to the Bank on the phone only and exclusively at the phone numbers provided by the Bank (which are

equipped with a recording facility), and he definitely must not give the Bank orders or instructions of any kind on mobile phone numbers.

7. On the method and other terms of the confirmation of orders given on the phone, the Bank and the Client may agree in the framework agreements concluded between them in respect of the different classes of transactions differently from those set out in this section. Unless agreed otherwise, the Bank's employees will on the basis of the tape-recording confirm the order within 3 working days, and send it to the Client for signature.

### ***III.3 Cancellation and modification of orders***

After the Bank has started executing an order, the Client may not revoke or change such order any longer. An order whose execution has not been started yet by the Bank may be revoked subject to the rules applying to the amendment of contracts.

### ***III.4 Modification of agreements***

The Bank and the Client may modify agreements which have not been fulfilled yet in writing, under mutual understanding.

### ***III.5 Refusal to make an agreement***

1. The Bank will refuse concluding the agreement, or executing orders received under an effective framework agreement, where
  - the order implements insider dealing or market manipulation (the Bank's obligation of refusal will become effective in this case if the Bank is aware—or if considering the circumstances of the order as a whole it has sufficient ground to presume—that the fulfilment of the order would result in insider dealing or market manipulation),
  - the order is against the law, or the regulations of the relevant regulated market or equivalent third-country market, clearing house, organisation engaged in clearing house activities, or central depository,
  - the Client has refused to certify his identity, or to submit to the identification process, or identification failed for any other reason,
  - the Bank failed to obtain the information necessary to carry out the suitability test,
  - the result of the suitability test does not allow the Bank to provide the service demanded in respect of the relevant financial instrument to the Client,
  - the suspicion of money laundering arises in connection with the Client under the Money Laundering Act or other pertinent laws,
  - any other reason for refusal arises under any statutory requirement.
2. Based on its own considerations, the Bank has the right to refuse to enter into the agreement in other cases as well.
3. The Bank shall report to the Supervision immediately if it has refused to enter into an agreement where the order would have implemented insider dealing or market manipulation.

### ***III.6 Registry of agreements***

1. The Bank shall maintain a uniform, continuous and chronological registry on agreements according to transaction types, including:
  - a) all transactions the Bank has concluded in the scope of dealing on own account,
  - b) agreements with the clients, and
  - c) orders given by the clients under framework agreements concluded earlier.

2. The above obligation of record-keeping does not cover the reception, transmission and execution of orders on behalf of Clients qualifying as eligible counterparties under Section II.2, or activities in the scope of dealing on own account in connection with such clients.
3. Orders with the same content are executed by the Bank in accordance with the chronological registry.
4. The fact and the date/time (by the year, month, day, hour and minutes) of the receipt of any order, notice or other document forwarded to the Bank will be certified by the data printed on the document by the Bank's time-received system.  
Unless the law provides otherwise, the Bank shall keep its records for 5 years counted from the fulfilment or termination of the agreement.

### ***III.7 Coverage***

1. Before accepting an order, or entering into a transaction for an investment service or ancillary service, the Bank shall have the right to check whether there is sufficient coverage for the fulfilment of the order. If in the Bank's judgement the Client has not provided sufficient coverage to fulfil the order, the Bank may refuse concluding the agreement. If the Client has not provided adequate coverage for the execution of an order, or if such coverage was unavailable on the date of execution, any losses arising from this shall be the Client's liability.
2. In the case of a brokerage order for the purchase or sale of financial instruments, the Client shall—simultaneously with the order at the latest—provide the subject or the coverage of the brokerage order (by depositing it to a securities account, securities custody account or client account), and pay the Bank the brokerage fee. In the concrete terms and conditions of the agreement, the Bank may waive the requirement to provide coverage this way. The Bank will not pay interest on the monies deposited by the Client as coverage to the performance of the order for the duration of the deposit.

### ***III.8 Collateral (right of pledge on account balances)***

Unless the agreement between the parties provides otherwise, the Bank will have a right of pledge both in respect of the cash due to the Client and the physically printed or dematerialised securities—even without the existence of an express pledge agreement apart from the provisions of this section—up to the amount of the consideration of any service performed for the Client and the related costs, as well as any outstanding claim which the Bank holds against the Client and the charges of the same (collectively, the “claim” in this section). However, until the Bank has blocked the cash or securities constituting the subject of the pledge due to the Client's late performance or non-performance, the Client shall have the right to dispose of these.

### ***III.9 Consideration, fees, costs***

1. In consideration for the Bank's services, the Client shall pay fees and commissions (collectively, the “consideration”).
2. In accordance with the provisions of the framework or individual agreement, the Bank shall have the right to charge on the Client any and all costs the Bank has incurred in the course of and in connection with the fulfilment of the services, including especially the costs of official proceedings (if such might become necessary), costs of using third party services, costs of legal and other experts, mailing costs, duties, and costs of the Client's notification and information. Instead of identifying individual costs, the Bank shall have the right to demand a lump sum cost refund from the Client, either as a fixed amount, or as a variable amount determined by some calculation method (collectively, the “costs”).
3. The measure and due date of payment of the consideration and costs are disclosed in the List of Terms & Conditions from time to time in effect. The agreements between the Bank and the Client

may provide for terms different from those set out in the List of Terms & Conditions. Unless the agreement provides otherwise, consideration and costs are due for payment on the date of performance (T day), but in accordance with the Bank's choice they are settled in arrears, on the date of settlement of the order.

### ***III.10 Performance and settlement***

1. In view for executing orders in the way that is most favourable for the Client, the Bank has elaborated an order execution policy, a summary of which is available as an annex to the BCIS. If the Client is an eligible counterparty, or if the Bank has received concrete instructions from the Client for the method of performance of the service (e.g. regarding the execution venue), the order will be executed in accordance with such instruction even if it is not the most favourable for the Client.
2. Upon the Client's request, the Bank will certify in writing, by demonstrating the application of the provisions of the order execution policy, that the order of the Client has been executed in accordance with the execution policy.
3. When executing orders on behalf of the Client, the Bank shall
  - a) promptly and accurately enter and allocate the executed order,
  - b) execute client orders which are otherwise comparable promptly and in the same order in which the orders were received, unless the order given by the Client is a limit order, and the order cannot be executed at the prevailing market terms, or executing the order would be against the Client's interests, and
  - c) in the case of a retail client inform the Client if the Bank becomes aware of any circumstance which obstructs order execution.
4. If the Bank has failed to execute the Client's order, and the order concerns a share admitted to trading on a regulated market, the Bank shall promptly disclose this limit order so that it will be easily accessible to other market players as well, promoting that the order will be executed as soon as possible, unless the Client has explicitly ordered otherwise, or if the order given by the Client qualifies as an order large in size in the meaning of Art. 20 of Commission Regulation (EC) No 1287/2006 at the relevant execution venue. By entering the offer given by the Client in the trading system of the relevant regulated market, the Bank fully satisfies its obligation of disclosure.
5. Where the Bank itself carries out the performance of the executed order as well, or is responsible for monitoring performance, it shall do its best to ensure that the financial instrument or monies received in the course of the performance of the executed order which constitute the Client's property or are due to the Client are immediately and accurately credited to the adequate account of the relevant Client.
6. The Bank shall not execute client orders or transactions on own account by combining the order of the Client with that of another Client, unless
  - a) as a result of the combination none of the Clients whose order has been combined with that of another Client suffers any disadvantage,
  - b) all Clients whose order has been combined with that of another Client have been made aware that the combined execution of orders may have adverse effects on certain orders for Clients who have given several orders,
  - c) the investment firm has an allocation policy which regulates in detail the rules for the combined execution of orders and transactions, including how the size or price of the orders or transactions influences allocation, and according to what rules allocation is implemented in the case of partial execution, and the investment firm will act in accordance with such allocation policy in each case.
7. Where the Bank executes the order of the Client in combination with a transaction executed on own account, and the transaction is fulfilled only in part, then in the course of the allocation the

transaction implemented on the basis of the Client's order will be given preference, unless the Bank is able to provide credible evidence that the transaction executed on own account would not have been fulfilled on the basis of the order given by the Client, or it would have been fulfilled at less favourable terms without the combination, and the Bank's allocation policy includes detailed provisions for the rules of the allocation, and the Bank implements the allocation to own account and to the account of the Client proportionately.

8. In the case of orders for selling financial instruments, the Bank applies the FIFO method for the settlement of the sale, unless the Client opts for the manual stock matching method.

### ***III.11 Third party services, agents, outsourcing***

1. Where in order to fulfil the order received from the Client the Bank uses the services of a third party, the Bank shall bear responsibility for the proceedings of such third party as if the Bank itself had acted.
2. When selecting, instructing and controlling third party service providers, the Bank shall proceed with due diligence. Where the responsibility of the third party is subject to restrictions under the law, business rules, international conventions, regulations, business standards or the agreement regulating the terms and conditions of the co-operation, the responsibility of the Bank will also be adjusted to such restrictions.
3. Unless the agreement provides otherwise, where the Bank uses the services of a third party, performance deadlines will be prolonged by 1 (one) banking day, save when the Bank's agent cooperates in the establishment of the legal relationship between the Bank and the Client.
4. As regards the costs of using third party services, Section III.9 of the BCIS will be governing.
5. For the reception and transmission of orders, the Bank has the right to use the services of another investment firm or a so-called tied agent. The list of the tied agents used by the Bank is disclosed by the Bank in an announcement (in its website).
6. Tied agents shall have the right to make offers to the Client only on behalf of the Bank and only and exclusively at the terms and conditions specified by the Bank in writing. Tied agents may not use third party services.
7. The Bank has the right to outsource its activities related to investment services and ancillary services as defined in the BCIS, as well as any other related activities.

### ***III.12 Events of default***

1. Upon the late performance of any payment obligation both the Bank and the Client shall be liable to pay penalty in addition to a transaction interest. The measure of the penalty charged by the Bank in respect of the different transaction types is set out in the List of Terms & Conditions from time to time in effect. If no penalty is disclosed this way, the measure defined in the law will be governing.
2. If the Client fails to discharge his debts owed to the Bank when they become due, the Bank shall have the right to satisfy its claim directly from the collateral, or to retain the cash or securities and to set off its claim against any amount incoming to the Client's credit or against any amount transferred/paid by the Client to the Bank.
3. If the denomination of physically manufactured securities must be broken up for the Bank to obtain direct satisfaction from the collateral, the Bank shall have the right to break up the denomination of the securities up to the amount of the collateral. All related costs shall be borne by

the Client. The Bank shall have the right to sell as many of the securities at the market price known in the moment of the sale as are sufficient for the proceeds to cover the amount of the claim.

