

**Citibank Europe plc. Hungarian Branch Office**

***Business Conditions for Investment Services***

*Effective from 1 January, 2009*

## Citibank Europe plc. Hungarian Branch Office

Registered seat: 1051 Budapest, Szabadság tér 7.  
Postal address: 1367 Budapest, Pf.: 123.  
Telephone number: (1)3745000  
Telefax number: (1)3745200  
Company registration number and registration court: 01-17-000560, Metropolitan Court as  
Company Court  
website: [www.citibank.hu](http://www.citibank.hu)

### Supervisory authority

The activities of Citibank Europe plc. Hungarian Branch Office are supervised by

- the Irish Financial Regulator:  
Mailing address: P.O Box 9138, College Green, Dublin 2.  
Website: [www.financialregulator.ie](http://www.financialregulator.ie)
  
- the Hungarian Financial Supervisory Authority.  
Registered seat: 1013 Budapest, Krisztina krt. 39.  
Postal address: 1535 Budapest, 114. Pf. 777.  
Central telephone number: (36-1) 4899 100  
Central fax number: (36-1) 4899 102  
Website: [www.pszaf.hu](http://www.pszaf.hu)

## **Citibank Europe plc. Hungarian Branch Office – Business Conditions for Investment Services**

Citibank Europe plc. Hungarian Branch Office provides financial and investment services under the license issued by the Central Bank of Ireland dated May 1, 2001.

Citibank Europe plc. Hungarian Branch Office is licensed to perform the following investment and ancillary investment services under the approval of the Irish Financial Regulator.

### **Investment services:**

- a) Reception and transmission of orders in relation to one or more financial instruments
- b) Execution of orders on behalf of clients
- c) Dealing on own account
- d) Investment advice
- e) Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis
- f) Placing of financial instruments without a firm commitment basis

**Ancillary services:**

- g) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management;
- h) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- i) Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
- j) Services related to underwriting.

Citibank Europe plc. Hungarian Branch Office performs investment services and ancillary services in HUF and foreign exchange as well as currencies with regard to all financial instruments.

Citibank Europe plc. Hungarian Branch Office is also engaged in securities lending.

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## **Definitions and Interpretations**

Unless it follows otherwise from the text, the following terms and expressions have the following meaning for the purpose of these Business Conditions:

**ÁKK** means Államadósság Kezelő Központ Zrt (Government Debt Management Agency);

**Bank** means Citibank Europe plc. Hungarian Branch Office;

**BÉT** means Budapesti Értéktőzsde (Budapest Stock Exchange);

**Investment Firms Act** means CXXXVIII of 2007 on investment firms and commodity dealers and on the regulations governing their activities;

**Settlement** means the financial and other settlement of the Client's order either at BÉT or on other trading facility, or at the OTC market;

**Parties, Party** mean(s) the Client and the Bank together, or one of them;

**Supervisory Authority** means the Irish Financial Regulator;

**Announcement** means a notice addressed to the Clients by the Bank and displayed in its premises open to Clients;

**KELER** means Központi Elszámolóház és Értéktár (Budapest) Zrt. (Central Clearing House and Depository);

**OTC** means trade outside the stock exchange, i.e., performance and execution of contracts outside BÉT or any other regulated markets;

**Anti-Money Laundering Act** means the currently effective legal regulation(s) on the prevention and hindering of money laundering;

**Contract** means all contracts, agreements and legal transactions concluded in writing or in some other form other than writing between the Client and the Bank within the framework of the ordinary business activities of the Bank;

**Performance** means the performance of the Contract, when the full and final financial settlement takes place either in the form of cash payment or transfer of securities/financial instruments, including also the final financial settlement of obligations to the Client. The words 'perform' and 'performed' must be interpreted similarly;

**Capital Market Act** means Act CXX of 2001 on the capital market;

**Client** means a bank, an business organisation or other organisation with or without legal personality having its registered seat in Hungary or abroad, or a natural person with whom/which the Bank enters into a Contract or is in the process of concluding a Contract;

**Client account** means the account kept for the Client by the Bank for the sole purpose of executing orders debiting the account balance originating from investment services and payments based on the obligation incorporated in securities;

**Business Conditions** mean these Business Conditions, including also its annexes;

**Execution** means the execution of the Client's order by the Bank, either at BÉT or at the OTC market, or at some other execution venue or trading system (including regular internalisation by the Bank and multilateral trading facilities). Execution does not include the Settlement or Performance of the Contract. The words 'execute' and 'executed' must be interpreted similarly.

## **I. General Provisions**

### **1. General Business Terms and Conditions**

- 1.1. *Purpose of the Business Conditions.* The Business Conditions contain the terms and conditions of the investment services and ancillary services provided by the Bank to its Clients as well as all other business relationship established between the Bank and its Clients in this context, as well as the general contracting terms and conditions applicable to the individual investment and ancillary services.
- 1.2. *Scope of the Business Conditions.* The provisions of the Business Conditions are binding for the Bank and the Client without any specific agreement in this respect. The Business Conditions form integral part of all agreements and they apply to all aspects of the business relationship unless the Contract provides otherwise. If there is any contradiction between the provisions of the Contract and the Business Conditions, then the provisions of the Contract shall prevail. With mutual consent the Parties may depart from the provisions of the Business Conditions in respect of individual Contracts and orders within the limits of the applicable legal regulations.
- 1.3. *Applicable laws and regulations.* With regard to any legal relationship between the Bank and the Client for which the Contract or the Business Conditions do not contain any provisions, the provisions of the Hungarian and Irish laws shall be applied including, but not limited to, the Civil Code, the Investment Firms Act, the Capital Market Act, Act CXVII of 1995 on personal income tax, General Contracting Terms and Conditions of the Bank's Retail and Corporate Business Lines and the provisions of the various regulations of BÉT and KELER.
- 1.4. *Display and availability of the Business Conditions.* The Bank displays its Business Conditions in its premises open to Clients or hands them over to clients upon their request. The Business Conditions may be accessed in the official premises of the Bank during the official business hours. If the Bank provides electronic trading services, it makes available its Business Conditions (including also any notification on the change in the Business Conditions) to Clients, also in a constantly and easily accessible electronic form.
- 1.5. *Amendment of the Business Conditions*

The Bank may amend the Business Conditions (including also the documents contained in the Annexes; hereinafter together 'Business Conditions') unilaterally at any time if:

- (i) it introduces a new services, the terms and conditions of which are different from those stated in the effective Business Conditions; and/or
- (ii) it terminates an existing services due to business policy or other reasons, or fundamentally changes their nature; and/or
- (iii) the legal regulations referred to above have been amended or new legal regulations, applicable to the activities of investment banks, enter into force; and/or
- (iv) the Bank considers it necessary due to any other reason.

The amendments of the Business Conditions do not apply to transactions which have already been executed. The Bank notifies its Clients on the amendment of the Business Conditions

- i. in the form of an Announcement and electronically, on the Bank's website ([www.citibank.hu](http://www.citibank.hu)) 15 days prior to the effective date of the amendment in general cases; or
- ii. directly and on the Bank's website electronically 30 days before the effective date of the amendment in the case of electronic payment instruments ([www.citibank.hu](http://www.citibank.hu)).

Any amendment of the Fees and Charges becomes effective from the 15<sup>th</sup> day from its disclosure in the form of an announcement and on the Bank's website.

1.6. *Prevailing language.* The Business Conditions are available for the Clients in Hungarian and English languages. In the case of any dispute concerning the interpretation, the Hungarian-language version shall prevail.

1.7. *European Monetary Union and other currency changes.* If the currency of one or several countries changes and it affects the relationship between the Client and the Bank or the Contract, including especially cases when any currency is replaced by a new currency,

- (i) the Contract shall remain effective;
- (ii) the above event shall not be considered a force majeure; and
- (iii) (provided that the old currency is terminated as an official legal tender, from this date) the obligations of the Parties expressed in the old currency must be recorded and performed in the new currency with the proviso that unless a special agreement provides otherwise, the Bank may define the method and conditions as well as the exchange rate applicable to the performance of the obligations in good faith.

The Parties agree that they shall try to amend and supplement the Contract in compliance with the above whenever it is necessary.

1.8. *Conflict of interest.* The Bank has prepared a conflict of interest policy for the purpose of avoiding, disclosing and managing conflicts of interests detrimental to the Clients. The summarized description of the conflict of interest policy forms an annex of these Business Conditions.

## **2. *Client Identification and Representation***

2.1. *Client identification.* Simultaneously with the conclusion of a Contract, the Bank registers the data of the Client and any person(s) proceeding on behalf of the Client as defined in the Anti-Money Laundering Act.

The Bank accepts the following documents for the identification of the Client or his representative:

- (a) The Bank accepts the following documents for the identification of the personal data of natural persons:

- ID card or any other document suitable for personal identification under the currently effective legal regulations,
  - passport or a residence permit issued by the immigration authority of the Republic of Hungary.
- (b) The Bank accepts the following documents for the certification of the data of an business organisation with or without legal personality:
- original or attested copy of the certificate of incorporation or official company records not older than 30 days issued by the Company Court for economic organisations, companies, co-operatives, non-profit companies, forest possessing associations and other companies contained in the company register and the specimen signature of the person proceeding on behalf of the client presented in an original or attested copy and attached in its original form or in a copy;
  - for any organisation referred to in the previous paragraph, which is in the process of foundation, the deed of foundation, the certificate of submission of the application for company registration issued by the Company Court and the tax number;
  - the final court resolution ordering registration in the case of a foundation, association, political party or a church or any social organisation;
  - for any organisation referred to in the previous paragraph, which is in the progress of foundation, the signed deed of foundation, the court certificate of the submission of the application for registration and the tax number;
  - for private entrepreneurs, the business license and the tax number.

When the Contract is concluded, the Client must present all data and declarations defined under the Anti-Money Laundering Act to the Bank without any delay.

If the Client does not certify his personal identity or authorisation for representation, or does not complete the declaration on the beneficial owner satisfactorily, the Bank must refuse to conclude the Contract.

2.2. *Certification of authorization.* Before commencing the performance of the service, the Bank verifies the personal identity of the client and his representative in compliance with the applicable legal regulations. In this context, the Client and the representative must present all documents requested by the Bank and the Bank's forms to the Bank without any delay, before commencing the performance of the Contract and notify the Bank regularly about any changes thereof. For the purpose of interpretation of the previous provision, the registration in the Company Register or disclosure of any change cannot be deemed to be a notification.

2.3. *Power of Attorney.* The above provisions should also be applied to certifying the power of attorney included in a Contract with the proviso that a power of attorney shall be considered effective until it is revoked in writing. Before starting to use the services of the Bank, companies with or without a legal personality must present to the Bank the official specimen signatures of their executive officers and authorised representatives, and the authorisations issued to their names, who will represent the Client towards the Bank. Unless the Client provides otherwise, any power of attorney issued to such persons entitles them to use the full range of the Bank's services without any limitation in value. The Bank accepts an occasional or permanent power of attorneys for the representation of a natural person client if it is prepared in the form of a notarised deed or private document of full probative force.

- 2.4. *Review of the representation right.* The Bank may trust in good faith the authenticity of the personal identity of the Client or his representative and is entitled, but not obliged to verify it. The Bank may also request the underlying documentation or information from both the Client and the competent authorities. The Bank may request information from the Client not only about the Client but, in the case of companies with or without legal personality, also about his founder members, subsidiaries or other participations in other companies, as well as company and financial data.
- 2.5. *Use of intermediaries.* In order to perform the Contract, the Bank may use a third party in cases not prohibited by law. The Bank must proceed carefully in the selection of such third parties.

