

Member's Profile

Organization Name:	KELER Ltd. (hereinafter referred to as: KELER)	
Country/ Region:	Hungary	
Name of CEO:	György Dudás	
Capital (US\$):	Total Shareholders' Equity: USD 121 million Share capital: USD 21 million	
Number of Officers and Employees:	133	
Ownership and Governance (Main Shareholders)	Shareholders	As % of the capital
	Central Bank of Hungary (CBH)	53,33%
	Budapest Stock Exchange (BSE)	46,67%
	<p>KELER is governed by the Board of Directors. The Board of Directors must consist of 3 to 7 members including two employees. Currently the board is made up of 7 members, which includes an independent chairman and the chief executive officer and the chief operations officer of the company. There is also an independent supervisory board with 3-5 members.</p>	
Brief History	<p>KELER Group, as a well-recognized player of both the Hungarian and international settlement markets with its 20 years of experience in clearing and settlement, first in the region - and as a unique example so far - has well adapted the clearing and settlement solutions of the developed markets, which - coupled with a highly experienced personnel - ensures that our Clients can benefit from the safe settlement of their transactions free from counter-party risk.</p> <p>The KELER Group consists of two entities, KELER for the depository and banking, and KELER CCP for the</p>	

	<p>clearing and guarantee undertaking functions.</p> <p>The current product and market offering proves the best that as business opportunities arose and the market developed, the KELER Group has emerged to be an innovative service provider, which plays a leading role in the Central-Eastern European region. The service offering now spreads to not only the capital markets, but also to the energy markets.</p>
<p>Types and number of Participants</p>	<p>Bank: 56</p> <p>Broker: 20</p> <p>Foreign Institution: 16</p> <p>Other entities: 76</p> <p>Total: 168</p>
<p>Regulatory Environment</p>	<p>The Central Bank of Hungary oversees KELER in its three roles:</p> <ol style="list-style-type: none"> 1) Financial supervisory authority 2) Overseer of settlement systems in Hungary 3) Majority owner of KELER <p>Laws Determining the Activity and Operation of KELER: KELER is a central securities depository operating on the basis of Act CXX of 2001 on the Capital Market (the “Capital Market Act”), and Act CXII of 1996 on Credit Institutions and Financial Enterprises.</p> <p>KELER undertakes its activities on the basis of the aforementioned laws, related regulatory provisions, its regulatory documents and the provisions of the resolutions of the Central Bank of Hungary.</p> <p>With its Resolution No. 33001/1994, the Supervisory Authority designated KELER to undertake central depository activities in Hungary.</p> <p>Since 1 January 2004 KELER has been operating as a specialized credit institution, therefore in accordance with the provisions of the Capital Market Act and the Banking Act it is authorized to provide credits and loans and cash management services.</p>
<p>Stock Exchanges</p>	<p>Budapest Stock Exchange</p>

<p>Other CSDs or clearing organization in your country</p>	<p>No</p> <p>Clearinghouse: KELER CCP Ltd (subsidiary of KELER Ltd)</p>
<p>Services Provided</p>	<p>The service activities for the capital market of KELER fundamentally belong to three different categories:</p> <p>I. On the basis of legal obligations, as well as the assignment by the predecessor of the Hungarian Financial Supervisory Authority, KELER acts as the Central Depository of Hungary. This also includes the generation (creation), recording and cancellation of dematerialized securities in line with strict security requirements, as well as keeping the central securities register and the issuance of central securities codes. Additional depository - but not central depository - functions, primarily securities custody and securities account maintenance also form part of this category.</p> <ul style="list-style-type: none"> a) maintenance of the central securities register; b) ISIN issuance; c) creation, registration and cancellation of dematerialized securities <p>II. With the settlement of the trades made in the organized markets of the Budapest Stock Exchange, KELER CCP Ltd. as central counterparty ensures the full administration of spot and derivative transactions, in accordance with international recommendations. For the OTC securities market – due to its special role in the real-time giro system (“VIBER”) of the National Bank of Hungary – it provides a real time (“RTGS”) DVP (Delivery vs. Payment) settlement facility. By means of the aforementioned earned monopolistic activities – wide-spread custody management, securities account keeping, transaction management and cash management services – it has encouraged the development of a number of capital market standards and institutionalized procedures.</p> <p>III. In addition to share registry and other supplementary services (e.g. dividend payment, transformation of shares into dematerialized securities) rendered to Hungarian securities issuers, KELER as a player in a competitive market offers cross border securities settlement services.</p>