### ***III.13 Discontinuation and termination of agreements***

1. An agreement (including in particular the Basic Agreement) will be discontinued in the following events, unless it follows otherwise from the nature of the given agreement:
  - upon the performance by both parties of the transaction identified as the subject of the agreement;
  - if the performance deadline specified in the agreement passes without any result (unless the performance deadline of the agreement is prolonged in writing by the Parties);
  - with a written agreement signed by both parties to this effect, as of the date identified by the Bank and the Client by mutual consent;
  - with ordinary or immediate termination;
  - if due to a change in legislation, or to force majeure, or any other similar circumstance the order becomes devoid of purpose, or becomes impossible to execute within a reasonable timeframe;
  - if the financial instruments defined in the agreement are no longer traded in a regulated market;
  - upon the dissolution of a corporate Client without a successor;
  - upon the Bank's dissolution without a successor;
  - if the Supervision has withdrawn or suspended the Bank's licence concerning the activity in question.
  
2. Either Party may terminate a contract made for an unspecified period of time in writing subject to a notice of 30 days, without providing its reasons.
  
3. The Bank shall have the right to exercise immediate termination any time if:
  - the Client is in a serious breach regarding any of his obligations set out in his agreement with the Bank, and fails to remedy such breach without delay despite the Bank's notice;
  - the Client is in default regarding the fulfilment of any payment obligation arising from an agreement, and fails to remedy such default even upon the Bank's request;
  - the Client is in a material breach regarding any of his agreements with the Bank or any current member of the Raiffeisen Group, considering that this shall qualify as an event of default in respect of the Basic Agreement(s) and other contract(s) falling within the scope of the BCIS as well;
  - after the conclusion of the agreement such material change has occurred in the financial circumstances or legal status of the Client as jeopardises the performance of the agreement by the Client, and the Client fails to provide adequate collateral despite the Bank's notice;
  - the Client has deceived the Bank by communicating untrue facts or concealing data or in any other way, which has had an effect on the conclusion of the agreement or its content;
  - the value or enforceability of the collateral securities provided by the Client has materially decreased, or the Client fails to provide sufficient collateral or to supplement existing collateral securities upon the Bank's notice;
  - the Client obstructs an investigation connected to his solvency or the collateral securities of the relevant transaction or the implementation of the goals of the transaction, and fails to remedy such event of default even upon the Bank's notice;
  - the Client's conduct directed at the removal of collateral jeopardises the possibility for the contractual performance of the transaction, and the Client fails to remedy such event of default even upon the Bank's notice;
  - right of foreclosure is entered in the land registry in favour of a third party on the real estate that constitutes the subject of the mortgage serving to secure the Bank's claim, or in the case of a pledge or charge on movable assets, rights or receivables the Bank becomes aware that a third party has started enforcement proceedings against the pledged assets;

- in any and all cases expressly defined in the GBC, the BCIS, the Consumer Business Conditions, the Basic Agreement(s), and other contract(s) falling within the scope of the BCIS as events of default resulting in immediate termination.

The Bank shall also have the right to terminate the Basic Agreement and/or any other contract falling within the scope of the BCIS without requesting the Client to provide adequate collateral if the Client is obviously unable to provide adequate collateral.

4. In case any agreement is ended via termination notice by either party, the Client's debt owed to the Bank will become immediately due and payable, and the Bank's claim on the Client and its right to claim enforcement will remain effective—as well as the collateral securities of the agreement—until the Bank's claim has been repaid in full.
5. Before terminating any of his agreements with the Bank, the Client must discharge all his debts owed to the Bank under the agreement to be terminated.

### ***III.14 Custodianship of securities after the cessation of the agreement***

1. Where the Client fails to collect the securities within 30 calendar days following the cessation of the agreement, the Bank shall send the Client a written notice of 5 (five) days, then if this deadline has passed without any result the Bank shall have the right in its sole discretion:
  - to sell the securities (the sales proceeds will be released to the Client, nevertheless the Bank shall have the right to set off any costs it has incurred against the released amount); or
  - where the Client fails to name a new account-keeping institution, the Bank shall have the right to terminate the securities account, and keep its balance in an omnibus account managed by the Bank, separately from its own account, in an identifiable manner, at the Client's costs and risk.
2. If the Bank is unable to sell the securities, and the Client fails to name a new account-keeping institution, the Bank shall have the right to keep the balance of the securities account in an omnibus account managed by the Bank, separately from its own account, in an identifiable manner, at the Client's costs and risk.
3. As regards the Client's balance segregated in the omnibus account, the Bank's only obligation shall be that of custodianship until a new account-keeping institution is named. Until the Client names his new account-keeping institution, the obligation of shareholder identification based on the issuer's request or ordered by a decision of the Supervision in respect of the balance segregated by the Bank in the omnibus account shall be suspended as regards the forwarding of the Client's data, and the Bank may not be obligated to issue a certificate of ownership.

### ***III.15 Responsibility***

1. Both the Client and the Bank will bear responsibility for the authenticity of the data disclosed in the course of the order, as well as for an unlimited right of disposal over the securities offered for sale, and the exemption of the securities from any lawsuit, encumbrance or claim. The consequences of any misinformation provided by the Client in the course of the order shall be borne by the Client.
2. The Bank will receive securities only and exclusively if the securities—based on a professional examination executed in accordance with business customs and this BCIS—are valid, complete and appropriately endorsed. The Bank monitors the endorsement chain. The Bank, however, does not examine the authenticity or genuineness of the securities, or the authenticity or genuineness of the signatures, and will not be held liable for any loss arising from infringement in this respect. The Bank will not be held liable for any loss which nevertheless arose despite the Bank proceeding in accordance with business customs concerning the reception of securities.

3. Either of the parties may request the replacement of the securities taken over from the other party if they subsequently prove nonnegotiable due to some formal error.
4. The Bank will be exempt from liability if the order cannot be executed due to a gross breach of the agreement by the Client which remains unremedied despite the Bank's express demand. The BCIS sets forth the cases that qualify as gross breach by the Client according to transaction types.
5. In the case of a brokerage order, the basis for the measure of indemnification shall be the average stock exchange price of the financial instrument constituting the subject of the order prevailing at the moment the loss is sustained (or in the case of a financial instrument traded over the counter, its latest known market price). In the case of orders concerning stock exchange products, the basis for indemnification shall be the given legal transaction.

### ***III.16 Professional secrecy***

1. A business secret shall be any and all not publicly known facts, information and other data connected to business activities or that are not easily accessible to persons engaged in the concerned business activity, or any compilation of such facts, information and data, whose obtainment, utilisation, disclosure to third parties or public disclosure by unauthorised parties would violate or jeopardise the legitimate financial, business or market interests of the owner of such fact, information and data, provided that no culpability arises in respect of the retention of the secret on the part of the owner of the secret that lawfully disposes of the same.
2. The Bank and the Client, as well as any person who holds or wishes to acquire ownership interest in these organisations, head officials and employees of the Bank and the Client, and any other person working at the Bank or the Client in another manner who has received business secrets in any way—with the following exceptions—shall keep any business secret they have received in respect of the operation of the other party without any limitation in time. No one who has received any business secret may use it to get direct or indirect advantages for himself or for any third party, or to cause disadvantages to the Bank or its Clients. The Bank shall retain business secrets even after the end of the relevant business relationship.
3. Where the obligation of confidentiality is limited by laws, or where the Bank is obligated by a legally binding resolution of the authorities to disclose the information to a third party, the Bank will not be held liable for the consequences of disclosing the information.
4. The obligation of confidentiality will not apply in relation to the following organisations proceeding within their competence under an authority invested on them by law:
  - a) the supervisory authority,
  - b) the Investor Protection Fund,
  - c) the NBH,
  - d) the State Audit Office of Hungary,
  - e) the Tax and Financial Auditing Office,
  - f) the Hungarian Competition Authority,
  - g) the Government Audit Office (supervising the regularity and reasonability of the use of central budgetary funds),
  - h) the national security service,
  - i) the consumer protection authority.
5. The obligation of confidentiality will not apply in relation to the following organisations proceeding within their competence in respect of any case constituting the basis of their proceedings:
  - a) the criminal investigation authority proceeding in ongoing criminal procedures, or to supplement an impeachment, or the public prosecutor acting within his competence;
  - b) courts of justice proceeding in criminal actions, civil law actions connected to estates, bankruptcy and liquidation cases, or in the scope of the debt settlement of municipalities,

- c)* the European Anti-Fraud Office (OLAF) supervising the regularity of the use of subsidies granted by the European Union,
  - d)* the consumer protection authority.
  
- 6. All customer data available to the Bank concerning the Client's identity, data, financial situation, business investment activities, economy, ownership and business relationships, agreements concluded with the Bank, and the balance and turnover in his account shall qualify as securities secrets. For the purposes of this provision, everybody who uses the Bank's services shall be regarded as a Client.
  
- 7. The Bank, the head officials and employees of the Bank, and any other person working at the Bank who has received securities secrets in any way—with the following exceptions—shall keep any securities secret they have received without any limitation in time.
  
- 8. Securities secrets may be disclosed to third parties—subject to simultaneous notice to the Client—only if:
  - a)* the Client or his legal representative expressly requests or authorises the Bank to do so, exactly specifying the range of the securities secrets concerning the Client that may be disclosed, in a public document or a private document of full evidencing force,
  - b)* the Investment Firms Act gives an exemption from the obligation of retaining securities secret,
  - c)* the Bank's interest connected to the sale of its outstanding claim due from the Client or the enforcement of its overdue receivables makes it necessary.
  