If the Bank uses an intermediary for the performance of specific transactions, the Bank shall be liable for the proceedings of the intermediary as if it acted on its own. If the use of an intermediary by the Bank has any consequences on any deadline and/or cost, then such shall be regulated by the relevant Fees and Charges must be applied. The Bank may not be held liable for the activities of third-party intermediaries if the intermediary was selected by the Client or if the Bank used a third-party intermediary for the purpose of protecting the client from damages if the Bank can prove that it selected, gave instructions to, and controlled the third party as it was generally expected in the given situation. The Bank may involve KELER or, if it follows from the nature of the transaction, any other foreign clearing house or custodian as intermediary even without any special consent of the Client. If the responsibility of the Client or the intermediary is limited by any legal regulation or the Business Conditions, then the Bank's liability shall be in line with the liability of the Client or the intermediary. Thus especially: the Bank is not liable for any technical error, delay or erroneous data processing in the trading system of BÉT or any other trading facility and/or the settlement and depository system of KELER (or any other employed clearing house or custodian) occurring due to any reason not attributable to the Bank, or any error occurring in relation to the systems referred to above in relation to which BÉT or the specific trading facility or KELER (or any other clearing house or custodian involved in the transaction) excluded their liability. The Client acknowledges that under the provisions of the Regulation the KELER Depository does not specifically verify compliance with the contracting terms and conditions during the depository and settlement transactions and the Client may have no compensation claims to KELER for damages arising from such activities.

### **3. *Co-operation and Notification***

- 3.1. *Co-operation.* The Bank and the Client shall notify each other, at the earliest possible time, on any condition or fact that is significant in terms of their legal relationship and the performance of the Contract and respond to each other on the questions asked in relation to the transaction. The Parties shall cover the expenses incurred by them in relation to such notifications, respectively. The Bank and the Client shall immediately notify each other about any change, error or negligence that affects the execution of an order.

During the effective term of his legal relationship with the Bank, the Client shall notify the Bank in advance or immediately after learning about the event in the following cases:

- if the Client intends to file bankruptcy against himself or the statutory conditions thereof exist;

- if the client learns in any way that a third party has filed liquidation or enforcement proceeding against him;
- any material changes taking place in the Client's business operation or assets and liabilities or the financial position;
- any change in the address or registered seat or the right of representation;
- any important change taking place among the executive officers and employees working in managerial positions;
- if any condition imposes a risk on the payment of any debt due or falling due to the Bank in the future.

The Client must allow the Bank to inspect his business books at any time subject to mandatory confidentiality if the Bank considers it necessary in order to judge the soundness of any banking receivable to be established or already existing between them.

A Client classified as a professional client or eligible counterparty must notify the Bank of any change or condition that may affect his classification as a professional client or eligible counterparty. If the Bank learns about any change or condition that affects the classification of the Client as a professional client or eligible counterparty, it may take the necessary steps, including also the re-classification of such Clients to a professional or retail client. The Client must also notify the Bank of any change or condition that affects the information provided by the Client in the Appropriateness Test performed by the Bank with regard to the specific Client in the client classification process.

- 3.2. *Request for additional information.* Apart from the above, the Client may also request further information from the Bank in relation to the settlement of the Contract. Unless the Parties agree otherwise, the expenses incurred in relation to such notification are paid by the Party at whom such an expense occurred.
- 3.3. *Notifications.* Unless the Client notifies the Bank otherwise, the Bank sends all notices, declarations, offers, contracts, account statements, execution certificates and other documents addressed to the Client by post to the address specified by the Client. If such address is not specified, the Bank sends the documents to the Client's address known to it. The Bank is not liable for any delay in or failure of, the delivery due to the inaccuracy of or any change in, the specified name or address, or any other reason not attributable to the Bank. The Bank is not obliged to post the documents addressed to the Client in registered mail or registered mail with confirmed receipt.

If a domestic address is used, then after 3 working days from the posting, in the case of an address in any other Member State of the European Union, after 10 working days from the date of posting and in the case of any other address, after 20 working days from the date of posting the Bank may assume that the Client has received the written notification, i.e., it has been delivered to him.

The Bank and the Client may also agree that the Bank sends the notifications, declarations, offers, contracts, account statement, execution certificates and other documents addressed to the Client on other durable data media, such as electronic mail (email) or by telefax, in the form of an encrypted telefax message to the client. If the notification is not sent by mail (but electronically or by fax), the first banking day after the transmission of the notification must be deemed the date of delivery.

The Bank may also notify its Clients in the form of an Announcement if the contents of the Announcement affect a large group of Clients. The Bank notifies its Clients about changes in its Business Conditions and Fees and Charges Fees and Charges by displaying an Announcement. The modification of the Fees and Charges or business hours does not require a permission of the Supervisory Authority.

In compliance with the provisions of Section 1.5., the Bank discloses any amendment of the Business Conditions or Fees and Charges involving fees, expenses or other conditions as defined in Section 1.5. The amendment of the Business Conditions and the Fees and Charges must be assumed delivered on the first banking day after they are displayed.

The Bank may assume that the Client has acknowledged and accepted the contents of the notification if he does not make any written comment or complaint about it within three (3) days from the delivery (disclosure). If the Client does not sign the Contract sent to him by the Bank or fails to return it to the Bank within the period specified above, yet the transaction is settled in accordance with the order, the Contract must be deemed accepted by the Client. If the Parties agree on the confirmation of the transactions by fax or electronic mail, a shorter deadline may also be specified for presenting remarks and complaints than the deadline defined in the Section.

The Client must send all notices addressed to the Bank to the Bank's head office or an address specified by the Bank for such purposes. The time of receipt of the notifications by the Bank shall be the time indicated in the Bank's records.

The Bank discloses information on the contents of its internal policies of which Clients must be notified according to the provisions of the legal regulations electronically on its internet website. ([www.citibank.hu](http://www.citibank.hu)).

3.4. *Lack of notification.* The Client must notify the Bank if any notification expected from the Bank is not received by him at the originally expected time.

#### **4. *Client Rating, Suitability and Appropriateness Test***

##### **4.1. Client rating**

Pursuant to the provisions of the Investment Firms Act, clients are classified into three categories: retail, professional and eligible counterparty categories. An eligible counterparty is a professional client treated as an equal partner by the Bank, to whom the least protection is provided during the transactions. Professional clients are primarily credit institutions, investment service providers, financial institutions, insurance companies, certain major public agencies and enterprises ('preferential companies') which meet at least two of the following criteria:

- the total assets balance sheet total is at least 20 million euros,
- the annual net turnover is at least 40 million euros, and
- the equity is at least 2 million euros.

In addition, each retail client may apply for re-categorisation as a professional client if he is able to satisfy at least two of the following criteria:

- it concluded at least 10 transactions with a value of EUR 40,000 each on quarterly average in the past one year, or it concluded transactions with a total value of EUR 400,000 in the last year,
- its portfolio of financial assets and deposits exceeds EUR 500,000,
- he has at least one year professional experience in such financial areas which assumes appropriate knowledge of financial assets and investment services subject to the Contracts concluded with the Bank.

All other Clients receive retail client classification.

#### 4.2. Documents used for suitability and appropriateness tests

- Suitability and appropriateness test
- Appropriateness test

The tests form an Annex to the Business Conditions.

### 5. **Contracting**

5.1. *Cases of refusal of the Contract defined by law.* The Bank refuses to enter into a Contract or execute an order received on the basis of an effective Master Agreement if

- (i) it violates the law;
- (ii) the transaction involves insider trading or market manipulation;
- (iii) the requested transaction violates legal regulations or any other trading prohibition;
- (iv) the requested transaction violates the regulations of the clearing house or a regulated market or the execution venue;
- (v) the Client refuses to identify himself or to co-operate in an identification procedure, or the identification procedure does not provide a credible result.

The Bank reports to the Supervisory Authority the rejection of the Contract defined in Point (ii) above.

The Bank may refuse to enter into a Contract or execute an order received on the basis of an effective Master Agreement if

- (i) the Client's circumstances known to the Bank may have a detrimental effect on the assessment of the business activities of the Bank by another client;
- (ii) the Client intends to fix an unreasonable exchange rate in the Contract, or
- (iii) based on the information provided by the Client in the Appropriateness Test, or any other information obtained by the Bank in some other way, the Bank concludes that the financial instrument or transaction contained in the Contract is not suitable for the Client or the Bank was unable to conclude appropriateness based on the information provided by the Client.

5.2. *Categorisation of Clients.* The Bank categorises all Clients and potential Clients (Hereinafter Client) according to the provisions of the Investment Firms Act. Based on client categorisation, the Client is categorised as a retail client, professional client or eligible counterparty. The rating is based on the criteria of the Investment Firms Act. The Bank notifies the Client about the result of the categorisation. In cases and under the conditions defined under the Investment Firms Act, the Client may also be categorised into a different category based on a written agreement between the Bank and the Client.

- 5.3 *Evaluation of the suitability and appropriateness tests.* Based on the information provided in the tests (and any other information obtained by the Bank), the Bank retains the right to reject the execution/performance of certain investment services, ancillary services or transactions for the Client. The Client must fill in the tests with complete, accurate and true information and provide such information to the Bank otherwise in order to enable the Bank to assess the appropriateness of the financial instrument or transaction stipulated in the Contract. The Bank may rely on the information received from the Client and the Client acknowledges that as a result of the supply of false, partial and inaccurate data the Bank is unable to conclude the appropriateness and adequacy of the financial instrument or transaction contained in the Contract and the Client may suffer losses as a result, for which the Bank shall have no liability.
- 5.4. *Client orders, execution policy.* With regard to the execution, forwarding or placement of the Client's orders for financial instruments, the Bank shall take all reasonable efforts to execute the order in a way which is most favourable for the Client. The Bank assesses the most favourable execution on the basis of the criteria of the Investment Firms Act. The Bank prepares an execution policy, forming an annex of the Business Conditions. By placing an order, the Client gives his expressed consent to the application of the execution policy.
- 5.5 The Bank enters into a Contract only with such a Client who/which supplies the data requested by the Bank in the required form.
- 5.6 By signing the Contract, the Client makes representations as defined in this Section:
- a) *Status:* If the Client is not a natural person, then the Client is founded and exists effectively in compliance with the provisions of the legal regulations applicable at his registered seat.
  - b) *Authorisations.* The Client has all required authorisations to sign the Contract and all other documentation related to the Contract and to hand over the Contract and any other documentation related to the Contract and to perform any obligation arising from the Contract as well as to take all necessary steps in order to be authorised for such a signature, transfer and performance.
  - c) *No violation of Contract.* The signature, transfer or performance referred to above does not violate any applicable legal regulation and is not contrary to the resolution or judgement or any court or public authority that applies to or affects the Client's assets or is binding to them with a limitation under a contract, or which applies to the Client or his assets and, in the case of a non-natural person client, does not violate the provisions of the corporate or other organisational documents.
  - d) *Approvals.* All state and other approvals required for the conclusion of the Contract have been obtained and they are valid and effective and all the requirements of such approvals have been met.
  - e) *Obligations.* The obligations arising from the Contract constitute lawful, valid and binding obligations for the Client and they are enforceable in compliance with the provisions of the Contract.