<p>Eligible Securities</p>	<p>Bond</p> <p>Government bond</p> <p>Convertible bond</p> <p>Mortgage bond</p> <p>Interest-bearing share</p> <p>Equity share</p> <p>Redeemable share</p> <p>Preferred share</p> <p>Investment unit</p> <p>Venture fund note</p> <p>Central bank bond</p> <p>Treasury government bond</p> <p>Interest-bearing Treasury note</p> <p>Discounted Treasury note</p> <p>Treasury savings bond</p>
<p>Corporate Action services Provided? Yes/No (If yes, what kinds of services provided?)</p>	<p>Yes</p> <p>Management of corporate actions for issuers:</p> <p>At the request of the issuer or the client KELER co-operates in the execution of corporate actions of securities in custody at KELER that include the exercise of rights based on securities: KELER completes shareholder registration or prepares the payment instruction. To this end KELER informs clients via the KID system on current corporate actions.</p> <p>Shareholders registration requested by the issuer is for the entire volume of securities managed by KELER on the due date, the client gives ownership data to KELER on the securities available to the client.</p> <p>Corporate actions:</p> <p>1. Shareholder registration in case of corporate actions without payment (e.g. general meeting, updates to the register of shareholders, individual entries to the register of shareholders at the request of the client, retrospective shareholder</p>

	<p>registration),</p> <p>2. For corporate actions with payments on the due date payment order for the due date is completed (dividend payment, payment of dividend advance, interest payment, capital repayment, interest payment and capital repayment, yield advance, payment at expiry date). The issuer can request shareholders registration also for the preparation of this order.</p> <p>Management of corporate actions of foreign securities:</p> <p>KELER ensures participation in corporate actions related to the foreign securities of the client where participation is provided for by the foreign custodian of KELER.</p> <p>Clients are entitled to participate in corporate actions if they hold balances in the securities concerned on the due date of the corporate action, in certain foreign markets those clients can participate that are holders of securities based on securities buy transaction data (deal date, settlement date) but settlement is not yet completed in the system of the foreign custodian.</p> <p>Based on information received from the foreign custodian KELER informs clients on the type and important dates of the event and the order of execution. Important dates and the order of execution of corporate events of foreign securities are not (necessarily) the same as for Hungarian securities.</p> <p>Management of domestic corporate actions for non-resident client:</p> <p>KELER provides services related to corporate actions of Hungarian securities in the securities accounts of foreign custodians kept at KELER.</p> <p>KELER obtains information on corporate events from notices published and from issuers.</p>
<p>Value of Securities in Custody (US\$):</p>	<p>USD 182 856 million as of 31.12.2013.</p>
<p>Amount of Cash Settled per annum (US\$):</p>	<p>USD 1 090 billion in 2013</p>

Percentage of Securities Immobilized/ Dematerialized:	99.2% of total nominal value of securities held with KELER is dematerialised
Market Capitalization/ Trading volume per annum (US\$):	Market Capitalisation (2013) Total: USD 36 943 million Trading volume (number of deliveries in 2013) Total: 541 thousand
Total Revenue/ Expense and Net income Per annum (US\$):	Income from clearing and depository activity (2013): USD 21,2 million Operating expenditures of service activity (2013): USD 20,5 million Profit before income tax (2013): USD 11,9 million
Memorandum of Understanding/ Business Agreement (Date)	N/A
Cross-Border Transaction (Counterpart)	For the management of foreign securities and related cross-border settlement KELER concluded an account agreement with SIX SIS. KELER offers international cross-border settlement for Hungarian securities also. For cross-border settlements KELER provides both free of payment (FOP) and against payment (A/P) transaction settlement for clients.
Withholding Tax Treatment of Cross-Border Trading Transactions (Details)	Withholding tax in connection with Hungarian securities: KELER's International Settlement Department treats withholding tax issues regarding the holdings of the Clients of the Department. Clients receive ongoing notifications of tax relief possibilities via SWIFT. Tax relief at source: KELER sends notification before payment including the information and documents needed to obtain tax relief at source. We take care of all the administrative tasks for the submission of the documents of relief at source, including transmission to the issuer. Tax refund: KELER informs its Clients on the information and documents needed to obtain

	<p>tax refund. As part of this service, we generate, sign and submit reclaim forms and certifications to the relevant tax authorities on behalf of the beneficial owners. We take care of all the administrative tasks for the submission of the reclaim, including transmission to the local tax authorities.</p>
DVP Implementation (Yes/No)	Yes
Settlement Period	<p>Settlement cycle is T+3 in the Equities Section of the Budapest Stock Exchange (BSE) and T+2 in the Debt Securities Section of the BSE and on MTS Hungary. From 6 October 2014, T+2 settlement cycle is applied to all BSE Cash Market and MTS Hungary transactions.</p> <p>Stock exchange transactions with fix price, auction transactions and free market transactions are settled separately from stock exchange transactions, in a gross manner, in line with the DVP principle. The settlement cycle of transactions for equities is minimum 1, maximum 7 days, for debt securities settlement is on the 2nd business day.</p> <p>KELER settles OTC prompt and repurchase transactions and transactions of custodians real time, in a gross manner, transaction by transaction, in line with the DVP (delivery versus payment) principle.</p>
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Remarks	-