- 9. According to the Investment Firms Act, the obligation of retaining securities secret will not apply—and the Bank must not refuse disclosing the relevant data pleading its obligation of secrecy—in relation to the following organisations:
  - a)* the Investor Protection Fund, the National Deposit Insurance Fund, the NBH, the State Audit Office of Hungary, the Hungarian Competition Authority, the stock exchange and the clearing house acting within their competence,
  - b)* regulated markets, investment firms operating multilateral trading facilities, organisations engaged in clearing house activities, the central depository, the audit authority assigned by the Government to supervise the regularity and reasonability of the use of central budgetary funds, and the European Anti-Fraud Office (OLAF) supervising the regularity of the use of subsidies granted by the European Union, acting within their competence regulated in the law,
  - c)* public notaries proceeding in estate cases, the guardianship authority proceeding in its authority,
  - d)* administrators, liquidators, financial receivers, executors or final accountants acting in the scope of bankruptcy proceedings, liquidation proceedings, the debt settlement of local municipalities, enforcement proceedings by courts, or final accounting proceedings,
  - e)* the criminal investigation authority proceeding in ongoing criminal procedures, or to supplement an impeachment, or the public prosecutor acting within his competence,
  - f)* courts of justice proceeding in criminal actions, civil law actions, bankruptcy and liquidation cases, or in the scope of the debt settlement of local municipalities,
  - g)* if the conditions specified in the relevant law are granted, any organisation authorised to use secret service instruments and collect classified information,
  - h)* the national security service acting under an ad hoc permission of the general director, in their competence as specified in law,
  - i)* the tax authority or the customs authority acting in the scope of proceedings directed at checking the fulfilment of tax, customs and social security obligations, or enforcing enforceable deeds establishing such debts,
  - j)* the Hungarian parliamentary commissioner for data protection and freedom of information acting within his competence, and
  - k)* the consumer protection authority acting within its competence,

if such organisations request the Bank in writing. The written request must name the Client or account regarding whom/which securities secret is to be disclosed, as well as the type of the requested data and the purpose of the data request.

10. The obligation of secrecy will not apply—and the Bank must not refuse disclosing the relevant data pleading its obligation of secrecy—in the following cases either:
  - a)* where the Hungarian tax authority requests data from the Bank in writing in view for satisfying—on the basis of an international agreement—the request of the tax authority of a foreign country, provided the request includes a confidentiality clause signed by the foreign authority,
  - b)* where the Supervision requests or forwards data in the way specified in the co-operation agreement signed with a foreign supervisory authority, provided the co-operation agreement or the request of the foreign supervisory authority includes a confidentiality clause signed by the foreign authority,
  - c)* where the Hungarian criminal investigation organisation requests data from the Bank in writing on the basis of an international agreement to satisfy the written request of a foreign criminal investigation organisation, provided the request includes a confidentiality clause signed by the foreign criminal investigation organisation,
  - d)* where the Investor Protection Fund forwards data to foreign investor protection schemes and foreign supervisory authorities in a way specified in a co-operation agreement, provided a protection at least equivalent to the Hungarian rules is ensured for the management and use of the data,
  - e)* where the Bank discloses data under Art. 52 (8) of the Taxation Act.
11. The written request must name the Client or clientele or account regarding whom/which the organisation or authority wants securities secret to be disclosed, as well as the type of the requested data and the purpose of the data request, save in the case of an on-site audit by the Supervision acting in its competence.
12. The obligation of secrecy will not apply, and the Bank must not refuse disclosing the relevant data pleading its obligation of secrecy, in case the Bank informs the ministry of the restrictive measures implemented by the Bank
  - a)* in accordance with regulations adopted under Art. 60 of the Treaty Establishing the European Community on the subject of restrictive measures to be applied in respect of monies, other financial interests and economic resources, or in accordance with regulations or resolutions adopted under the authorisation provided in these regulations,
  - b)* in accordance with the common positions adopted under Art. 15 of the Treaty on European Union on the subject of restrictive measures to be applied in respect of monies, other financial interests and economic resources,in view for fulfilling the obligations envisaged in such statutory provisions.
13. The obligation of secrecy will not apply, and the Bank must not refuse disclosing the relevant data pleading its obligation of secrecy, where upon the written request of the investigation authority, the national security service or the public prosecutor, the Bank shall immediately disclose any requested data concerning a transaction administered or an account kept by it, if there are data indicating that the transaction or the account is related to:
  - a)* drug trafficking,
  - b)* terrorism,
  - c)* illegal arms trafficking,
  - d)* money laundering,
  - e)* organised crime,
  - f)* insider dealing, or
  - g)* market manipulation.
14. The Bank shall inform the concerned Client on the transmission of the data, unless the relevant law prohibits informing the Client.

15. The following actions will not be to the prejudice of securities secrecy:
- a) supplying combined data from which the identity of the Client or his business data cannot be guessed,
  - b) data supply concerning the name and account number of accountholders,
  - c) data supply by a reference data provider to KHR, or from such system to the reference data provider, if data supply is carried out in accordance with statutory provisions,
  - d) transmission of data to an independent auditor, legal or other expert commissioned by the Bank, and to the insurance company providing insurance coverage for the Bank, to the extent necessary for the performance of the insurance contract,
  - e) forwarding of data by the Bank to foreign investment service providers or commodity exchange service providers, if the following conditions are satisfied:
    - ea) the Client has consented in writing to the data transmission,
    - eb) the preconditions for a data management satisfying the requirements of Hungarian laws are granted at the foreign investment service provider or commodity exchange service provider in respect of each data,
    - ec) the home country of the foreign investment service provider or commodity exchange service provider has adopted a data protection law satisfying the requirements of Hungarian laws,
  - f) transmission of data under the written consent of the Bank's board of directors to a shareholder with an influencing share in the Bank or to a person or organisation that wishes to acquire such a share, or to a company which is to receive the Bank's portfolio of contractual obligations under an agreement concerning the transfer of such obligations, or to an independent auditor, legal or other expert commissioned by an owner or prospective owner of the aforesaid organisations,
  - g) upon the request of a court, the presentation of the specimen signatures of the persons entitled to dispose of the account of a litigant,
  - h) supply by the Supervision of data suitable for individual identification concerning the Bank (subject to the rules concerning securities secrecy)
    - ha) to the Central Statistical Office for statistical purposes, and
    - hb) to the ministry for analysis or central budgeting purposes,
  - i) transmission of data necessary for the execution of outsourced activities to the business association executing the outsourced activity,
  - j) in respect of the perpetrator of an offence, disclosure of the reasoning part of a resolution of the Supervision concerning insider dealing or market manipulation,
  - k) fulfilment of the reporting obligation specified in Art 205 of the Capital Market Act,
  - l) data transmission to the National Police Headquarters under Art. 5/A (1)-(2) of the Money Laundering Act, and
  - m) forwarding of the data specified in Art. 4 of Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds to the payment service providers of payees subject to the regulation and to intermediary payment service providers in the cases specified in the regulation.
16. Simultaneously with the disclosure of securities secret to a third party—where such disclosure is allowed in accordance with the aforesaid—the Bank shall notify the Client in writing on such disclosure, unless a law prohibits such notification.

### ***III.17 Conflicts of interest***

1. In order to prevent, identify and manage conflicts of interest which are disadvantageous for the Client, the Bank shall have a regulation in place (the “conflicts on interest policy”) that
- a) identifies the circumstances in respect of the relevant investment services and ancillary services which lead or may lead to conflicts of interest which may entail adverse consequences for the Client, and

- b)* sets out in detail the orders of procedure and measures which aim at handling the conflicts of interest specified in point *a)*.
- 2. A summary of the Bank's conflicts of interest policy is attached as an annex to the BCIS.

### ***III.18 Protection of the Clients' assets***

The Bank as a credit institution shall immediately after receipt place the monies delivered to the Bank by the Client or received by the Bank after the fulfilment of the Client's order under the agreement concluded in the scope of the investment services or ancillary services regulated in this BCIS—which monies are owned by or due to the Client—to the bank account or client account kept on behalf of the Client.

### ***III.19 Investor protection scheme***

1. Under the Capital Market Act, the public prosecutor may start an action in the case of insider dealing against the insider person towards having the invalidity of the contract created in relation to the insider dealing established.
2. Under the Capital Market Act, investment service providers have set up an Investor Protection Fund (the "Fund"), which has been joined by the Bank as well. The task of the Fund is to insure for the benefit of the investors the claims arising from the agreements concluded by the Fund members in the scope of their insured activities specified in laws, and to establish and pay the clients as investors the indemnification amounts specified in law. The insurance provided by the Fund covers claims arising from agreements concluded in the scope of the following activities executed the Fund members: reception and transmission of orders, execution of orders on behalf of clients, dealing on own account, portfolio management, and safekeeping and administration of financial instruments, including custodianship.
3. Indemnification is established on the basis of the investor's request. The Client may submit a request within 1 year from the first day of claim enforcement. The form of the request shall be specified by the Fund. If the person entitled to indemnification presents the agreement constituting the basis for the insured claim, as well as all data necessary for certifying entitlement, and the registry kept by the Bank is available, the Fund shall evaluate the investor's indemnification request within 90 days from submission at the latest. As of 1 January 2008, the Fund shall pay the claim of the investor entitled to indemnification—added up by persons and Fund members—subject to a ceiling of HUF 6,000,000 per indemnification, where the measure of the indemnification paid by the Fund shall be 100% up to the amount of HUF 1,000,000, and above HUF 1,000,000 it shall be HUF 1,000,000 plus 90% of the amount by which the investment exceeds HUF 1,000,000. On the claims insured by the Fund, indemnification may be paid only and exclusively up to the measure insured by the Fund, and such claims shall be covered only and exclusively by the insurance provided by the Fund. When the measure of indemnification is established, all outstanding receivables of the investor arising from the Bank's investment service activities shall be added up. The Fund shall provide the indemnification in cash. If the Bank has any overdue receivables from the Client arising from investment services, or receivables that are becoming due by the date of payment of the indemnification, these shall be set off against the incoming claim of the investor in the course of the establishment of the indemnification amount.
4. The insurance provided by the Fund will not cover any deposits placed by:
  - a)* budgetary organisations,
  - b)* business associations that are permanently in 100% state ownership,
  - c)* municipalities,
  - d)* insurance companies, voluntary mutual insurance funds and private pension funds,
  - e)* mutual funds,
  - f)* the National Pension Insurance Fund and its fund managers, the health insurance organisation and pension insurance administration,

- g) appropriated state funds,
- h) financial institutions,
- i) the National Bank of Hungary,
- j) investment firms, stock exchange members, commodity exchange service providers,
- k) mandatory or voluntary deposit insurance, institution protection and investor protection funds, and the Guarantee Fund of Funds,
- l) the credit institution's senior officials and independent auditors, shareholders with more than 5% interest in the credit institution, as well as any immediate family members of the aforementioned persons living in the same household,
- m) a business association in which a person specified in paragraph l) above has qualifying interest, and
- n) venture capital funds and management companies of such funds,

or deposits placed by the foreign equivalents of the entities identified above.