- f) *No litigation.* There is no legal proceedings in progress against the Client before a civilian or criminal court, a government agency or organisation, an executive officer or an arbitration judge which would probably influence the lawfulness or validity of the Contract, or the contract execution towards the Client, or the Client's capability to perform his obligations undertaken in the Contract and, according to his best knowledge, there is no threat of such legal proceedings by any third party.
- g) *Correctness of specific information.* All data supplied to the Bank in writing either in person or through a representative are true, accurate and complete in all important aspects at the time of the origination of the data.
- h) *Compliance with legal regulations.* In the case of non-natural person clients, the business operation complies with the provisions of the effective and applicable legal regulations prevailing in the country where the Client conducts his business activities in all material respects.
- i) *No exemption.* In the case of non-natural person Clients (unless it is expressed in the legal opinion requested by the Client in relation to the Contract and issued by an attorney-at-law (attorney-at-law acceptable for the Bank), neither the Client, nor his assets are exempt from litigation, judicial enforcement or any other legal proceedings in any legal proceedings conducted in the Republic of Hungary in relation to the Contract.
- j) *No liquidation, bankruptcy or winding up procedure.* Non-natural person clients did not file and their founders did not file any bankruptcy, winding up, liquidation or reorganisation process against the Client and no other Parties took any similar steps or launch legal proceedings against the Client or (according to his best knowledge) there is no threat of any liquidation, winding up or reorganisation proceedings.
- k) *No material violation of contract.* A non-natural person client did not violate any contract to which he is a contracting party, or which is binding to his assets, to an extent or in a manner that may have a significantly detrimental impact on his business operation or financial position.

## **6. Client Relationship Management, Acceptance of Orders**

- 6.1. All contact is maintained with the Bank in Hungarian or, subject to a special agreement, in English language.
- 6.2. Unless it is agreed otherwise, the Bank and the Client maintain contact by phone, telefax, letters, encrypted telex or SWIFT messages or with the help of an electronic communications device acceptable for the Bank.
- 6.3. The Client keeps and manages with due care the forms, data media, equipment and other communication tools made available to him by the Bank and uses them in compliance with the terms and conditions of separate agreements signed by the Client and the Bank.
- 6.4. If the Client signs orders by telefax, he must ensure that the fax machine is kept in a safe room with limited access.

- 6.5. If the Client comes across any irregularity in relation to the forms, data media, equipment and communication tools, or learns that they have been lost, stolen or abused, he shall immediately notify the Bank about it. Until the Bank receives such notification, the consequences shall be borne by the Client.
- 6.6. If business relations are terminated between the Client and the Bank, the Client immediately returns forms and other data media, equipment and communication tools that the Bank has provided for the use of the Client.
- 6.7. The Bank may accept orders in its premises open to clients, during the business hours defined by it. Any order not placed in the Bank's premises must be made in writing and sent in a form agreed by the Client and the Bank. Unless it is agreed otherwise, the Bank accepts orders which satisfy the requirements defined by it, or are submitted on the Bank's regular forms used for such purposes. The Bank may refuse orders that do not satisfy the above requirements with a simultaneous notification sent to the Client.
- 6.8. Pursuant to the provisions of a separate agreement, the Bank may also accept orders placed by phone or telefax during business hours. The Bank accepts orders placed by telephone or telefax only if the Client has entered into a Master Agreement with the Bank for the CitiPhone service or, under a Master Agreement for Account Management and Investment Services, or a separate agreement, the Client certifies, with a signature, the acknowledgement of the risks involved in orders placed by telephone or telefax. The rules applicable to the CitiPhone service are contained in Section 6.24.
- 6.9. If pursuant to an agreement between the Bank and the Client, the Bank may also accept orders placed by telephone or telefax and may also conclude transactions with the Client over the phone, the transaction is concluded and the order is placed after the Bank has received the Client's order by phone or fax. The Bank immediately confirms any contract concluded on the basis of an order placed verbally (by phone) to the Client in compliance with the provisions of Section 3.3., specifying the conditions of the applicable transaction. The Client signs the confirmation and returns it to the Bank or requests the correction of any error related to it within three working days from its receipt. The fact that the Client does not respond within the period referred to above does not affect the validity or enforceability of the specific transaction and must be considered as confirmation of the above conditions, providing that the confirmation does not contain manifest errors.
- 6.10. The Bank records orders placed by phone on a tape (or on some other suitable technical device) and stores them in an appropriate place and in an appropriate manner suitable to prevent unauthorised access or the loss of data due to any technical reasons at least until the Contract is put in writing (which takes place no later than on the second banking day from the receipt of the order by the Bank), or by the written confirmation thereof. The voice recordings are stored for 6 (six) years from the date of placement of the order. The Bank may destroy the recording after the period specified above or when the contract or confirmation is put in writing. The Client accepts that the Bank may use the conversation recorded on tape as evidence in a potential dispute. In the case of any dispute, the Bank's records prevail with regard to the data of orders placed by phone. During the storage period, only the Client or his authorised representative or a duly authorised employee of the Bank, or any other party authorised by law may have access to the recording.

- 6.11. The signature of the Master Agreement for Account Management and Investment Services and other Master Agreements by the Client, in which the Client accepts the provisions of these Business Conditions as binding, also constitutes the Client's consent to any order placed by phone being recorded and the use of such recording by the Bank in any dispute. The Bank's employees may have access to the recordings in compliance with the rules applicable to securities secret. Within the storage period, the Bank may, based on the Client's equitable request, allow the Client to listen to the recordings related to him in the presence of the Bank's representative.
- 6.12. The Bank may suspend the execution of an order if during the execution of the order an issue comes up, the assessment of which is not regulated either under the specific contract or in the Business Conditions.
- 6.13. After an order has been executed, the Client may not withdraw his order.
- 6.14. The Client acknowledges that he is entitled to the rights associated with the individual financial instruments from the date of settlement of the related transactions.
- 6.15. The Bank may not propose any transaction that results in any fictitious exchange rate for the purpose of exchange rate manipulation based on its deceiving nature, or is otherwise detrimental for the Client.
- 6.16. The Bank verifies the signatures contained in the written orders applicable to the Client's securities accounts, accounts and other transactions to see whether they match the specimen signatures submitted by the Client. The Bank refuses to execute orders which are not signed in the same way as the signatures on the specimen signature forms submitted to the Bank and notifies the Client about it. The Bank is not responsible for any consequences that arise from the execution of false or forged orders the false nature of which could not be established even with due diligence. The Client hereby assumes an irrevocable obligation to exempt the Bank from any expenses (including but not limited to legal fees and expenses), claims, losses, liability, damages and proceedings that are enforced towards the Bank or occur as a result of the fact that the Bank proceeds on the basis of, or accepts, such documents.
- 6.17. If the Client sends orders or other communications to the Bank by telefax, telephone, mail or through a courier (manually), he signs a Letter of Authorisation, in which the Client appoints the persons who may send orders or other communications to the Bank on behalf of the Client with the use of these instruments, specifying exactly the scope of their authorisation. The Client may modify the Letter of Authorisation at any time, and his authorised representative notifies the Bank about the changes thereof.
- 6.18. When executing the orders, the Bank requires that the Client should provide all data necessary for execution accurately and clearly, otherwise the Bank may refuse to execute the Contract. The Bank is not obliged to verify the adequacy or accuracy of the data supplied by the Client. The Bank is not liable for any damages or losses arising from the execution or non-performance of orders containing erroneous data.
- 6.19. It is the Bank's discretionary right to execute or to refuse an order and/or request confirmation of the orders sent by fax, post or manually. The Bank is not obliged to check the contents of orders and other communications received manually, or verify the identity of the sender or the confirmer; the Client is bound by these orders and the Bank may proceed in compliance with such orders. The Bank suspends execution until it receives confirmation from the Client.

- 6.20. Of the orders submitted in a letter by fax or in a branch, the Bank may only accept those orders from its Clients which contain a proper signature. An order is properly signed if it is signed by the authorised signatories reported to the Bank authorized to place orders, in a way that matches the signature contained on the specimen signature form of the Bank, below or next to the exact, full or short name of the Company in a stamped, pre-printed, typed or printed capital letter form, as it was registered by the competent authority or was reported for registration. The Client accepts that a pre-printed company name or logo in the header or footer of the corporate stationery does not substitute the company name next to or below the signature. The Client also accepts that if the Bank does not execute an order at all or is in delay with the execution of the order due to the lack of a regular signature specified in this Section, the Bank shall not be liable for any consequential damages.
- 6.21. The Client accepts that the security proceedings required by the Bank relate only to the identification of the person forwarding the communication and not to the detection of the errors or contents of the order.
- 6.22. Apart from the gross negligence or willful violation of obligations by the Bank, as long as the Bank proceeds in compliance with the provisions of the Letter of Authorisation, the Client shall reimburse the Bank for any damage and the Bank shall not be liable for the reimbursement of any expense or loss suffered by the Client.
- 6.23. The Bank does not requires the verification of the authorisation for representation described in the sections above if it enters into an agreement with the Client for the use of authenticated SWIFT messages. In this case, the Bank's responsibility is limited only to the verification of the electronic authorisation and identity of the SWIFT code and the Bank shall not be liable for any damages arising from the abuse of SWIFT codes.
- 6.24. *Notification on the execution of orders.* In compliance with the provisions of the Investment Firms Act, the Bank notifies the Client of the transactions recorded by it and execution of orders with an account statement or certificate of performance (including also confirmation sent electronically or by fax), or by sending the Contracts. The delivery of the Contract, the account statement and certificate of performance is regulated under Section 3.3. The Client and the Bank may also agree on different notification options.

If the Client places the order in person, then both the Bank and the Client sign the Contract for the transaction, and the Client keeps one copy of it.

The Client may request the Bank (for a fee defined in the Fees and Charges) to send the individual contracts prepared for any concluded transactions to him with a delivery method defined by the Client.

The Bank prepares a certificate of performance of each transaction performed on the Client's securities account, as well as in the case of maturity and interest payment and sends it to the Client with the method chosen by him.

The Bank prepares monthly account statements informing the Client on all transactions performed on his account as well as the turnover and balance of the account. Upon the account holder's request, the Bank immediately prepares an account statement of the turnover and balance of the Account which may be collected by the account holder (for a fee defined in the

Fees and Charges) or the account holder may also request its delivery with a delivery method specified by him.

The Fees and Charges related to the delivery of the account statement, the certificate of performance and the Contract are stipulated in the Fees and Charges.

If the Client comes across any error or insufficiency in the account statement or in any other notification, he must notify the Bank about it immediately.

6.25. *CitiPhone service.* The detailed terms and conditions of the CitiPhone service are regulated by the General Business Terms and Conditions of the Bank's Retail Services. Clients having a contract for the CitiPhone may use it to place orders by phone, apply for certain services by phone, ask questions related to services or apply for legal remedy for his complaints on each day of the week for 24 hours.

If the CitiPhone service is used, the Client is identified with the T-PIN code, which is a four-digit exclusive and clear identification code for the Bank, with which the Client uses the CitiPhone Banking Service and places order there.

The Client accepts that each CitiPhone conversation is recorded and the Bank may use it in any official proceedings as evidence in compliance with the provisions of the applicable legal regulations. The Bank registers each order executed within the framework of the CitiPhone Services and confirms them to the Client with the account statement prepared for the current month.

