

MIFID II indirect clearing account type selection for ETD

Dear client,

Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MiFIR) requires the operators of regulated markets to ensure that all transactions in derivatives that are concluded on the regulated markets operated by them are cleared by a central counterparty (CCP), i.e. a clearing obligation for exchange traded derivatives (ETDs).

In order to clear these derivatives, counterparties may become a clearing member, the client of a clearing member or establish indirect clearing arrangements with a clearing member, i.e. become client of a direct client of a clearing member. According to Article 30(1) of MiFIR indirect clearing arrangements with regard to ETDs are permissible provided that those arrangements do (i) not increase counterparty risk and (ii) ensure that the counterparty benefits from a protection with equivalent effect to the one which is guaranteed for direct clients by Articles 39 and 48 of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives central counterparties and trade repositories¹ (EMIR).

On September 22nd, 2017 the European Commission has published Commission Delegated Regulation amending Commission Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements². On November 21st, 2017 the European Commission has published Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standard on indirect clearing arrangements³ ("Indirect Clearing RTS"). Article 4 of the Indirect Clearing RTS sets out the obligations of clearing members offering indirect clearing services to clients. Accordingly, Erste Befektetési Zrt. in its role as clearing member in a clearing relationship with you has to offer your clients the choice between two types of clearing accounts: a basic (net) omnibus indirect client account and a gross omnibus indirect client account.

¹ EMIR: <http://eur-lex.europa.eu/legal-content/DE/ALL/?uri=celex%3A32012R0648>

² RTS on indirect clearing arrangements: <http://ec.europa.eu/transparency/regdoc/rep/3/2017/EN/C-2017-6268-F1-EN-MAIN-PART-1.PDF>

³ http://eur-lex.europa.eu/eli/reg_del/2017/2154/oj

Choice of accounts (please mark)**Erste Befektetési Zrt. acting as clearing member on Keler CCP Central Counterparty Ltd.**

Erste Befektetési Zrt. as clearing member on Keler CCP Central Counterparty Ltd. shall open and maintain the following account for your (indirect) clients:

BOSA: an omnibus account with the assets and positions of the client held for the accounts of its indirect clients;

GOSA: an omnibus account with the assets and positions of the client held for the accounts of its indirect clients, where EIH shall ensure that the positions of an indirect client do not offset the positions of another indirect client, and that the assets held for the account of an indirect client cannot be used to cover the positions of another indirect client.

In order to be able to facilitate indirect clearing to you and your clients, you, as the direct client have to obtain information from your (indirect) client(s) which account type they are going to select.

This account selection should only be made in consideration with the Clearing Member Disclosure Document, which contains further information regarding the levels of protection that Erste Befektetési Zrt. offers for clearing services to (indirect) clients and can be found at the link below:

<http://ersteinvestment.hu/hu/IC.html>

Please be aware:

Please return this account type selection form to devizasettlement@ersteinvestment.hu no later than thirty (30) calendar days from the day this form has been made available to you via EIH website or via email from your EIH business contact.

If you do not confirm within the requested timeframe, we will record the positions and assets relating to you in an account that has the level of Indirect Clearing RTS-compliant segregation which is the closest to your pre-Indirect Clearing RTS account structure. This does not preclude you to elect a different (e.g. higher) level of segregation at any time by communicating it in writing to us.

Company name: _____

Name: _____

Title: _____

Signature: _____

Date: _____