5. A cause specified in paragraphs l) and m) above excludes indemnification only if the cause existed in the period from the date of conclusion of the agreement underlying the indemnification claim to the date of submission of the indemnification claim—or during a part of such period—at the Fund member in respect of which the indemnification procedure takes place. Furthermore, the insurance provided by the Fund shall not cover deposits on which the depositor contractually receives an interest rate or other financial benefit that is significantly higher than those of time deposits of the same size and duration placed at the time of execution of the contract, or claims arising from transactions in respect of which a court has decided with conclusive effect that the deposited amount originated in money laundering, and the insurance provided by the Fund shall not furthermore cover deposits placed in currencies other than euro, or in the legal tender of an EEA state or a members state of the Organisation for Economic Co-operation and Development.

### ***III.20 Taxation***

1. The Bank's activities arising from its obligations as a paying agent and connected to tax withholding, tax payment or tax registration shall be subject to the laws from time to time in effect. The Bank shall examine international conventions for the prevention of double taxation only and exclusively upon an express request by the Client to this effect.
2. The Client will qualify as a taxpayer subject to Hungarian tax laws until he has provided credible evidence to the Bank that he is subject to foreign tax laws.
3. Any income arising from the use of the investment services or ancillary services provided by the Bank may qualify as taxable incomes under Hungarian laws from time to time in effect. Tax related obligations arising from such incomes, including especially the obligation of tax payment, are not necessarily fulfilled through the Bank.
4. There are several factors which may modify the tax payment obligation of the Client. The fulfilment of the Bank's statutory tax withholding obligation does not substitute professional advice provided in tax related matters, and it is the responsibility of the Client whether he requests personalised tax advice or not.

### ***III.21 Legal disputes***

The Bank and the Client shall proceed in any legal dispute that may arise between them in good faith, and try to settle incidental disputes by way of an amicable compromise; should all such attempts fail, the Parties may initiate the settlement of the dispute before a court of justice having jurisdiction and competence in accordance with Act III of 1952 on the Code of Civil Procedure.

### ***III.22 Suspension and withdrawal of operating licence; portfolio transfer***

1. In the event of the termination or suspension of its investment services or ancillary services activity, or the partial or total withdrawal of its operating licence, the Bank shall have the right to transfer its portfolio of outstanding contractual obligations owed to clients to another investment firm. Such a transfer of the Bank's contractual obligations is subject to the approval of the Supervision; however, the Client's consent is no precondition for the transfer.
2. The Bank shall have the right to return its operating licence if it has fulfilled all its outstanding liabilities owed to all of its clients, or if another investment service provider has taken on itself to perform the Bank's agreements.
3. Of the portfolio transfer, the Bank shall inform the Client prior to the entry in force of the portfolio transfer agreement, in which notice the Bank shall also inform the Client where, from when on and in what form the Client may see the business code of the investment firm receiving the portfolio.
4. Within 30 days from the receipt of the Bank's notice concerning the portfolio transfer, the Client shall have the right to make a written statement for the Bank on the acceptance or refusal of the business code of the investment firm receiving the portfolio. If the Client declares that he rejects the business code of the recipient, the Client must in his written statement as per the aforesaid name another investment firm, as well as the number of his securities account, securities custody account and account serving to administer the cash flows connected to the investment kept at such investment firm. The Client takes note that if he fails to make the aforementioned statement within the above timeframe, or sends an incomplete statement to the Bank as compared to legal requirements, this shall be understood as an approval of the recipient investment firm and of the business code of the same.
5. If the Client accepts the investment firm receiving the portfolio, the Bank shall make sure that the Client's portfolio recorded in the securities account kept at the Bank and in the account serving to administer the cash flows connected to the investment is transferred to the recipient within 30 days of the receipt of the notice concerning the portfolio transfer. As of the deadline specified in the notice, the Client's portfolio transferred to the recipient as described above shall be governed by the provisions of the business code of the recipient investment firm.
6. As regards the rights the Bank will be entitled to vis-à-vis the Client in the case of a portfolio transfer, the rules concerning assignment as set out in the Civil Code will be governing as applicable.  
The Bank shall not charge the costs and fees arising as a result of the portfolio transfer to the Client.

## **IV. RULES FOR THE DIFFERENT INVESTMENT SERVICES**

### ***IV.1 Account keeping***

1. In connection with the services provided by the Bank, the Bank shall (may) keep the following types of account on behalf of the clients:
  - securities account,
  - client account,
  - payment account.
2. For the keeping of the securities account and the client account, the Bank will conclude the Basic Agreement with the clients.

#### ***IV.1.1 Securities account (to record dematerialised securities)***

1. In accordance with the order for securities account keeping—given by the Client when signing the Basic Agreement from time to time in effect—the Bank shall record and administer the securities owned by the Client in a securities account, fulfil any regular instructions given by the Client, and notify the Client of any credit and debit affecting the account as well as the balance of the account. The securities account agreement also covers the keeping of a blocked securities account.
2. The securities account shall not be identified by a number or series of numbers, code word or any other reference which is capable of concealing the identity of the accountholder.
3. Under the Basic Agreement from time to time in effect between the Client and the Bank, the Bank shall keep a securities account on behalf of the Client. Sub-accounts may also be connected to the securities account. The securities account includes the following:
  - the number and name of the securities account,
  - data prescribed in the relevant law for the identification of the accountholder,
  - the ISIN code, name and quantity of the securities, and
  - any reference to the blockage of the securities.
4. Only the accountholder and the person(s) authorised by the accountholder to operate the securities account shall have the right to dispose of the securities account. Such authorisation shall be effective vis-à-vis the Bank only if it has been communicated to the Bank in writing, in the way and with the content specified in the BCIS.
5. Where the securities recorded in the securities account constitute the common property of more than one persons, right of disposal over the securities may be exercised collectively by the owners of the securities or via a common representative elected by the owners who is notified to the Bank in a signature card provided by the Bank.
6. If the owner of the account is undergoing bankruptcy, liquidation or final accounting proceedings, only and exclusively the receiver, liquidator or final accountant shall have the right to dispose of the account. After the bankruptcy, liquidation or final accounting proceedings have been published in a journal used for corporate announcements, the Bank may accept instructions from such persons only. The accountholder shall inform the Bank of the name of the receiver, liquidator or final accountant within 3 days of his assignment (appointment).
7. The Bank shall disclose the specimen signatures of the persons authorised to dispose of the account in the way specified in the BCIS.
8. Any security encumbered with a right held by a third party under a law, or measures taken a court or authority, or an agreement, or in respect of which the accountholder so provides, shall be transferred to a blocked securities sub-account. In the sub-account, the title for the blockage shall be identified—especially if such title is collateral, pledge, deposit in court, possessory suit,

enforcement proceedings—as well as the person in favour of whom the blockage is registered. The Bank shall send the statement of account concerning the sub-account to the accountholder and the person in favour of whom the right of disposal has been registered, as well as to the concerned court, executor or other authority. The same procedure shall be taken when the entry for the same right is deleted. The securities may only be released from the sub-account, or encumbered again if the circumstance that constitutes the reason for the blockage has ended, and the beneficiary has made a statement to this effect. In such case, the Bank shall immediately transfer the securities back to the securities account. If during the lifetime of the blockage the accountholder has the right to alienate the securities, the Bank shall make sure that the securities are credited to the blocked securities sub-account connected to the securities account of the new accountholder with the circumstance constituting the reason for the blockage recorded. If the person in favour of whom the securities have been blocked certifies that he has acquired ownership of the securities, the Bank shall immediately make sure that the securities are transferred to the securities account identified by the new owner.

9. Any credit or debit to the securities account that also affects the central securities account may only be executed—as of the date of debiting or crediting of the central securities account—after the notice concerning the credit or debit of the central securities account or the data change has been received. After receipt of the notice from the central depository, the Bank shall immediately execute the debiting or crediting of the securities account, or the data change concerning dematerialised securities.

Upon the Customer's request, the Bank shall open a named sub-account (the "Sub-Account") for the Customer at KELER, and transfer the domestic securities owned by the Customer to such account. The Sub-Account shall be opened as a sub-account of the Bank's securities account kept at KELER, and shall serve only and exclusively to keep record of the domestic dematerialised securities owned by the given Customer. The Sub-Account shall ensure that the Customer's securities are kept record of at KELER—instead of the omnibus account kept for the Bank—in a sub-account kept in the Customer's name, separately from the assets of the Bank's other customers. In the case of a legal dispute or liquidation proceedings, the owner of the securities and the quantity of the securities owned by them may be identified more easily this way.

10. In case there is a credit or debit between securities accounts kept at the Bank, the Bank shall execute the credit and the debit of the securities accounts with value on the same day. Upon the Client's request, above a value of HUF 10 million the Bank shall provide an opportunity for the Client to deliver or receive securities connected to the securities account in a room separated from the customer area.
11. On the operations executed in the securities account, the account-keeping institution shall prepare statements of account, sending these to the accountholder on a calendar quarter basis, in arrears, in the manner specified in the BCIS. Upon the accountholder's request, the Bank shall immediately provide information on the transactions carried out in the securities account, and the balance of the same. A statement of account certifies the ownership of the securities for third parties as of the date of issue of the statement. Statements of account shall not be transferred or assigned to third parties.
12. The Client may terminate the securities account agreement any time without giving prior notice; such termination, however, shall only be effective if the Client simultaneously identifies another account-keeping institution, unless there is zero balance in the account. Zero balance in the securities account will not terminate the securities account agreement in itself.
13. The Bank may terminate the securities account agreement at a notice of 30 days. When communicating the termination notice, the Bank will simultaneously request the Client to identify a new account-keeping institution by the date of effect of the termination notice at the latest. If no new account-keeping institution is identified, the provisions of Section III.14 above shall be governing as applicable. The termination notice must be communicated in writing.