With regard to investment services, the Bank provides primarily the following services through CitiPhone:

- i. account information (balance, specific orders, contents of the latest or previous account statements, etc.),
- ii. reporting changes in any data provided to the Bank by the Client in relation to the contract if the legal regulations or the Contract do not set a requirement for a written report,
- iii. issue of an additional copy of the account statement,
- iv. report of complaints about the services,
- v. detailed and complete information about the services and orders

The Bank may also offer other services within the framework of the CitiPhone in the future, the terms of conditions of which will be disclosed to the Client in writing. The Bank may withdraw the accessibility of certain orders / services through CitiPhone if the risk applicable to the specific order / service or the provisions of the legal regulations applicable to the service / order change detrimentally.

**7. Confidentiality Rules**

- 7.1. The Bank and the Client must comply with the provisions applicable to business secret and securities secret in their business relationship.
- 7.2. The Bank must treat any fact, data or information disclosed by the Client or obtained in its proceedings in the Client's interest as securities secret. Consequently, the Bank may disclose any securities secret held by it to third parties only based on a written authorisation of the Client contained at least in a private document of full probative force, and only to the extent specified in the authorisation, with the exception of cases when the Bank is obliged to disclose the data in compliance with the applicable legal regulations. Whenever the Bank discloses any securities secret, it notifies the Client about it in accordance with the rules applicable to notification. However, the Bank will not notify the Client of the disclosure of any securities secret if this is prohibited by law.
- 7.3. If the Bank violates any securities secret, it shall be liable for any damages caused to the client in compliance with the provisions of the civil law.
- 7.4. The Bank shall keep the securities secret for an unlimited period even after the termination of the business relationship. Pursuant to the confidentiality obligation, no fact, information, solution or data constituting business or securities secret may be disclosed to third parties, other than those defined under this Act, without the Client's authorisation, or may be used for any purposes other than those specified herein. Any Party obtaining securities secret cannot use it in order to gain any direct or indirect benefit for himself or for a third party, or to cause any disadvantage to the investment firm, the stock exchange or the organisation performing clearing house activities or the clients thereof.
- 7.5. The Bank is liable for the confidentiality of the intermediaries used by it.

**8. Collateral, Set-Off, the Bank's Retention Right and Right to Security Deposits**

- 8.1. *Collateral.* Any money (cash or account balance) possessed by the Bank in the framework of investment services, ancillary services or financial or ancillary financial services provided to the Client, securities (printed or dematerialized securities), assets and rights owned by or otherwise due to the Client and possessed by the Bank, serves as a security deposit securing any of the Bank's claims against the Client unless the Parties entered into a separate agreement with regard to a specific asset that can be used only for specific purposes.
- 8.2. *Supplementation of the collateral.* Prior to or after the execution of the Contract the Bank may demand from the Client to provide sufficient collateral or to increase the amount or volume of the Collateral already provided by the Client to the extent necessary (i) to cover the claim of the Bank against the Client or (ii) to pay the security or amount defined in the Contract.
- 8.3. *Suspension of the execution of the Contract.* The Bank may suspend the execution of contracts without any notification to the Client until the Bank's claims against the Client have been settled. The Client shall cover all costs and expenses related to the production, maintenance and use of the assets encumbered and serving as collateral.
- 8.4. *Enforcement of the security deposits.* If the Client does not settle his debt to the Bank within the deadline specified in these Business Conditions or under an individual Contract despite a

specific notification to do so, the Bank may settle the Client's due debt directly from the security deposit and settle accounts with the Client. If in order to satisfy the Bank's claim, the denomination of a printed security must be broken, the Bank may break the denomination up to the amount of the security amount and order the Client to reimburse its expenses. The value of the security deposit shall be determined so, that the Bank is entitled to sell the amount of securities at a market price prevailing at the time of the sale, which is necessary to cover the amount of the claim.

- 8.5. *Maintenance of the collateral.* The Client must make arrangements for the maintenance and, to the extent it is required, insurance of any money, securities, assets or rights encumbered for the Bank as collateral. The Client must notify the Bank immediately in writing about any change taking place in the value or marketability of the collateral.
- 8.6. *Release of collaterals.* The Bank, within its own discretion, may release all assets offered as collateral, either individually or together, which are no longer required for securing its receivables.
- 8.7. *Retention right.* The Bank may withhold the release of any securities or money held by it until the fees, commissions and specific charges and default interest is paid or any of its other financial claim or damage has been compensated in the case of execution (partial execution) of a purchase order for a financial instrument or stock exchange product, the failure (or partial failure) of a sales order, termination of securities safekeeping and securities management or securities account and client account management contracts, or any service provided for or on the order of the Client.

The Bank may deduct the fees and management fees as well as separate charges, purchase price or other financial claims, default interest and any of its damages attributable to the Client from the purchase price collected for the Client or the purchase price transferred by the Client within the framework of the payment (repayment) made to the Client.

- 8.8. The Bank may debit any of the Client's account or any of the Client's bank account or current account kept by the Bank with the amount of any of the Client's debt, owed to the Bank, regardless of the title of the debt. The Bank may withhold money or securities due to the Client until its claim from the Client has been fully satisfied. Within the framework of this retention right, the Bank may block the securities and client accounts or bank account kept for the Client until its claim has been satisfied. Unless the Client orders otherwise, the Bank may refuse to pay out money or release securities until its claims have been fully satisfied, even if the Client gives a contrary instruction.
- 8.9. *Set-Off.* Unless these Business Conditions or a Contract provide(s) otherwise, in the event that the Client fails to fulfil any of his due payment obligations to the Bank on the due date, and the client account or the bank account cannot be debited, the Bank may send a written notification to the Client with a 30 (thirty) days deadline. If the Client does not fulfill his payment obligation within the deadline stated in the order, the Bank may sell the securities owned by the Client but held by the Bank, not assigned to the effective transactions as collateral and satisfy its claim from the sales proceeds including also its fees and eligible expenses, the costs of sale, up to its total claim. The Bank credits the remaining amount of the purchase price on the Client's client account.

- 8.10. *Costs and expenses.* All costs related to the enforcement of the retention right, right to security deposit and the set-off right must be covered by the Client.
- 8.11. *Serious breach of Contract.* The violation of the Client's obligations defined in this chapter constitutes serious breach of the Contract. If the Client does not fulfil his payment obligations to the Bank within the deadline stated in the notice and his account does not contain enough funds to settle his debt, then the Bank may terminate the Contract with the Client with immediate effect.

## **9. *Netting, Netting of Transactions***

- 9.1. The Bank may enter into a netting agreement with the Client under the following principles.

If at any time the payments

- (i) are made in the same currency/foreign exchange, and
- (ii) they are made with regard to the same deal by one Party to another Party, and if the total amount payable by one Party is higher than the total amount payable by the other Party, and if the Party paying the higher amount fulfils his payment obligation by paying the difference between the higher amount payable by him and the lower amount payable by the other Party to the other Party, at that time the payment obligation of either Party with regard to this amount shall automatically be settled, and therefore such Party shall be released from this obligation.

- 9.2. The Parties may net one or several transactions between each other by defining a net amount for the amounts payable in the same currencies/foreign exchange at the same time with regard to such deals, regardless whether or not these amounts are payable with regard to the same transaction. The Parties have this right also regarding different types of transactions.

## **10. *Investor Protection Rules***

- 10.1. *Protection of Client's receivables.* The Bank ensures that only the Client and a person(s) duly authorised by the Client and registered by the Bank for such purposes may have access to the Client's financial instruments and funds. The Bank may use the assets forming the Client's property only for purposes specified by the Client. The Bank may not dispose over the Client's assets held by it as its own. The Bank must ensure that the Client is capable of having access to the financial instruments, stock exchange products and funds held by him at any time. Exceptions from this rule include cash or financial instruments deposited by the Client with the Bank as security deposit by excluding his right of access to them. The Client may give his consent to the Bank's use of his financial instruments, for financing transactions (e.g., loan transaction, repo), and the holding of such financial instruments in the Bank's own securities account or on the accounts of other Clients for such purposes.

The Bank informs the Client about the balance of his financial instruments and funds recorded on his account after the settlement of each order and also at regular intervals, irrespective of the receipt of specific orders.

The Bank manages the financial instruments and stock exchange products held by the Client in the Client's securities account or at the clearing house or the custodian, separately from its own financial instruments and stock exchange products. The Bank may not dispose over the

Client's assets held by it as its own. The Bank records the receivables and liabilities associated with spot, option and futures deals in the client account and the securities account separately. No client receivables may be used for settling any debt with the Bank's creditor.

- 10.2. *The Irish Investor Compensation Scheme.* The Bank as the branch office of Citibank Europe plc. domiciled in Ireland is a member of the investor protection scheme subject to the laws of the Republic of Ireland. The main purpose of the scheme is to create an appropriate financial cover, which can be used to provide compensation for the clients of insolvent investment firms. The scheme provides compensation only in case a member of the scheme is not able to return the financial instruments held for its clients. Detailed information in connection with the compensation scheme is available on the Bank's website ([www.citibank.hu](http://www.citibank.hu)).

## **11. The Bank's Liability**

- 11.1. *General rules.* The Bank always provides its investment services (ancillary services) to the possible extent in compliance with the interests of the Client, and with the care that can be expected from it. The Bank indemnifies any damages caused by a breach of such obligations. The Bank is not liable for damages that occur despite the care that can be expected from it.

With the exception of the cases defined under legal regulations and the Client's serious breach of agreement, which is not remedied despite a notification, the Bank may not exclude liability for the performance of the Contract.

The Bank is not liable for the lack of performance of any service undertaken by it if the execution is hindered by a legal dispute between the Client and a third party or the conduct of any third party which is not deemed to be an agent of the Bank. The Bank does not undertake any liability for the possibility of the execution of the Client's orders, or that specific securities may be sold or purchased under the conditions defined by the Client. The Bank may not be liable for any damages arising from any wrong or delayed data supply or negligence of the Client. If the Bank recognises any erroneous data supply, it shall require the Client to disclose the right data.

The Bank is not liable for the consequences of the execution of any false or forged order, the false or forged nature of which could not be recognised even with a careful verification applied during the ordinary course of business.

Both the Bank and the Client are liable for the authenticity, accuracy and completeness of the data and information handed over to the other Party and the availability and validity of any securities, financial instrument or stock exchange product offered by them for sale, as well as the unlimited right of disposal to them, and that the securities, financial instruments and stock exchange products are free of litigation, claims or encumbrances.

- 11.2. *Force Majeure.* The Bank may not be held liable for any loss or damage that occurs as a result of an irresistible force (Force Majeure), binding legislation, activities or resolution of Hungarian or foreign authorities. Force Majeure includes any event that is outside the power of the Bank, cannot be predicted, or if it is predictable, then it is not avoidable. However, even in the case of a Force Majeure each party is obliged to mitigate the damage.
- 11.3. *Issuer's default.* Apart from the above, the Bank is not liable for any change or limitation in the creditworthiness and/or solvency of the issuers (including also the Hungarian State) of the securities acquired for the Client based on the Contracts.

- 11.4. *Rules of orders.* The Bank must execute the Contract in compliance with the Client's instructions. The Bank must warn the Client if the Client's instruction cannot be executed or it is not appropriate. If, despite the Bank's warning, the Client insists on the execution of his instruction, the Bank executes the Contract and notifies the Client that the Bank does not assume any liability in relation to such execution.
- 11.5. *Liability of Citigroup/Citibank N.A.* The Bank does not assume any liability or material risk towards the Client for any devaluation of any amount credited for the Client (which the Bank may place with deposit collectors anywhere in its own name at its own discretion) occurring as a result of taxation, duty payment or devaluation, or the impossibility to use such amounts as a result of any limitation, nationalization, forced transfer, war, civilian uprising, any seizure, military or other coup affecting convertibility and/or transferability, or any other reason outside the Bank's control, in which case neither Citigroup, nor any of its branch, subsidiary or unit may be held liable.

## **12. Settlement of Legal Disputes**

- 12.1. *Amicable settlement.* The Bank responds to any complaint or request submitted by the Client verbally or in writing within 15 (fifteen) working days or provides a remedy, if it is possible.
- 12.2. *Ordinary court.* With regard to any legal dispute that arises in relation to these Business Conditions, its violation, validity or interpretation, the competent court having jurisdiction proceeds in compliance with the provisions of Act III of 1952 on civil law.
- 12.3. *Governing law.* These Business Conditions are governed by the laws of the Republic of Hungary.

## **13. Taxation**

- 13.1. *Tax deduction.* If a legal regulation or an APEH (Tax Authority) regulation or notification sets a requirement for the Bank to withhold tax (if applicable) on payable dividend, exchange rate gain or interest, then the Bank shall withhold the tax amount from amounts payable to the Client. The Bank pays in such withheld and deducted amounts to the competent authority.
- 13.2. The Bank may request the Client to present a document duly certifying its taxpayer's status.
- 13.3. It is solely the Client's responsibility to comply with his tax payment obligations arising as a result of the transactions executed upon his order and to submit the required reports and declarations to the tax authority. Only the Client shall bear the tax consequences of the transactions. Any information given to the Clients by the Bank in relation to tax regulations covers only the main provisions and it cannot substitute the need of the Client to learn about the tax regulations himself. The Bank proposes to the Clients to consult with a tax advisor on taxation issues associated with investment services.
- 13.4. *Capital account.* At present, the Bank does not keep any capital accounts defined under the Capital Market Act and the tax regulations.

## **14. Electronic Process of Transaction Data**

- 14.1. The Bank records and stores each accepted order and contract in force electronically and retrievably in its administration system.
- 14.2. The Bank retains the right and, by accepting these Business Conditions, the Client gives his consent to the handling of transaction data and related additional functions in electronic processing at a place, deemed optimal by the Bank, either within or outside the borders of the Republic of Hungary, always bearing in mind to fulfil its obligations undertaken towards the Client and comply with the applicable laws and regulations.

## **15. *Termination of the Contract***

- 15.1. *Cases of termination of the Contract.* Unless the Parties agree otherwise in the Contract, or it does not follow from the nature of the specific Contract, the Contract will be terminated in the following ways:
- (i) the expiry of the performance deadline defined under the Contract without any result, unless the Parties extend the Contract in writing;
  - (ii) execution of the Contract before the deadline;
  - (iii) if the Contract specifically permits, it may be terminated with immediate effect under the conditions defined in the Contract with the cancellation/termination communicated by either Party in writing, when the cancellation/termination statement is received by the other Party;
  - (iv) if the order becomes irrelevant or if its execution becomes impossible within a reasonable deadline due to a change in legislation, a Force Majeure or some other similar event;
  - (v) if the trade on a regulated market of the financial instruments defined under the Contract has been terminated;
  - (vi) if the Supervisory Authority has withdrawn or suspended the licence of the Bank for the specific activity.

### **15.2 *Termination of the Contract***

- 15.2.1. Unless the law or an individual Contract provides otherwise, the Bank and the Client may terminate their Contracts and contractual relations with a 30-day termination period, with a written declaration addressed to the other Party.
- 15.2.2. The Bank may refuse the performance of its contractual obligations towards the Client in cases permitted by law, and furthermore if:
- a) after the conclusion of the Contract, a material change has occurred in the circumstances of the Bank, based on which the performance of the Contract can no longer be expected from it; or
  - b) after the conclusion of the Contract, an unfavourable change has occurred in the economic, operational or financial position of the Client in the Bank's opinion; or
  - c) after the conclusion of the Contract the Client violates his obligation specified in the General Business Terms and Conditions or in the Contract;
  - d) the performance of the provisions of this Contract or any transaction becomes unlawful for the Bank.

15.2.3. Unless it is agreed otherwise, the Bank may refuse to perform any of its obligations arising from the Contract and/or may terminate the Contract with immediate effect if the following violation events occur:

- a) the Bank learns about any fact or circumstance based on which it would not have entered into the Contract or the specific transaction, including any detrimental change in the financial, economic or other conditions of the parent company of the Client, which affects the Contracts between the Bank and the Client and/or the parent company, or the parent company's obligations securing the debt, or any other agreement established between the Bank and the Client;
- b) any unfavourable change has occurred affecting the legal, financial or any other property position of the Client which, in the Bank's opinion, imposes a risk on the settlement of the Client's payment obligations towards the Bank;
- c) the Client is in default with any of his payment obligations specified in the Contract, or the Client, his subsidiaries or affiliated companies do not pay their respective debts by the due date;
- d) The Client makes false or misleading declarations concerning or related to the Contract, or the Client has deceived the Bank by providing untrue facts or hiding facts or in some other way;
- e) the Client either does not settle any of his obligation arising from the Contract, the Annexes or any confirmation in compliance with the provisions of the Contract, or any of his obligations related to any provision, declaration warranty or commitment defined in the Business Conditions on investment services, or any covenant securing the Contract provided that this default can be corrected and the Contract or the annex of the Contract contains a grace period for it, yet the Client does not correct this default within the grace period defined in the Contract or the Annex,;
- f) Either Party, other than the Bank, breaches the Contract with regard to any obligation, commitment or agreement associated with the debt arising from the Contract between the Bank and the Client, and this constitutes the violation of contract also by the Client;
- g) the Client has breached any of his obligations arising from a loan or credit agreement or any other agreement or legal relationship involving a financial debt, established with a third party (third parties) and this entitles such third party (parties) to terminate the Contract with immediate effect and declare the maturity of these debts, even if such third party (parties) does not/do not exercise his/their right to collect the debts before maturity due to any reason;
- h) the Client or the Client's company, in which the Client has majority participation or a controlling share, the majority owner of the Client, or a natural person or legal entity holding the majority of votes in the Client's company becomes insolvent or a bankruptcy or liquidation procedure is in progress against it/him, or the launch of a bankruptcy or liquidation procedure may be assumed, or there is a threat that one of these events will occur;
- i) the liquidation, winding up or bankruptcy of the Client, his subsidiaries or affiliated companies has been ordered; or proceedings have been launched for the liquidation, winding up or bankruptcy of the Client, his subsidiaries or affiliated companies, or the Client or his subsidiaries become insolvent, or are generally unable to pay their debts by the respective due dates, or recognise in writing that they are unable to pay the debts by their due dates;
- j) the Client's creditor holding the collateral becomes entitled to take possession of the total assets of the Client or the majority thereof;
- k) the Client does not fulfil his payment obligation contained in an effective verdict or decision;

- l) without the Bank's written consent, the Client merges into or with some other company, or transfers the majority of his assets to a third party, or disposes over the majority of his assets otherwise, or significantly changes the scope and nature of his business activities, or terminates all business activities or the majority thereof, or there is a threat that such an event may occur;
- m) the Client refuses to settle the Contract or makes a declaration or executes or orders the execution of a measure proving that in future he does not wish to be bound by the Contract;
- n) the Client prevents an audit performed by the Bank, or does not fulfil any of his data supply obligation towards the Bank arising from the Contract or law;
- o) the Client does not immediately complies with a notice to supply or enforce or increase the collateral;
- p) the entire business or the majority of the business of the Client is expropriated, nationalised, forcefully sold or is acquired by the public, or the Client is no longer capable of or entitled to his management, control or ownership rights;
- q) the auditors attach a qualifying audit report to the financial statements presented by the Client for audit;
- r) a statutory lien is established on the total assets of the Client or a part of them, as defined under the Civil Code, or the competent court adopts a resolution for the seizure of the Client's assets;
- s) some other condition, or event occur, that has been defined by the Parties in the Contract, the annexes of the Contract or in any confirmation.

15.2.4. In the case of any violation of Contract -besides retaining all its other rights- based on a written notification sent to the Client:

- i. the Bank may terminate the Contract with immediate effect; and/or declare that all debts of the Client and all their additional expenses are payable upon the Bank's first written notice, in which case such an amount falls due upon the first written notice while the above rights are sustained, and/or
- ii. all obligations of the Bank arising from the Contract with the Client are also terminated;
- iii. in the event that the Client does not fulfil his payment obligation towards the Bank on the due date, the Bank may enforce its claim in compliance with the provisions of the applicable legal regulations by way of set-off against any of the Client's bank account or client account kept by the Bank, or any of the Client's assets placed with the Bank. Upon the Bank's request or pursuant to the provisions of the Contract, the Client authorises the Bank to enforce its claims with a prompt collection order from his account kept by other banks. The Client authorises all other account keeping banks to settle the Bank's prompt collection orders;
- iv. if the claims to be set-off against each other are defined in different currencies, the Client authorises the Bank to convert them at a market rate, which is defined by the Bank reasonably and in good faith for the purposes of setting off the claims. In addition, the Client also authorises the Bank to define the amount of any obligation reasonably and in good faith for set-off purposes if the obligation, on which the set-off right is intended to be exercised is not of a specific amount;
- v. if the Bank does not exercise its right at all or is in delay with the exercise of its rights, or does not utilize its legal remedy options, that does not mean that the Bank has waived its right, or if the Bank exercises a right only in part or exhausts its legal remedy options only in part, it does not exclude their enforcement in the future.

- 15.2.5. In the case of termination, the Bank's claims shall fall due immediately. In such a case, the Bank may exercise all its rights defined under these Business Conditions without any preliminary notification to the Client. After the termination, and during the bankruptcy or liquidation proceedings, or any other reorganisation of the Client, and until the Bank has finally settled and enforced all its claims from the Client, these Business Conditions shall remain effective and applicable.

If the Hungarian Financial Supervisory Authority suspends the subscription, trade or sale of specific securities for a definite period, the Client and Bank may both cancel or terminate the Contract. With the termination of the business agreements, the balance of the client accounts and sub-accounts kept for the Client fall due immediately. In addition, the Client must exempt the Bank from all obligations applicable to it or undertaken in relation to the order, to perform with regard to the undertaken obligations and, if it is not possible, to offer sufficient collateral for such obligations.

## **16. *Modification and Performance of the Contract***

- 16.1. *Modification of the Contract.* The Parties may modify the Contract only with a mutual consent, in writing. For the purpose of the previous sentence, however, the modification of the Business Conditions by the Bank shall not constitute modification. Any modification of the Contract enters into force only from the subsequent banking day. However, the Bank makes an attempt to execute the modifications if they apply to the deals of the same day to the best of its ability. The Bank is not liable if it cannot contact its broker and execute the modification during the opening hours of the regulated market or execution venue, or if the broker has already undertaken an obligation to make the deal under the original conditions.
- 16.2. *Termination, cancellation.* If the Client terminates the Contract, he must settle all the obligations that the Bank already undertook pursuant to the Contract. Either Party may only cancel the Contract only if its execution has not started yet at all. The Client accepts that in the case of an order related to a deal on a regulated market, the Bank cannot accept the termination or cancellation of the Contract for the same day after the daily opening of the regulated market so that it will be effected with full certainty.
- 16.3. *Settlement.* No later than on the first banking day following the settlement of the Contract, the Bank transfers or pays out, or credits on the Client's account the amount due to the Client. No later than on the first banking day after the settlement of the Contract, the Bank credits the securities due to the Client on the Client's securities account or hands them over upon the Client's request. The Bank does not assume any liability for the settlement deadlines indicated above if based on the concluded deal the transfer of the securities is delayed due to a settlement error of the regulated market or some other reason not attributable to the Bank.
- 16.4. *Safekeeping.* If the Client does not collect the securities on the first day after the receipt of the notification on the settlement of the Contract, the Bank considers that the Client has left them there for safekeeping and charges a safekeeping fee.
- 16.5. *Handover of the physical securities.* Printed securities are handed over by filling in and signing a delivery-acceptance report.