14. If there is a Basic Agreement between the parties, the termination of the securities account shall also qualify as a termination of the Basic Agreement for Investment Services, as well as of all agreements which have been concluded between the parties for investment services and ancillary services under the Basic Agreement for Investment Services.
15. Upon the termination of the securities account, the Bank shall transfer the Client's portfolio on the date assigned by the accountholder or—if no date is assigned—on the date of termination at the latest to the securities account specified by the accountholder (relocation of account). If the securities account is terminated due to a change in the range of activities pursued by the Bank, the portfolio recorded in the securities account shall be transferred on the date identified by the Supervision.

#### ***IV.1.2 Client account***

1. In order to administer the cash flows of the Client connected to investment services and ancillary services, the Bank keeps a client account.

When giving an order, the Client may as well instruct the Bank that in connection with the given order financial settlement should be administered in his payment account. Based on such Client instruction, in the case of a buy order for a financial instrument the Bank shall debit the coverage for the fulfilment of the order, as well as the amount of the specific counter-value and costs to the Client's payment account, and in the case of a sell order concerning a financial instrument the net selling price shall be credited to the Client's payment account, and the same shall be debited with the amount of the specific counter-value and costs. If for any reason the Client's payment account ceases to exist in the meantime, then after the termination of the payment account—without any further declarations from the Client—the cash flows of the Client connected to investment services and ancillary services shall be administered in the client account.

2. In the client account, the Bank registers the incomes due to the Client, and fulfils payments borne by the Client from the same account. Zero balance in the client account will not terminate the account agreement. Only and exclusively the cash flows which are connected to transactions effected in the scope of the Bank's investment services and ancillary services may be administered in the client account.

If the Client does not use the client account properly, i.e. he uses the client account not for the administration of his cash flows connected to transactions in the scope of the Bank's investment services and ancillary services, then such conduct by the Client shall qualify as a breach of the provisions of the BCIS and the Basic Agreement, and in such case the Bank shall have the right to refuse fulfilling such orders of the Client.

If the Client has a payment account at the Bank, then regarding any amounts credited to the client account as a result of such improper use only and exclusively transfer orders directed at the Client's payment account kept at the Bank may be fulfilled.

3. The client account will be opened after the Basic Agreement has been executed. Among others, the Basic Agreement includes the following:
  - the name and number of the client account,
  - data prescribed in the relevant law for the identification of the accountholder.
4. Only the accountholder and the person(s) authorised by the accountholder to operate the client account shall have the right to dispose of the client account. Such authorisation shall be effective vis-à-vis the Bank only if it has been communicated to the Bank in writing, in the way and with the content specified in the BCIS.
5. Only plain credit transfer and cash withdrawal may be used as payment methods in respect of the client account. From the client account, any amount originating from the use of investment

services and ancillary services or from the yield or alienation of financial instruments may be transferred to a payment account or another client account.

6. Credit transfer orders may be given in any amount irrespective of limits. Under an agreement with the Bank, the Client may as well give transfer orders with a value date. In such case the client account shall be debited on such day.
7. Cash payments connected to the client account may be effected via cash deposits or cash withdrawals at the Bank's cash counter, in which latter case a cash withdrawal form is to be completed. The Bank may bind cash withdrawals from the client account in excess of a certain predefined amount to prior notice, which is to be provided for in the client account agreement. Upon the Client's request, the Bank shall provide a room separate from the customer area for the purposes of the delivery and receipt of cash in excess of HUF 10 million connected to the client account.
8. The Bank shall notify the accountholder of any debit and credit affecting the client account via statements of account. Statements of account shall include all data necessary to identify the operations executed in the account. The Bank shall notify the Client of any credit and debit in the client account as well as the balance of the same on a calendar quarter basis; however, an individual agreement between the Bank and the Client may provide for a different frequency for the sending of account statements. On the financial instruments and cash owned by the Client or due to him, the Bank shall prepare reports at least on an annual basis, and make the same available to the Client in writing or on another durable medium as specified in the agreement (report on financial instruments and cash). The Bank shall fulfil its reporting obligation concerning the financial instruments and cash administered in the scope of its portfolio management activities in the scope of its regular reporting obligation, in combination with the same.
9. If the available balance in the client account is insufficient to cover the performance of all orders which are becoming due, the Bank shall fulfil the orders in the order of receipt, unless the Client provides otherwise.
10. In case there is a Basic Agreement in effect between the parties, termination of the client account shall also qualify as a termination of the Basic Agreement as well as of all agreements which have been concluded between the parties for investment services and ancillary services under the Basic Agreement, unless the Client administers the cash flows connected to his investment activities in a payment account kept at the Bank.
11. Upon the termination of the client account, if the Client fails to identify a payment account kept in his name at a credit institution, the Bank shall pay the monies available in the account to the Client in cash or via mail—depending on the instructions of the Client—on the business day following the date of termination at the latest. If the address or registered office of the Client is unknown, the Bank shall perform its obligation of releasing the cash due to the Client via court deposit.

#### ***IV.1.3 Payment account***

Based on the instruction of the Client, the Bank shall administer the cash flows related to the investment activities of the Client in a payment account kept by the Bank in HUF or in a foreign currency. For the keeping of the payment account, the provisions of the GBC and other internal regulations concerning payment accounts shall be governing.

#### ***IV.1.4 Securities (custody) account (to record securities issued in the form of documents)***

1. Any securities issued in the form of documents that the Bank has received from the Client in connection with the investment services executed for the Client shall be kept in a securities account.

2. The securities account is a technical account which is created automatically upon the conclusion of the securities account agreement, and is ended automatically upon the cessation of the same agreement.
3. On the securities produced in the form of documents that are taken by the Bank in custody, the Bank shall prepare certificates and send them to the Client at the frequency specified in Section IV.2.1. Such a certificate shall not be understood as a proof of ownership in respect of the securities named in the certificate.
4. If there is a Basic Agreement or other contract falling within the scope of the BCIS in effect, a termination notice delivered in respect of the securities account shall qualify as a termination notice for the Basic Agreement or other contract falling within the scope of the BCIS as well.
5. If the Client fails to collect the securities kept in custody upon the cessation of the agreement at the latest, or to take measures to have them transferred, the provisions of Section III.14 above shall be governing as applicable.

## ***IV.2 Account keeping related services***

### ***IV.2.1 Securities safekeeping***

1. In connection with the provision of investment services by the Bank, the Bank undertakes to keep in its depository (the “Depository”) the securities issued in the form of documents that are deposited by the Client for a specified or unspecified period of time. The Bank shall have the right to decide in its sole discretion against accepting the securities as a safe deposit, without providing its reasons. Depending on available storage capacities, the Bank shall have the right to commission a third party for the safekeeping of the securities received for safekeeping. Unless the Client provides otherwise, the Bank may have the securities acceptable for KELER which are received by the Bank transported to KELER’s depository for safekeeping purposes.
2. The Bank shall take over the securities as an individual or collective custody. In the case of individual custody, the securities constituting the subject of the custody shall be specified individually, by serial numbers, and upon the termination of the custody the Bank shall return the same securities to the Client as it has received. In the case of collective custody, the securities constituting the subject of the custody shall be identified by series and quantity (number of pieces per basic denomination), and upon the termination of the custody the custodian shall return to the Client the same quantity and series of securities as have been deposited. Unendorsed registered securities, or registered securities furnished with an endorsement including the name of the beneficiary (full endorsement) may only be managed in the scope of individual custody. Unless the Client expressly provides otherwise, the Bank shall have the right to take securities payable to bearer, as well as registered securities furnished with an endorsement not including the name of the beneficiary (blank endorsement) in collective custody. The preconditions for the Client exercising his right of disposal over the securities held in custody shall be otherwise specified in the custody agreement. In the case of collative custody, the Bank may without the Client’s consent submit the securities taken in custody to sub-custody at a clearing house providing custody services. Of securities kept in collective custody, the custodian shall keep a separate securities custody account for each depositor, which account includes the data suitable to identify the depositing account holder as well as the name and quantity of the securities series of which the Client may dispose. Securities kept in collective custody may be transferred after crediting to the custody account, or encumbered with the blockage of the custody account.
3. In the case of any safe deposit that does not qualify as sealed custody, the Depository shall accept any physically manufactured securities delivered by Client after a thorough check-up. Such thorough check-up shall be executed by the Depository. The Depository shall examine physically manufactured securities one by one to ascertain:
  - a) whether they are formally complete and not damaged,

- b) in case dividend, interest or other coupons are attached to the physically manufactured securities, whether the delivered securities include all unexpired and due coupons,
  - c) in the case of publicly traded, physically manufactured securities or government securities, whether they have valid serial numbers according to the central securities registry,
  - d) in the case of physically manufactured securities issued to selected investors, whether the securities are not banned by a notary public.
4. In addition to this, the Depository shall also reconcile the received securities according to serial numbers with the schedule completed by the Client. When receiving securities issued abroad, the Depository shall only and exclusively do a formal checking besides reconciliation with the schedule submitted by the Client. The item-by-item checking of the securities shall be executed by the Depository and an additional person, on which process minutes shall be drawn. Admission to the Depository (i.e. acceptance of the securities) is only possible if the securities fully satisfy the above requirements.
  5. Admission shall take place with the signature of the delivery/receipt protocol and crediting to the securities custody account.
  6. Under a special agreement, the Bank shall also receive for safekeeping purposes physically manufactured securities delivered by the Client in sealed bags, as a sealed custody. The Bank will not open sealed custody bags, or examine the securities therein contained, or credit the same to a custody account. The Bank shall not bear liability for the content of a sealed custody bag, only for the intactness of the seal, and for returning the bag in the same form as it has been delivered to the Bank.
  7. The Client may with a written instruction withdraw the securities kept at the Bank in custody—or a part thereof—any time during the life of the safekeeping; such an instruction in itself, however, will not be understood as the termination of the safe deposit order. The rules concerning the deposition of the securities shall also be governing for their returning by the Bank as applicable.
  8. If the Client wishes to withdraw the securities from the custody, he should give the Bank a written notice of at least 2 business days. The Client takes note that if the quantity of the securities to be withdrawn is 1,000 pieces or more, the deadline for the delivery of the requested securities in the sufficient quantity may be prolonged. In the securities withdrawal certificate, the Depository shall identify the name, type, face value, basic denomination, quantity, series and serial number of the securities. Only and exclusively the Client or a person properly authorised by him may take delivery of the securities from the Bank's Depository, after signing the delivery/receipt protocol.
  9. The Bank keeps a stock registry on the securities stored in the Depository. The stock registry includes the quantity stored in the Depository by securities, per denomination, with series names and serial numbers.
  10. Unless the law provides otherwise, the Bank as a custodian has a right of pledge on the securities delivered for safekeeping purposes, up to the amount of the custody fee, commission and costs. The Bank shall have the right to seek direct satisfaction from the deposited securities as collateral.
  11. The agreement for the safekeeping of securities is created with the conclusion of the custody agreement and the delivery of the securities to the Bank. The securities safekeeping agreement will end under a termination notice delivered by either party, after the lapse of the termination period.
  12. In case there is a Basic Agreement in effect between the parties, termination of the securities custody account shall also qualify as a termination of the Basic Agreement as well as of all agreements which have been concluded between the parties for investment services and ancillary services under the Basic Agreement.