## **17. *Termination, Withdrawal, Suspension and Limitation of the Bank's Investment Services or Ancillary Services Licence***

- 17.1. *Notification.* If the Bank's investment service or ancillary investment service licence is withdrawn or suspended in part or in full, certain activities of the Bank are suspended, or limited in part or in full, the Bank shall immediately notify the Client about it in compliance with the provisions of Chapter 3 of these Business Conditions.
- 17.2. *Portfolio transfer.* If its investment services or ancillary investment services licence is terminated or suspended or limited, or if the licence is withdrawn, the Bank may transfer its contractual obligations towards its Client to other investment firms (hereinafter including also credit institutions licensed for investment services), either Hungarian or foreign, as defined under Chapter 17.

## **18. Fees, Commissions, Charges**

- 18.1. *Fees.* The Client must pay the fee or commission (hereinafter together 'fee') for all services of the Bank as defined under the Contract or the Fees and Charges, unless the Parties agree otherwise.

The amount of the fee is stipulated by the contracts between the Bank and the Client or, if there are no contractual provisions for that, then in the Fees and Charges available in the business premises of the Bank open to Clients. The Bank notifies the Client of the changes of its fees and charges in an Announcement. The Bank charges the modified fee to the Client from the fifteenth day from the delivery date of the Announcement.

The Bank expressly retains the right and the Client acknowledges the Bank's right that the Bank may unilaterally change the fees defined in the Fees and Charges having recognised and adjusted to the changes in the national and foreign money and capital market conditions, legal regulations, regulatory requirements or the Bank's operation or business policy.

The Bank may accept commissions, fees or other advantages from third parties for its services provided for the Client. If it takes place, then the Bank shall duly inform the Client about it pursuant to its obligations under the law.

The fees and charges defined in the individual Contracts may only be changed in a manner specified in the Contract or in the Business Conditions.

The exact terms and conditions of the payment of the Fees and Charges are specified in the Fees and Charges and in the applicable Contract.

- 18.2. *Charges.* Any expenses of the services provided to the Client by the Bank exceeding the usual extent, including especially the expenses of regulatory proceedings, the expenses of the employment of an intermediary, legal and other expert's costs, postal expenses and duties must be covered by the Client.

The Client reimburses the Bank for any legal expenses incurred in relation to a specific case, including also the honorary fees of employed advisors, expert and auditors, etc. The Client reimburses the Bank for any lawyer's expenses incurred in a legal dispute between the Client and the Bank, unless the court decides otherwise. The Client reimburses the Bank for any lawyer's expenses incurred in a legal dispute between the Client and the third party, in a lawsuit or a legal proceeding outside the court.

The Client reimburses the Bank for any expenses incurred in relation to a specific transaction, including, but not limited to, the expenses arising from the use of telecommunications devices, courier services and any other type of service directly associated with the transaction. The Client's cost reimbursement obligation is independent of whether or not the specific transaction has been executed or settled or the order has been withdrawn or the commitment has been terminated due to any reason.

- 18.3. *Common rules.* Both the Bank and the Client must pay default interest in the case of any delay in the performance of any payment obligation.

The default interest charged by the Bank in relation to the specific transaction types are contained in the Fees and Charges. Unless there is an announced default interest rate, the rate defined by law must be applied.

Unless it is provided otherwise, all fees, expenses, etc. payable to the Bank must be interpreted as net amounts. In the event that a specific service involves a tax or duty, it must be charged on top of the fees and charges defined in the Fees and Charges.

- 18.4. *Material and non-material type benefits.* The Bank may, from time to time, receive fees, commissions or some other non-material benefits and may also provide such itself in relation to its investment services and ancillary services provided to Clients. These fees, commissions and other non-material benefits may be in any of the following forms: catering services outside the official premises of the Bank, conferences, seminars and training activities, client events, events not related to investments, admission tickets, gifts and contribution to the Bank's own expenses.

## **19. *Anti-Money Laundering Rules***

Pursuant to the provisions of the Anti-Money Laundering Act, the Bank has a due diligence obligation when it establishes a business relationship with the Client, within the framework of which the Bank must identify and check the personal identity of the Client and his authorised representative, the person having access to the account (see Chapter 2 of the Business Conditions). If the Bank comes across any data, fact or condition suggesting terrorist financing, then it must notify the authority operating as a financial intelligence unit about it. If the data, fact, or condition suggesting money laundering or terrorist financing occurs within the framework of the performance of a transaction order and its verification requires an action of the authority acting as the financial intelligence unit, then the Bank must immediately notify the authority and suspend the execution of the transaction order until a further action of the authority or no more than for one day in the case of a national transaction or no more than for two working days in the case of a foreign transaction. The Bank cannot be held liable for the suspension of the execution of the transaction order in line with the above requirements, if it acts in good faith. The authority may use the information received from the Bank in its report only for investigating crimes defined under the Anti-Money Laundering Act. The Bank must keep all reports and data supply made by it as well as suspension of any transaction order in compliance with the provisions of the Anti-Money-Laundering Act as confidential information.

## **II. Description of the Investment Services Performed by the Bank**

### **20. *Marketing of financial instruments, advisory and other services related to capital structure, business strategy, mergers and acquisitions.***

The Bank performs the investment services and ancillary investments services in compliance with the provisions of the individual Contract (individual order). Within the framework of this activity, the Bank may perform primarily the following tasks:

- a) consultation related to the organisation of the issue of securities;
- b) involvement in the preparation of the prospectus or information memorandum to be prepared by the Client or a third party for a public or private offer ordered by the Client and in its submission to the Supervisory Authority for approval;
- c) publication of the prospectus or information memorandum in the framework of the distributor's proceedings in the issue of securities and arrangements for the subscription;
- d) performance of the tasks related to the sale (subscription);
- e) financial consulting services related to the acquisition, merger, restructuring or sale of companies, implementation of the transactions as organiser;
- f) elaboration of capital financing structures;
- g) elaboration of equity and bond instruments and implementation of their issues, financial innovation related to investments and elaboration of financial instruments.

During the issue of securities, the Bank proceeds on the basis of the data and information provided or made available to it by the issuer of the securities for the preparation of the prospectus. The issuer must always make available for the Bank the information related to the issue and required by law, or requested by the Bank, within the applicable deadline, and with the required contents. The supply of all such information is the responsibility of the issuer and the failure to do so constitutes serious breach of the agreement by the issuer. The Client indemnifies the Bank for any damage, loss or expenses occurring as a result of the fact that the Client did not fulfil his obligations defined in this Section.

With an order for the issue of securities, the Bank does not assume an obligation to sell the securities; its activities are limited only to an attempt to sell the securities. The Bank shall proceed in the preparation of the prospectus and the implementation of the sales procedure with utmost care that can be expected from it.

The Bank agrees to quote the securities on a regulated market based on an order of the issuer or the holder of the securities. The rules of flotation of securities on Budapest Stock Exchange are contained in the currently effective regulations of BÉT.

Pursuant to the provisions of individual agreements, the Bank prepares and organises private or public issue of shares or bonds resulting in the restructuring of the share and ownership structure.

If the Client intends to increase the capital of its company, the Bank prepares proposals for the practical restructuring of the Client's company and any necessary modification in the

regulatory environment of the business activities for the purpose of making adequate preparations for the issue of shares.

The Bank immediately credits the revenues collected in subscription in the issuer's account kept by it (if there is such an account) but the Bank may also set-off its claims from the issuer against the collected amount.

The Contract between the Bank and the Client for the issue of the securities must contain at least the following information:

- (i) name and registered seat of the issuer;
- (ii) the quantity, class, type, denomination of the securities to be issued and whether or not they are dematerialized securities;
- (iii) the exact definition and detailed list of the services and commitments undertaken by the Bank;
- (iv) the fees and charges of the services undertaken by the Bank; and
- (v) any other information as required by the Bank.

If any of the Bank's licences related to the performance of this activity is withdrawn or such activity is limited, the Bank shall terminate the agreement on the issue of securities immediately and hand over the information already provided by the issuer to the duly authorised company specified by the issuer in compliance with the provisions of the rules under Part 1 Chapter 6.

## **21. Underwriting**

The Bank may assume a subscription guarantee under the provisions of an individual agreement concluded with the Client as the issuer of the securities. The subscription guarantee may relate to:

- a) the Bank's commitment to subscribe or purchase the securities on its own account,
- b) the commitment to subscribe or purchase a quantity of securities undertaken in the Contract in order to avoid the failure of subscription or sale.

## **22. Brokerage activity**

*22.1. Concept and specificities of a Brokerage Agreement. Acceptance of an order for brokerage activity.* The Bank as commission agent agrees, pursuant to the provisions of the Contract, to enter into Securities Sale and Purchase Agreement(s) for financial instruments in its own name and for the benefit and on the account of the Client, for which the Client pays a commission and compensates the expenses as agreed jointly with the Bank. The Bank does not warrant the result of such Contract.

In a Brokerage Agreement with a limit price, the Bank agrees to attempt the execution of the order at a price which is not less favourable than the limit price specified in the Brokerage Contract. Due to the specificities of the business line, the Bank does not accept liability for executing an order on the limit price even if on a particular performance day the price of the securities has reached the limit price.

In an order with a 'market price', the Bank does not assume any liability for being able to execute the order at the most favourable price available on the particular day due to the specificities of the business line.

The Bank accepts brokerage activity orders for:

- (a) spot sale and purchase transactions,
- (b) futures sale and purchase transactions, and
- (c) sale and purchase of options.

The Bank may accept the order in writing, by filling in an order forms, by telephone, or by fax. The Bank records all orders placed by phone in a voice recording. It is a prerequisite of acceptance of an order placed by phone that the Client identifies himself with his identification data. The Bank accepts orders by phone from those Clients with whom it has entered into a contract for the use of the CitiPhone services, or who signed the Master Agreement for account management and investment services or the declaration for the use of the telephone.

One order may apply only to securities of the same class and type, and separate orders must be placed for separate securities.

Any order applicable to a financial instrument listed on the regulated market may be given at least for a one day term, but no more than for the term identified in the effective regulation of the regulated market. After the expiry of the specific term, the Bank terminates the non-executed Contract and cancels the order.

During the term of the order, the Client may not release, sell or encumber in any form, the securities forming the subject matter of the order. The Client has unlimited liability towards the Bank for all damages arising from the violation of this rule.

- 22.2. *Client's obligations.* Unless the Parties provide otherwise, for the purpose of securing the order, the Client hands over or arranges the handover to the Bank the securities to be sold or involved in the option (securities deposit) or the purchase price together with the commission and reimbursed expenses (cash deposit) prior to the execution of the Contract. In the case of a purchase order at limit price or an option purchase order, the deposited amount is calculated on the basis of the maximum purchase price or, in the case of the purchase of an option, the additional maximum premium.