#### ***IV.2.2 Securities custodianship***

1. In the scope of the custodianship of securities, the Bank shall—under the relevant individual agreement with the Client, as well as in the scope of securities account keeping—execute the collection of any interest, dividend, yield and repayment which are due on the securities held at the Bank in custody or deposited in a securities account. The Bank’s tasks and obligations undertaken in the scope of custodianship are set forth in the individual agreement between the parties.
2. The agreement is created with the conclusion of the custodianship agreement or the securities account keeping agreement and the delivery of the securities to the Bank.
3. In the scope of the custodianship service, the costs incurred with the collection of any due interest, dividend, yield and repayment will be borne by the Client, as well as any costs, commissions and fees charged by third party service providers (where the services of such third parties are needed to enforce the said interests, dividend, yield or repayment). The Bank shall provide prior information to the Client on such costs in writing.
4. The Bank’s activities arising from its obligations as a paying agent and connected to tax withholding, tax payment or tax registration shall be subject to the laws from time to time in effect. The Bank’s obligation as a paying agent is described in Section III.20 of the BCIS.
5. The Bank pursues the custodianship of collective investments—in accordance with the approval and official standing of the Supervision—as a financial service.

#### ***IV.2.3 Proxy activities***

1. The Bank shall on the basis of a special mandate for proxy activities exercise shareholder rights in its own name in favour of the Client vis-à-vis the issuer. The Client is aware that the Bank may exercise shareholder rights vis-à-vis the company only after the Bank has been entered in the share register as a proxy.
2. The Bank shall exercise shareholder rights—to the extent specified by the Client—only and exclusively on the basis of registered shares recorded in securities accounts kept by the Bank or physically deposited at the Bank (or under secondary securities issued in respect of these).
3. In the scope of its activities as a proxy, the Bank may not use the services of third parties, and shall proceed with the due diligence expectable from a proxy when exercising shareholder rights, as well as make it known expressly that it acts as a proxy.
4. Before the shareholders’ meeting, the Bank shall in due course obtain the Client’s written instructions.
5. The Bank shall inform the Client of the announcements of the issuing joint-stock company—published in accordance with statutory requirements—the resolution of the shareholders’ meeting, its content, any measures the Bank has taken in the scope of its exercising shareholder rights, and the consequences of such measures.
6. The Bank shall inform the Client of any circumstance it has become aware of in connection with the issuing joint-stock company that may influence the exercising of shareholder rights, as well as of the content of any document it has received. The Bank shall issue any available document to the Client any time upon the Client’s request, but upon the termination of the agreement at the latest.
7. The agreement concluded for exercising shareholder rights shall terminate with the transfer of the shares, or under a termination notice, after the lapse of the termination period.

8. Upon the cessation of the agreement, the Bank shall immediately take measures to have itself deleted from the share register as a proxy, and have its power of attorney deposited at the company withdrawn.

### ***IV.3 Brokerage***

In the case of brokerage, the Bank shall conclude sale and purchase or swap agreements for investment instruments on the basis of the order received from the Client, in its own name, but on the Client's behalf (account), at the terms and conditions specified in the order. In the case of a buy order, the Bank shall credit the securities constituting the subject of the transaction in the Client's securities account simultaneously with settlement.

#### ***IV.3.1 General rules***

##### **IV.3.1.1 Conclusion of the agreement**

1. Brokerage agreements are concluded by means of the model agreements used on a regular basis in the Bank's business activity. The Bank shall treat all incoming orders, brokerage agreements and any other information received from the Client confidentially, in accordance with the provisions of the BCIS and applicable laws.
2. The Bank shall record the brokerage agreement in writing, or electronically, if there is a written agreement authorising the Client to give orders electronically.
3. The brokerage agreement shall contain at least the following:
  - name, address/registered office and other identification data of the Client (with the details specified in the identification form used by the Bank on a regular basis);
  - data of the Client's representative;
  - in the case of a legal entity, the Client's bank account number;
  - the term of validity of the order;
  - the transaction type;
  - the name, denomination and quantity of the securities to be sold or bought;
  - the availability of coverage, or the deadline and method by which it is to be provided;
  - other rules for financial performance;
  - the fee due to the Bank, costs (if any), and the deadline and method of their payment;
  - any additional information required under the BCIS for the relevant transaction type.
4. It is a precondition for the acceptance of orders for futures and options that the Client enter into a special framework agreement with the Bank, and that the Client provide—in order to secure the contractual performance of the obligations borne by the Client under the framework agreement and the ad hoc orders given by the Client on the basis of the framework agreement—the margin or collateral specified by the Bank, unless the Bank exempts the Client from the margin requirement.
5. If the Client has given the order on fax, on the phone, via Internet or in any other electronic way, and the Bank sends him a written confirmation, and the Client fails to confirm the order in writing by signing such confirmation and returning it to the Bank within one working day, the Bank shall have the right to withdraw from the agreement immediately, without any special notice. The Bank will not be held liable for any resulting loss. The Bank shall tape-record orders given on the phone, and in the case of a dispute, or if the order has already been fulfilled, the tape-recording will be regarded as governing.
6. Unless the parties have agreed otherwise, the Client may give orders on the phone after uttering the identification password/code/personal data specified by the Client in the agreement for investment services or another agreement. The Client may not enforce damages claims on the Bank if he sustains a loss as a consequence of some misunderstanding, error or unauthorised access occurring in the course of the telephone connection and falling outside the Bank's competence. The

identification password may be changed in-person, or in writing. If the password/code/personal data is changed in-person, the change shall enter in force immediately. If the change is effected in writing, the new password/code/personal data shall enter in force within 2 working days from receipt, with simultaneous notice to the Client.

7. The Client may give orders via the Internet after entering the identification password and the user code specified by the Client. The Client may use the Bank's Internet services only after concluding the relevant supplementary agreement.
8. All damages and losses arising from false orders given on the phone, on fax or in the Internet (including orders concerning the modification of valid agreements), as well as from technical problems occurring in the course of the transmission shall be borne by the Client.
9. The venue and time for the reception of orders shall be determined by the Bank. In the case of orders for securities and stock exchange products admitted to the Budapest Stock Exchange (the "stock exchange orders"), the cut-off time for orders valid on the given day shall be 30 minutes before the closing of official trading hours. The Bank shall have the right to consider any order incoming after such cut-off time only in respect of the next trading day.

#### IV.3.1.2 Modification of agreements

If the Client wishes to modify or terminate an earlier agreement, he must communicate this in the same method as specified in the sections above. A brokerage agreement may only be modified if the Bank has not fulfilled the order yet. If partial performance has been effected, the modification may concern the quantity which has not been fulfilled yet. A sell order given with manual stock matching may not be subsequently changed by the Client.

#### IV.3.1.3 Order execution

1. The Bank shall execute client orders which are otherwise comparable promptly—with the following exception—and in the same order in which the orders were entered, and shall immediately inform retail clients if it becomes aware of any circumstance which obstructs order execution. Executed orders shall be promptly and accurately entered and allocated. The order given by the Client need not be promptly executed if the order given by the Client is a limit order, and it cannot be executed at the prevailing market terms, or executing the order would be against the Client's interests. In such case the Bank shall promptly disclose this limit order, unless the Client has explicitly ordered otherwise, or if the order given by the Client qualifies as an order large in size in the meaning of Art. 20 of Commission Regulation (EC) No 1287/2006 at the relevant execution venue.
2. If the Bank fulfils the order at a price which is better than the price set out in the agreement, the resulting advantage shall be due only and exclusively to the Client. In the individual agreement between them, the parties may expressly depart from this.
3. Immediately after the execution of an order on the Client's behalf, the Bank shall immediately inform the Client in writing or on another durable medium—as specified in the agreement—on the details concerning the execution of the order.
4. In the case of a retail client, the Bank shall also provide additional information to the Client on the execution of the order in writing or on another durable medium—as specified in the agreement—immediately, but not later than on the trading day following the date of execution of the order, or if the order has been executed with the co-operation of a third party, on the business day following the receipt of the confirmation of such third party, unless the retail client immediately receives the same information from the third party as well. Such disclosure shall comprise the following details:
  - a) the Bank's name or other identifier,
  - b) the Client's name or other identifier,

- c)* trading day,
  - d)* date/time of order execution,
  - e)* order type,
  - f)* name or identifier of trading venue,
  - g)* name and identifier of the financial instrument,
  - h)* direction of the trade (buy or sell),
  - i)* nature of the order, if it is neither sale nor purchase,
  - j)* quantity of the financial instrument,
  - k)* price of the financial instrument per trading unit (the trading unit should also be identified); unless the Client provides otherwise, in the case of an order concerning a package of financial instruments the price should be identified in respect of the package or the average of different packages,
  - l)* total costs,
  - m)* total amount of the Bank's commission, fee and other costs charged on the Client, broken down by the different titles if a retail client expressly requests so,
  - n)* obligations of the Client in connection with the performance of the transaction, including the deadline for financial performance or physical delivery, and account numbers and other information necessary for performance, and
  - o)* if in the course of the transaction the counterparty of the Client was the Bank itself, or an entity belonging to the same group of companies as the Bank, or another client of the Bank, this fact should also be mentioned, unless the order was executed through a trading system where trading rules do not make it possible.
5. The obligation of providing information on order execution is not governing if the order performed on behalf of the Client is connected with a bond financing a mortgage loan agreement with the Client and the Bank makes the report concerning the transaction simultaneously with the communication of the terms and conditions of the mortgage loan agreement, but not later than within one month following order execution.
  6. Contrary to the aforesaid, where the subject of the order of a retail client is the investment certificates or shares of a collective investment undertaking which are traded periodically, the Bank shall provide information on the transaction constituting the subject of the order—in writing or on another durable medium, as specified in the agreement—on a semi-annual basis. The Client may also request to receive the information immediately, but not later than on the trading day following the date of execution of the order, or if the order has been executed with the co-operation of a third party, on the business day following the receipt of the confirmation of such third party, unless the retail client immediately receives the same information from the third party as well.
  7. In addition to the mandatory disclosure described above, upon the request of the Client the Bank shall inform the Client on the current state of his orders.

#### IV.3.1.4 Cessation

1. With performance, the brokerage order shall cease. Apart from this, any legal relationship which concerns a specific period and has not been fulfilled yet shall terminate with the lapse of the deadline specified in the agreement, whereas those concerning an unspecified period shall terminate with ordinary termination communicated in writing, at a notice of 15 days; orders concerning underlying products shall terminate with performance upon expiry, position closing before expiry, or position transfer before expiry. Orders concerning shares traded on the stock exchange shall terminate upon withdrawal, but not later than on the 30<sup>th</sup> (thirtieth) day following the submission of the order.
2. In the event of the Client's gross breach of the agreement, the Bank shall have the right to terminate the order with immediate effect. Especially providing misleading data, the failure of financial or securities performance, and late performance shall qualify as a gross breach.

3. The Bank shall have the right to withdraw from the agreement with the Client or terminate the same if its operating licence or certain of its activities are suspended in whole or in part, or restricted, or its licence is withdrawn in whole or in part. Furthermore, if the trading of the financial instrument constituting the subject of the order is suspended at the stock exchange for the entire period of the order, the Bank shall have the right to withdraw from the agreement. Upon termination, the agreement shall terminate with regard to the future. In the event of termination by the Bank for the aforementioned reason, the Bank will be entitled to fees on fulfilled obligations only. In the case of withdrawal, the agreement between the parties will be terminated with a retrospective effect as of the date of its conclusion. After the announcement of withdrawal, the parties shall settle accounts between them, taking into account already fulfilled services.
4. Upon the termination of the agreement, the Client shall receive the securities constituting his property from the Bank, as well as fulfil any and all payment obligations borne by him.

#### ***IV.3.2 Fees and commissions***

1. The brokerage fee is the amount due to the Bank on the fulfilment of the order. The Bank will be entitled to the brokerage fee only if it has fulfilled its obligation specified in the brokerage agreement.
2. The brokerage fee shall be calculated in accordance with the provisions of the List of Terms & Conditions from time to time in effect which is governing for the relevant transaction.
3. For the fulfilment of the brokerage agreements concluded by it, the Bank may as well stipulate a minimum brokerage fee, the amount of which is included in the Fee Schedule from time to time in effect.

#### ***IV.3.3 Coverage and margin requirements***

1. The Client should have sufficient coverage to the orders, and in the case of orders for futures and options he should also provide a margin as collateral.
2. The Bank shall accept as the subject of a sell order for securities—and block as collateral for performance—the adequate quantity of the relevant securities available in the Client's securities account or securities custody account. After the fulfilment of the sell order, the Bank shall debit the sold securities from the Client's securities account or securities custody account, and deliver them to the counterparty. The net selling price (selling price minus brokerage fee) shall be credited to the Client's client account or payment account without any special notice to the Client.
3. As coverage for a securities buy order, the Client shall deposit the amount of cash specified by the Bank in his client or payment account kept at the Bank. After the fulfilment of the Client's buy order, the Bank shall settle the gross purchase price (purchase price plus brokerage fee) against the amount of cash deposited by the Client, and transfer the purchase price to the counterparty. The purchased securities shall be automatically credited to the Client's securities account or securities custody account.
4. In the case of other orders, the Client shall deposit the amount of cash specified by the Bank, or securities of the type and quantity specified by the Bank, as collateral in his client or payment account, or securities account. Unless the parties agree otherwise, an order will become effective only if in the case of a buy order there is sufficient cash collateral, and in the case of a sell order there are sufficient securities in the securities account. After the fulfilment of an option buy order, the Bank shall settle the payable gross premium (premium + brokerage fee) against the balance of the Client's payment or client account. After the fulfilment of an option sell order, the Bank shall credit the counter-value of the option to the Client's payment or client account.

#### ***IV.4 Dealing on own account***

1. In the scope of its trading activity, the Bank effects sale and purchase and swap transactions concerning investment instruments in its own name, on own account.
2. The sale or purchase agreement should include at least the following:
  - the names of the parties, and in the case of a legal person his bank account number,
  - the name, denomination and quantity of the sold or bought financial instruments,
  - the selling or purchase price of the sold or bought financial instruments, and
  - the method of settlement.
3. As regards the conclusion of the agreement, events of default, the discontinuation of the agreement, and disclosure on order execution, the provisions concerning brokerage agreements will be governing as applicable.

#### ***IV.5 Portfolio management***

1. On the basis of an order of general effect received in the individual agreement with the Client, the Bank shall invest and manage an investment portfolio consisting of securities and other financial instruments at specific terms and conditions, for the benefit of the Client. All risks and losses arising from the acquired financial instruments shall be borne directly by the Client, who shall also directly benefit from the yield (gain) of the same. If in the course of its portfolio management activity the Bank acquires a financial instrument for the Client in respect of which there is some statutory reporting or disclosure requirement, such reporting or disclosure shall be performed by the Bank. The Bank shall provide portfolio management services only and exclusively under a suitability test completed by the Client with appropriate results.
2. The Bank may assume a principal or yield guarantee only and exclusively if there is an explicit individual agreement to this effect. A yield guarantee shall also include a guarantee for the preservation of the principal amount. Such a promise must be secured by a bank guarantee assumed by the Bank.
3. In the scope of its portfolio management activity, the Bank shall have the right to acquire the following assets for the portfolio managed on behalf of the Client only under an express instruction of the Client to this effect:
  - a) financial instruments issued by the Bank itself,
  - b) financial instruments issued by a connected enterprise of the Bank, excluding securities admitted to a regulated market and traded in a multilateral trading facility, and
  - c) interests resulting in an obligation to make a public purchase offer under the Capital Market Act.
4. The Bank shall prepare reports regularly, but at least on a semi-annual basis, and make such reports available to the Client in writing or on another durable medium, as specified in the agreement (obligation of regular reporting).
5. The Bank shall inform the Client on the transactions executed by the Bank in the course of its portfolio management activity in the scope of the above regular reporting obligation. The Client may also request to receive information on each executed transaction not later than on the first trading day following the date of execution of the transaction, or if the transaction has been executed with the co-operation of a third party, on the business day following the receipt of the confirmation of such third party (ad hoc disclosure). Ad hoc disclosure need not be provided if the retail client immediately receives the same information from the third party as well. As regards the content of such ad hoc disclosure, the information provided by the Bank on the execution of brokerage orders shall be governing.

6. Where the Client has chosen ad hoc disclosure, the Bank shall provide the reports to be provided in the scope of its regular reporting obligation connected to its portfolio management activity at the frequency set out below:
  - a) if in the scope of its portfolio management activity the Bank has concluded an agreement with the Client which makes it possible to create a leveraged portfolio, at least on a monthly basis,
  - b) otherwise quarterly upon the express request of the Client,
  - c) in the absence of an express request by the Client at least semi-annually, if the portfolio management concerns securities giving the right to acquire or sell transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures, and from the financial instruments identified in Section I.1 it concerns the instruments specified in points *d)–k)*, and
  - d) in any other cases in the absence of an express request by the Client at least annually.
  
7. Notwithstanding the aforesaid, where in the scope of its portfolio management activity the Bank maintains in the account held on behalf of the Client an open position which entails some conditional commitment, or has undertaken to execute a transaction resulting in such a position, the Bank shall—irrespective of the instructions of the Client regarding the frequency of reporting—inform the Client not later than on the trading day following the day of execution of the loss-making transaction if the loss realised by the Client exceeds the threshold specified in the agreement between the Bank and the Client.
  
8. The report provided by the Bank to retail clients shall include the following information:
  - a) the Bank's name,
  - b) name or other identifier of the Client,
  - c) composition and evaluation of the portfolio outstanding in the period under review, including the market value of all financial instruments managed by the Bank and the opening and closing balances of monies, as well as the yield of the portfolio over the period under review,
  - d) sum total of the fees, commissions and other costs charged by the Bank on the Client in the period under review, broken down at least by items connected to management and those concerning order execution, or in a more detailed breakdown upon the express request of the Client,
  - e) comparison of the yield concerning the period under review with the reference value specified in the agreement between the Bank and the Client,
  - f) amount of any dividend, interest or other payments qualifying as interest or yield which are realised on the financial instruments included in the portfolio of the Client over the period under review, broken down by titles,
  - g) corporate actions in the period under review which have given rise to some kind of right or entitlement in connection with any financial instrument included in the portfolio of the Client, and
  - h) all pieces of information which are to be provided in the case of ad hoc disclosure in connection with the transactions executed over the period under review, unless the Client is informed on an ad hoc basis.

#### ***IV.6 Issue of financial instruments with or without underwriting***

1. Under an individual agreement, the Bank undertakes to organise the securities issues or distribution of the Client, or the admission of the securities of the Client to trading on the stock exchange, and in the case of a public offering to co-operate in the issue as a distributor, with or without underwriting commitment.
  
2. In the scope of underwriting, the Bank undertakes in the case of a public offering of the securities of the Client [or their issue or sale to selected investors] to subscribe or buy a certain quantity of

the securities as specified in the relevant agreement, in order to prevent the failure of the subscription or sale.

3. In the scope of this activity, the Bank shall
  - make proposals for the structure of the issue;
  - analyse the condition and development of the Hungarian capital market and securities market;
  - present and explain the financial and legal matters related to the issue;
  - give advice in respect of the concrete terms and conditions of the issue in the course of the preparation of the draft documentation of the issue (e.g. the prospectus) and the proceedings before the Supervision, and in respect of the organisation and administration of subscription;
  - carry out the administrative tasks connected to the issue (register subscriptions, execute transfers, take care of paperwork, deliver the certificates and the securities to the subscribers);
  - execute the allocation in accordance with the announced principles.
4. The issuer of the security and the Bank shall be jointly and severally liable for any loss caused by any misinformation or the concealment of information in the prospectus prepared for a public offering or admission to the stock exchange carried out with the Bank's participation.