The Client warrants that the securities defined in the Contract are complete and are free of litigation, claims or encumbrances and that they can be transferred freely. Non-compliance with the above conditions constitutes severe violation of contract by the Client.

- 22.3. *Deposit.* If the Bank does not require from the Client to
- (i) deposit the securities to be sold or affected by the option or
  - (ii) deposit the applicable amount
- prior to the execution of the Contract by 10 a.m. of the last day available for exercising a term option, or by 10 a.m. of the day preceding the deadline in the case of a time option and the Client then fails to deposit the securities or pay in the appropriate amount, including also the maximum premium in the case of a purchase of an option, on the due date, the Bank may instruct the credit institution specified by the Client or, in the case of a securities deposit, KELER (or any other custodian, or clearing house), and the Client hereby gives his expressed consent for his bank account or credit account (if such accounts exist) to be debited for the

Bank. The Client hereby undertakes an obligation to sign all necessary documents in order to perform his obligations specified above and hand them over to the Bank or a third party. However, such a debited amount can under no circumstances be higher than the amount payable by the Client under the Contract.

- 22.3.1. Securities may be put into custody by the Client or his representative holding the Client's written authorisation signed with the Client's company signature at the place, time and with the person specified by the Bank. The Bank issues a custody certificate of the securities placed into custody with it. When registered securities, transferred with full endorsement are deposited, the Client must place such securities into custody with the Bank with a blank endorsement.
- 22.3.2. If cash is put into custody, then it is either transferred or paid into the custody account open for the Client by the Bank. The Bank is not obliged to pay interest for the term of the custody according to the applicable legal regulations. By accepting these Business Conditions, the Client hereby authorises the Bank to debit the gross purchase price including also the assignment fee for the securities on the amount placed to custody.
- 22.3.3. Any cash and securities placed to custody is the property of the Client.
- 22.3.4. The provisions of this Section 20.3. do not apply to dematerialized securities, of which the investment firm keeps records on the securities account.

The violation of the provisions of this Section by the Client constitutes severe violation of contract.

- 22.3.5. *Serious breach of Contract.* If the Client seriously breaches the provisions of the Contract and/or the Business Conditions and fails to remedy the situation despite a notification, especially if the Bank accepts an order for execution before the applicable amount or securities are deposited by the Client and the Client or the person or organisation proceeding in his name does not fulfil this obligation prior to or on the due date, the Client has unlimited liability towards the Bank for all losses, damages, expenses and other costs of the Bank (including, but not limited to, the legal representative fees and charges) which the Bank incurred as a consequence of the breach of Contract by the Client.
- 22.3.6. *Execution.* The Bank keeps consistent and continuous timely records of all its own account transactions, contracts and orders. The orders are executed in compliance with the Bank's execution policy and allocation regulation as well as the provisions of the Investment Firms Act.

The Bank attempts to execute the orders received in compliance with the applicable rules and regulations from the business day of its receipt until during the expiry of the order, or until the contract is terminated under any reason, unless the Client orders otherwise.

The Bank must make sure that its records related to its proprietary transactions and transactions performed for the Client are kept separately.

Unless the law provides otherwise, the Bank must keep its records of investment services and ancillary investment services for five years calculated from the execution or termination of the contract.

The Bank may also accept an order for purchases and sale for the same business day.

In the case of any deal performed on BÉT or some other regulated market or trading site, and arranged through KELER (or another clearing house) the Bank executes the order and performs its obligations in compliance with the regulations of these institutions.

The collection of the consideration and the securities takes place on the basis of the settlement period applicable to the place and time of execution at the specific execution venue, in compliance with the provisions of the individual contracts.

The Client must report any complaint about the Performance to the Bank immediately after learning about the fact based on which he intends to file a complaint. If he fails to do so, the Bank is exempted from liability in accordance with the provisions of these Business Conditions.

If the Bank must collect or release documents based on the Client's order, then the Bank shall verify them on the basis of the order, with due care generally expected from it. Any official document may only be released to the beneficiary after the eligibility for collection has been verified.

The Bank is not liable for either the authenticity, validity or completeness of any collected foreign or domestic official documents or any insufficiencies arising from the release of the official document in an inappropriate manner and with an inappropriate vehicle.

The Client must warrant that the securities handed over by him for sale are free of litigation encumbrances, shortage or claims and is responsible for any damages arising from the failure of complying with this obligation.

The Bank may sub-deposit the securities placed with it and purchased during the execution of its orders with KELER, or any other custodian employed by it abroad.

If after the placement of an order a change occurs, which is not covered either by the Business Conditions or the contract and it is not possible to consult with the Client, the Bank shall proceed in accordance with the Client's interests with simultaneous notification to the Client.

22.3.7. *Termination.* If the Contract is terminated, the Bank shall return the total amount and all securities supplied by the Client in relation to the Contract within 8 working days from the termination, unless the Client orders otherwise, or such amounts or securities are necessary in order to enable the Bank to perform the Client's other obligations.

22.3.8. *Special rules of forward deals and options.*

22.3.8.1. *Brokerage Agreement for forward deals.* A Brokerage Agreement for forward deals is established if the contracting parties intend to execute a deal under the terms and conditions of the contract at a later time defined under the contract, within no more than one year from the first day after the order. The Bank shall continuously possess the collateral during this term and allocated separately for collateral purposes.

The Client must make available the funds required for the forward transactions involved in the order to the Bank in the form a security deposit covering the obligations of the Client towards

the Bank arising from the Agreement or such individual orders and continuously ensure or supplement such collateral as defined in the Agreement.

For a Brokerage Agreement for forward transactions it is a pre-requisite of the acceptance of the order that the Client has deposited a specified amount defined by the Bank with the Bank in the form required by it.

An order must contain the following data:

- a) definition of the underlying product;
- b) number of contracts;
- c) the limit price;
- d) the direction of the contract;
- e) the date of the order;
- f) the term of the order.

*22.3.8.2. Forward FX transactions.* Forward FX transaction:

- a) forward FX sale;
- b) forward FX purchase;
- c) forward FX swap transaction.

The Bank manages the individual forward FX transactions in compliance with the provisions of the effective contract between the Bank and the other Bank participating in the deal as the subscription partner and, shall proceed in compliance with the provisions thereon during the term of the deal. For each deal the Bank selects a subscription partner from the Banks having a contract with it and closes the Client's transaction with the subscription Bank upon the Client's order.

The Bank enters into the forward FX deal based on the Client's order with Banks having a contract with it as a financial intermediary, in its own name.

*22.3.8.3. Options.* An option is a deal in which one party (the beneficiary) is entitled to sell or purchase the securities, financial instrument or stock exchange product forming the subject matter of the option at a future time with a unilateral declaration; for the other party (the obligor) the deal is an obligation to purchase or sell the subject matter of the option if the beneficiary intends to use the option.

The option could be a time or term option. For a term option the beneficiary may exercise his rights from the date of the contract the last day of the term. For a time option the beneficiary may exercise his rights at the time of the option.

A purchase option (call) is a Sale and Purchase Agreement (deal), in which the beneficiary of the purchase option may purchase specified securities (financial instruments, stock exchange products) with a unilateral declaration at a pre-defined price at a specific time or in a specific period, and the obligor must sell them.

A sale option (put) is a Sale and Purchase Agreement (deal) in which the beneficiary of the sale option may sell specified securities (financials instruments, stock exchange products) at a predefined price with a unilateral declaration at a pre-defined time or during a specific period, and the obligor must purchase them.

For a Brokerage Agreement for the purchase or sale of a call or put option the general terms and conditions of brokerage activity apply with the following specificities:

- a) the contract must provide for the type of the option and the option fee,
- b) the Client must deposit the option fee at the Bank.

### **23. *Trade activities***

In its trading activities the Bank sells and purchases financial instruments on its own account. The Bank keeps consistent and timely records of its transactions managed on its own account.

The Bank warrants that the securities sold by it on its own account are free of litigation, encumbrances, shortages or claims.

The Bank proceeds in its trading activities in compliance with the rules applicable to Brokerage Agreements with the differences specified in this part.

The Bank may also enter into a transaction with the Client in this context using the ISDA ('International Swap and Derivatives Association') master agreement.

### **24. *Safekeeping of securities and custodian services for securities***

24.1 *Contents of safekeeping and custodian services.* Within the framework of safekeeping, the Bank collects the Client's physical securities for safekeeping pursuant to the provisions of the contract, records them and releases them when the order expires. In addition to safekeeping, within the framework of custodian services the Bank also agrees to collect interest, dividend, yield and repayments for the holder of the securities. In its safekeeping and custodian services the Bank may employ a sub-custodian without any specific authorisation from the Client.

The Client defines the term of safekeeping, which may be indefinite or definite.

Physical securities are put into custody with a delivery acceptance report and an itemised check.

The Bank as custodian has a right to security deposit with regard to the custody fee and expenses in relation to the securities handed over for safekeeping.

The Client may reclaim the securities, deposited with the Bank or part of them at any time during the safekeeping period with a written order. However, such an order does not constitute the termination of the safekeeping order.

The Bank may terminate the contract with a notice period of 15 days, and the Client may terminate the contract with immediate effect in the form a written notification sent to the other party. The Bank returns the securities kept by the sub-custodian employed by the Bank (e.g., KELER Rt. or another depository) to the Client in compliance with the provisions stated in the regulations of the sub-custodian. The Bank may charge to the Client the total amount of the fees and costs applied by the sub-custodian.

The custody fee is due as specified in the Fees and Charges. It constitutes severe violation of contract if the Client does not pay the custody fee to the Bank on the due date.

24.2. *Exercising the ownership rights.* Unless the Bank receives contrary instructions from the Client in writing, the Bank shall consider the Client the owner of the securities and based on the right transferred by the Client in his authorisation (hereinafter: 'Authorisation') the Bank exercises the ownership rights over the securities. The Client must clearly define the Bank's rights and obligation in the authorisation. If he fails to do so, it constitutes severe violation of contract. Upon the Client's request and based on an authorisation other than the Authorisation defined in the previous sentence, the Bank may exercise voting rights in the name and for the benefit of the Client.

The Bank accepts this authorisation defined in the last sentence only if the authorisation is prepared in the form specified by it and contains at least the minimum, clear provisions specified by it. The Client sends such authorisation to the bank within the deadline specified by it on each occasion.

If such authorisation does not satisfy the requirements specified above, the Bank shall not have any liability for the outcome of any voting attempted on the basis of the authorisation.

24.3. *Payments.* The Bank collects dividend/interest/yield/repayment (hereinafter: revenues) from the issuer(s). The Bank notifies the Client of the details of the payment of such income (date, amount, etc.):

If dividend is collected, the Bank or its execution assistant hands over the dividend slip to the issuer and credits the dividend for the Client in his account.

If interest is collected, the Bank collects the amount from the issuer on the Client's account.

The Bank credits any amount collected based on the maturity of the debt securities issued by ÁKK on the Client's account.

24.4. *KELER.* Securities traded on BÉT and other securities eligible for keeping in KELER may be deposited with KELER in compliance with its currently valid and effective regulations. The Bank may pass on the total amount of fees and charges applied by KELER in relation to the securities deposited with, or managed by, KELER.

24.5. *Collection of securities.* The Bank checks the securities and officially accepts them within the framework of a collection process. The Bank may verify physical securities according to the following criteria:

- a. for all securities:
  - a.a) the securities must formally be complete, without any damages,
  - a.b) if the securities are produced with dividend, interest and other slips, the securities must contain all due slips but must not contain any overdue slips;
- b. for registered securities:
  - b.a) the last endorsement is a blank endorsement,
  - b.b) the endorsement chain has not been broken,
  - b.c) if there is an addition to the securities, then it is attached to the securities in an inseparable manner.
- c. validity of any publicly issued printed securities and the government securities according to the central securities register.

- d. is there any notary public's ban applicable to privately issued printed securities.

If the above requirements are not satisfied, the Bank may refuse the collection of the securities.

All copies of the delivery acceptance report are signed and stamped by the officer who counted the securities. If the delivery acceptance report needs to be modified (e.g., the indicated numbers on the shares and the delivery acceptance report do not reconcile) modification may only be made in a way that it is signed by the duly authorised employee of the Bank and the party handing over the securities. After the delivery acceptance processes is over, the document may no longer be modified. The Bank may use KELER services for the inspection of the securities.

The Bank agrees to verify the serial numbers only for such securities in relation to which the issuer regularly provides data. Such continuous data supply applies to securities listed on BÉT and government securities issued after 30 November 1991. In order to ensure data supply for other publicly issued securities, KELER may enter into agreements with the relevant issuers. The list of such securities is regularly published by KELER in its official paper. Consequently, the Bank monitors within the framework of its stock exchange reporting system, any ban or destruction of securities. The Bank is not liable for any damage, which occurs despite its careful proceedings in compliance with the provisions of this section.

The Bank does not verify the origin or authenticity of the securities, the authenticity and origin of the signatures when it collects securities, and it not liable for any damages arising from the violation of these rules.

The Bank manages the collected securities and financial instruments separately from its assets and other instruments, they are remain in the property of the Client. Such collected securities or financial instruments cannot be used by the Bank's creditor to satisfy their claims from charges, collaterals or receivables.

When the Bank accepts orders, it does not verify the other rights, which may limit the transferability of securities (e.g., right of pre-emptive purchase). Such other rights are effective towards the Bank, and the Bank takes them into consideration only if it is contained in the text of the securities or it is stamped on the securities.

24.6. *Safekeeping of securities.* The Bank accepts demand securities for keeping without verifying the ownership rights. In the case of registered securities the Bank may request certification of its entitlement for possession if the securities are not owned by the depositor. If this certificate is not provided, it constitutes severe violation of contract by the Client. The Bank accepts registered securities only with blank endorsement. The Client is responsible for ensuring that the title of acquisition of registered shares should be valid towards third parties. In order to exercise the Client's ownership rights and to the extent required, the Bank proceeds for the registration of the Client in the book of shares kept by the issuer upon the Client's written request.

24.7. *Custody fee.* The Client must pay a custody fee to the Bank as long as the securities are held by the Bank or a sub-custodian employed by the Bank. The payment of the custody fee is performed when the due amounts are credited on the Bank's account under this title.

## **25. *Securities Account and Securities Custody Account Keeping***

25.1. *General rules.* The Bank registers physical securities of the Client on a securities custody account, and dematerialized securities on a securities account. The securities account and the securities custody account are established with the Brokerage Master Agreement for account management and securities (hereinafter: 'Account Agreement'). With the Account Agreement, the Bank assumes an obligation to record and manage the dematerialized securities owned by the Client entering into an agreement with it on the securities account opened at the Bank, to perform the regularly placed orders of the Client and to notify the account holder of the credits and debits made on the account and the account balance.

The Bank expressly retains the right to accept or reject specific securities for the purpose of registration and management based on an Account Agreement.

The Bank and the Client enter into the Account Agreement simultaneously with the conclusion of a Brokerage and Sale and Purchase Agreement. The Bank specifies the Client as account holder. The Client may provide an authorised representative at the Bank for having access to his account in compliance with the provisions of the General Provisions. The Bank registers the personal data and specimen signatures of the Client and his authorised representatives or, in the case of business organisations, the company data and the personal data and signatures of the representatives and authorised representatives proceeding in the name of the Company in compliance with the provisions of the Act on the Prevention of Money Laundering (mandatory client identification).

Only the account holder and, with the exception of the opening or termination of the account, the authorised representative of the account holder officially registered at the Bank with the completion and signature of the respective specimen signatures may have access to the securities account or sub-accounts.

Both the Client and his authorised representative must present to the Bank an authentic company signature statement as defined in the General Provisions simultaneously with the conclusion of the Brokerage or Sale and Purchase Agreement. The failure of the Client to provide an authentic company signature statement constitutes severe violation of agreement.

The securities account contains

- a) the number and title of the account,
- b) the data for the identification of the account holder, specified in a separate legal regulation,
- c) the securities code (ISIN code), description and volume, and
- d) a reference to the blocking of the securities.

The account holder cannot be identified with a number (group of numbers, codeword or any other reference) suitable for hiding the identity of the account holder. The securities account has an individual client identification number, suitable for identifying the Client in accordance with the requirements contained in the legal regulations.

The right of access to jointly held securities registered in the securities account may be exercised jointly, or by the joint representative elected by the owners and reported to the account managing bank.

If the account holder is subject to bankruptcy, liquidation or winding up, only the receiver, the liquidator or the officer in charge of the winding up procedure may have access to the account.

After the disclosure of the bankruptcy, liquidation procedure and winding up in an official paper, the Bank may have access orders on the accounts only from such persons. The account holder must report the name of the receiver, the liquidator and the officer in charge of the winding up procedure to the Bank within three days from their allocation or appointment.

With regard to the securities and client accounts, no beneficiary may be appointed in case the client dies.

The Bank may limit the Client's right of access to the account in a manner specified in an individual contract (e.g., blocking, security deposit, commitment, etc.) until the time and in a way defined in the contract or in the security deposit blocking statement.

The zero balance of the securities account shall not terminate the Securities Account Agreement.

If the Bank officially learns about the death or cancellation of the Client, it accepts any order regarding the securities or securities custody account only on the basis of an effective court resolution or an inheritance order.

The Bank is not obliged to verify the origin, completeness or validity of any domestic or foreign document appointing a guardian, trustee, etc. or any other person in any other position, presented to it. The Client shall bear all damages that occur as a result of the forgery, insufficiency, inefficiency or false issue or translation of these documents.

The Bank's Announcement regulates whether the Bank tries to execute the debit orders associated with the securities account and the client account or any other orders accepted by the Bank – depending on the time when the order is placed, still on the same day, or only on the subsequent banking day.

- 25.2. *Blocked securities sub-account.* The Bank transfers all securities into a blocked securities sub-account which are encumbered by a right of the Bank or a third party based on legislation, a court or regulatory measure or contract, or in relation to which the account holder issues such an order. The title of the blocking must be indicated on the sub-account, including especially security deposit, right of pledge, court deposit, claim enforcement, lawsuit, execution procedure, together with the person for whom it was registered.

The Bank must send the account statement issued for the sub-account to the account holder and to the person for whom the right was registered, as well as to the competent court, the executor or other authority. A similar procedure must also be followed for the deletion of the registration of a right.

Securities only may be released from the sub-account if the condition resulting in the blockage has been terminated.

If the Client may sell the securities during the term of the blockage, the Bank ensures that the securities are credited in the blocked securities sub-account associated with the securities account kept for the new holder indicating the reason for the blockage.

- 25.3. *Account statement.* The Bank prepares account statements monthly informing the Client on all the transactions performed on his account, the turnover on the account and its balance. The

account statement certifies the ownership of the securities towards third parties as of the date of its issue. The account statement may not be transferred or assigned. Upon the account holder's request, an account statement must be prepared immediately on the turnover and balance of the securities account.

- 25.4. *Securities account keeping.* In the framework of an Account Agreement, the Bank registers dematerialized securities for the Client in the securities account. Dematerialized securities issued in Hungary (for the purpose of this Chapter hereinafter: 'securities') may only be transferred by way of a debit or credit on the securities account. The Bank as securities account keeper immediately debits or credits the securities account and registers the changes in the data of the dematerialized securities (e.g., face value, type) immediately after receiving a notification from the central depository. In the case of any credit or debit entry between securities accounts kept by the same securities account keeping bank, the securities account keeping bank must make the credit and debit on the securities account with the same value date. Until it is proved otherwise, the owner of the securities account shall be deemed to be the owner of the securities registered on the securities account.

If the securities account is terminated, the account keeping bank transfers the balance of the account to the securities account specified by the account holder on the date specified by him or, if no such date is specified, then no later than on the date of termination.

If the securities account is terminated because the scope of activity of the account keeping bank is changed, the balance of the securities account is transferred on the date specified by the supervisory authority.

- 25.5. *Securities transfer.* A securities transfer order may be placed by completing an appropriate form signed by the authorized persons or, in the case of non-natural persons, with the official company signature. The Bank checks the contents of the transfer orders only to the extent required for ensuring that the securities are freely available on the account of the Client placing the transfer order. The Bank does not check whether or not the beneficiary of the transfer is filled-in appropriately, and executes the order with the specified contents. All consequences arising from the performance of any erroneously placed order must be borne by the Client placing the order. The Bank applies the charges defined in its Fees and Charges for the securities transfer orders.

The deadline for the execution of a securities transfer order is no later than the 1<sup>st</sup> (first) banking day from the filing of the Client's written order if the order is filed with the Bank's registered seat. For foreign securities, the Bank executes the transfer orders no later than on the 4<sup>th</sup> (fourth) banking day from the filing of the order.

- 25.6. *Taxation.* With regard to the tax deduction arising from the Bank's obligation as a payer, the provisions of Part I Chapter 11 must be applied.

## **26. *Client Account Keeping***

- 26.1 With the exception of the case defined in Section 24.6. below, the Bank keeps a client account based on the Client's request.
- 26.2. The Bank records the revenues belonging to the Client (account holder) on the client account and makes payments from the client account in compliance with the provisions of the Client Account Agreement.

- 26.3. The Client may not place a valid order or instruction or may not create a situation as a result of which any payment obligations triggering debits on the client account would be unfunded or could not be executed. If the funds available on the client account do not cover the payment of all due orders, the Bank shall execute the orders in the order of their receipt, unless the Client provides otherwise.
- 26.4. The Client may freely dispose over the amount resulting from the proceeds or sale of an investment service or securities, credited to his client account.
- 26.5. The Bank does not pay interest on the funds placed in the client account.
- 26.6. Upon the explicit order of the Client, the Bank may also keep the cash-flows related to the investment services used by the Client in the Client's bank account. If the Client gives an order to the Bank as indicated above, he acknowledges that whenever any agreement concluded with the Bank or these Business Conditions of the Bank refer to the client account, in the case of the Client this refers to the Client's bank account.
- 26.7. In the case of erroneous debits or credits arising from the Bank's mistake or mistyping errors, the Bank may cancel the erroneous debit or credit on the Client's securities and/or client account (bank account) before performing any other transactions, with a simultaneous notification to the Client about it in the form of an account statement. The Bank is entitled to this right without any limitation in time.
- 26.8. If the client account (bank account) does not contain enough fund for the correction of an erroneous credit arising from the Bank's own mistake or mistyping error, then the Client must immediately transfer to the Bank the erroneously paid or transferred amount or pay it in at a cashier in the Bank's premises open to Clients. If the Client is late with a payment, he shall pay default interest as defined in the Fees and Charges, or in the Civil Code.

**27. *Information on Outsourcing and Temporary Transfer of Personal Data***

The Bank indicates the outsourced activities and the Parties performing the outsourced activities in the annex of these Business Conditions.