#### ***IV.7 Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings***

1. Under an individual agreement with the Client, the Bank may undertake to provide advice to undertakings on capital structure, industrial strategy and restructuring, as well as to organise the buy-up of public joint-stock companies, in the scope of which the Bank shall carry out the tasks prescribed in the Capital Market Act for intermediary investment firms.

#### ***IV.8 Investment advice, investment research and financial analysis***

1. Under a written Framework Agreement for the provision of investment consultancy, or in the scope of an agreement concerning the rendering of other investment services, or on the basis of a case-by-case agreement with the Client, the Bank shall provide personalised recommendations to the Client for transactions concerning financial instruments, i.e. prepare investment proposals taking into account the investment guidelines, yield expectation, risk tolerance and investment limits (if any) specified by the Client. Investment consultancy shall be provided under the above agreement on an ad hoc basis, upon the Client's request or the Bank's direct initiative, under the Client's case-by-case order, with the proviso that the relevant contract for investment consultancy shall be created upon the Bank's acceptance of the Customer's order. The ad hoc order concerning the investment consultancy and the investment consultancy itself may be given in-person, on the phone, in the form of e-mail messages or in the form of a written confirmation sent to the Client on the mandate for the provision of the investment service to be set out in writing.

Unless the Parties agree otherwise, the Client may terminate the agreement for investment consultancy with immediate effect, whereas the Bank may terminate the same at a notice of 3 (three) days. If investment consultancy is provided in the scope of an agreement for some other investment service, the provisions of such other agreement will be governing for the termination.

2. If the Client notifies the Bank of his wish to use investment advice, then such mandate shall be forwarded to the Bank so that the Bank shall have sufficient time to provide the advice. The Client shall make all data and information necessary for the fulfilment of the order concerning the investment advice available to the Bank in due course. The Client shall be responsible for the completeness and correctness of the information provided by the Client or his employees to the Bank.

3. The Bank shall provide the investment consultancy service exclusively in possession of a suitability test completed by the Client and having a satisfactory result, and shall only recommend such financial instruments or transactions as are suitable for the Client based on the result of the suitability test.
4. All analyses, evaluations, investment recommendations and other materials prepared by the Bank and disclosed to the Client in the scope of the investment consultancy are to be treated as the Bank's business secrets; the Bank reserves its right of disposal over such materials, and they shall not be disclosed to third parties without the Bank's consent.
5. The Bank shall provide the investment advice in its own name, based on the Client's order. Taking decision on investments shall be the right and responsibility of the Client solely, and the concrete business decision based on the investment advice provided by the Bank shall be taken by the Client in each case.
6. The disclosure of facts, data, circumstances, studies, reports, analyses and advertisements intended for the public, as well as pre-trade and post-trade disclosures as per Section II.5 to be provided to the Client on a mandatory basis by the Bank in connection with the provision of investment services or ancillary services, including especially pre-trade information provided on different investment transactions, shall not qualify as investment consultancy.
7. In the scope of investment research, the Bank prepares non-personalised analyses, provides information or makes recommendations on some financial instrument or its issuer, and publicly discloses the same, or makes them available for anyone.
8. In the scope of financial analysis, the Bank prepares analyses on the financial requirements necessary for the capital market investments of the Client, including the related risks and their management by means of capital market instruments.
9. The Bank shall not be held liable for the effectiveness of the investment advice, the investment and business decisions made on the basis of any investment advice, investment research or financial analysis and the result of such decisions, or the yield or value of the investment, including in particular any losses or loss of earnings which might arise from the selection of investments or from any change in market circumstances. The Bank shall not be liable for the executability at the terms specified by the Client of the order given by the Client on the basis of the investment advice, investment research or financial analysis; or for whether or not the order given and/or the deal concluded by the Client meets his business interests. The Bank shall not be furthermore liable for the executability at the terms specified by the Client of the order given by the Client on the basis of the investment consultancy; or for the effectiveness of the transactions so created; or for whether or not the order initiated or the deal concluded by the Client meets his business interests, provided that the Bank has satisfied its obligation of providing information and obtaining customer-related information as prescribed in the Investment Firms Act. The Bank's liability shall only and exclusively comprise refunding any direct losses caused to the Client by the Bank breaching its obligations relating to its investment consultancy activity intentionally or by gross negligence.

#### ***IV.9 Advice on capital structure***

1. In accordance with the provisions of the individual agreement with the Client, the Bank provides advice to the Client on capital structure and in issues related to industrial strategy, as well as provides services in the case of mergers and acquisitions.
2. In the scope of this activity, the Bank assists its Clients and provides services to undertakings primarily in connection with the buy-up and sale of companies, the raising of Hungarian and foreign capital, and in determining the form and ratio of such fundraising, the structuring and organisation of different forms of financing, the restructuring of enterprises, and the transformation, merger, demerger and secession of companies.

#### ***IV.10 Granting loans to investment in securities***

1. The Bank may grant credits or loans to the Client to allow him to carry out an investment in securities (the “investment loan”) in accordance with the provisions of the individual agreement between the parties.
2. The Bank shall not grant an investment loan
  - for the purposes of buying equities issued by the Bank;
  - for the purposes of buying the shares of a one-man joint-stock company owned by the Bank;
  - to companies in which the Bank has an interest of ten percent or more.
3. The amount of the loan shall not exceed in the case of government securities seventy-five percent of the price of the securities, and in the case of other securities fifty percent of the price of the securities.
4. Securities bought from an investment loan shall serve as collateral in favour of the Bank without the existence of a special pledge agreement to this effect. During the lifetime of the loan, the Bank shall demand the Client to increase the collateral proportionally to any decrease in the market price of the securities involved in the transaction. If the debtor fails to meet his obligation of increasing the collateral within two banking days of the notice, the Bank shall have the right to terminate the agreement with immediate effect.

#### ***IV.11 Deferred payment***

1. In accordance with the provisions of an individual agreement with the Client, the Bank may allow the Client to perform his financial obligations by deferred payment.
2. Deferred payment may only be allowed in respect of such transactions of the Client where the Bank acts as a broker, as well as in the case of securities issues where the Bank acts as an agent for the subscriber of the securities or takes part in the administration of the securities issue. In case deferred payment facility is provided in respect of a subscription, the Bank shall perform the payment obligation borne by the Client in favour of the segregated deposit account when due.
3. The duration of the deferred payment facility may not exceed 15 (fifteen) days from the due date of the Client’s payment obligation.
4. During the term of the deferred payment facility, the entire quantity of the purchased financial instrument shall serve as collateral for the Bank’s benefit. In case the deferred payment facility is provided to purchase any other financial instrument, the Bank shall stipulate collateral securities.

#### ***IV.12 Agency activity***

Under an individual agreement with another investment firm, the Bank shall receive and transmit orders on behalf of such investment firm. In the scope of its agency activity, the Bank shall act on behalf and to the account of the other investment firm.

#### ***IV.13 Securities borrowing and lending***

1. The Bank may lend securities owned by itself or included in the portfolio managed by it, and may as well collaborate as a broker in the borrowing or lending of securities held in custody for the Client or recorded in a securities account kept on behalf of the Client. The existence of a securities lending and borrowing framework agreement or a securities lending and borrowing agreement between the Bank and the owner of the securities is needed for the Bank to lend or borrow securities which are held in custody or recorded in a securities account on behalf of the Client.

2. The securities lending and borrowing framework agreement or securities lending and borrowing agreement should include the following information:
  - the name, ISIN code and series of the securities which may be lent or which have been lent;
  - the quantity of the securities which may be lent or have been lent;
  - in the case of a framework agreement, the period for which the securities may be lent;
  - any restriction on the duration of the securities lending/borrowing, or the actual duration of the securities lending/borrowing;
  - the lending fee, and the Bank's fee;
  - a warning that during the life of the securities borrowing and lending transaction the lender may not exercise the rights embodied in or related to the securities.
3. The securities lending and borrowing framework agreement or securities lending and borrowing agreement may not be a part of any other agreement between the owner of the securities and the Bank. In the case of a securities lending and borrowing framework agreement, the Bank participating in the borrowing/lending shall notify the owner of the securities of the fact of the lending, specifying the quantity and the duration of the transaction. The Bank shall co-operate in the lending and borrowing of the securities held in custody on behalf of its Client as a broker, hence the rules of the Civil Code concerning brokerage agreements shall be governing as applicable to the legal relationship between the Bank and the Client.
4. Only such securities may be involved in securities lending and borrowing transactions in respect of which the right of disposal of the lender is not restricted. Securities that are unmarketable, marketable with qualifications, or encumbered with pre-emption, right of purchase or repurchase, pledge or lien may not be the subject of securities lending or borrowing. Physically manufactured, registered securities may only be involved in lending and borrowing transactions if they are furnished with a blank endorsement. The right of ownership of the lent securities shall be transferred to the borrower.
5. Securities lending and borrowing agreements must be concluded for a specific period. The duration of securities lending and borrowing transactions must not be longer than 1 year. In the case of securities lending/borrowing, the lender and the Bank participating as a broker in the transaction shall stipulate some collateral.
6. The measure of the collateral shall not be less than the measure specified in or determined in accordance with the securities lending and borrowing framework agreement or securities lending and borrowing agreement from time to time in effect. The amount of the collateral shall be identical with the total amount of the receivables arising from the securities lending and borrowing agreement plus any related charges, i.e. it shall also comprise penalty, costs of the claim and collateral enforcement, and any necessary costs which might be spent on the subject of the collateral. If the market value of the collateral falls below the market value of the lent securities as specified above, the collateral must be increased, and continuously adjusted to the market value of the lent securities. If the borrower fails to fulfil his obligation of increasing the collateral as set forth in the agreement, the lender—simultaneously with extraordinary termination—may seek direct satisfaction from the collateral.
7. If upon the maturity of the securities lending and borrowing agreement the borrower is unable to return the securities, and indemnification is to be paid, the higher of the price of the securities prevailing on the date of lending/borrowing and the price prevailing on the date of maturity shall be taken into account as the smallest amount of the damages payable to the lender.
8. If the Bank oversteps the limits specified by the Client in the securities lending and borrowing agreement, it shall bear an unlimited liability for any loss caused by such overstepping.
9. In any other issue related to securities lending and borrowing transactions, the relevant rules of the Capital Market Act, and the rules of the Civil Code concerning cash loans shall apply.

