

**Commerzbank Zártkörűen Működő Részvénytársaság**

**Terms of Business and General Terms and Conditions for  
Investment Services and Ancillary Services**

## Contents

I. Approval of the Operating License and the Terms of Business.....	3
II. Client categorization.....	4
III. General terms and conditions applicable to contracts and business relationships, conclusion, amendment and termination of contracts.....	6
IV. Collaterals.....	11
V. Protection of Client's instruments, Investor Protection Fund .....	11
VI. Business and securities secrecy .....	12
VII. Suspension of operating license, transfer of portfolio, publicity of business data .....	12
VIII. Provisions applicable to certain investment services.....	14
IX. Annexes:.....	18

## I. Approval of the Operating License and the Terms of Business

1. **Commerzbank Zártkörűen Működő Részvénytársaság** (registered office: H-1054 Budapest, Széchenyi rakpart 8.) (hereinafter referred to as "the **Bank**") is a universal bank authorised to provide investment services and ancillary services (hereinafter jointly referred to as: "**investment service**") under Act CXXXVIII of 2007 on investment firms and commodity dealers and on the regulations governing their activities (hereinafter referred to as the "**Investment Regulations Act**") and financial services and ancillary services under Act CCXXXVII of 2013 on credit institutions and financial enterprises (hereinafter referred to as the "**Hungarian Banking Act**").
2. The number of the Bank's operating licenses pertaining to investment services are 41.074-1/1999, as issued by the Hungarian Financial and Capital Market Supervisory Authority on 22 November 1999, and III/41.074-3/2001, as issued by the Hungarian Financial Supervisory Authority on 24 April 2001. The above were changed by the Authority by resolution III/41.074-5/2002 dated 20 December 2002 and resolution E-III/735/2008 dated 17 July 2008. Pursuant to the Investment Regulations Act, these licenses correspond to the activities laid down in these Terms of Business.
3.
  - 3.1. Investment services performed by the Bank:
    - a) own account trading,
    - b) Investment advice.
  - 3.2. Ancillary services provided by the Bank:
    - a) safe custody services, and the relevant securities account management, in case of printed securities the administration of them and client account management,
    - b) safekeeping and administration of financial instruments for the account of clients, and the relating client account management,
    - c) trading of own account trading with foreign currency related to investment service activities,  
dealing on own account with foreign exchange in connection with the investment service activity,
    - d) investment research and financial analysis
  - 3.3. The Bank's operating license applies to the following financial instruments:
    - a) transferable securities,
    - b) money-market instruments,
    - c) securities issued by collective investment undertakings,
    - d) options, futures, swaps, forward rate agreements linked to securities, foreign currencies, interest rates or yields, and any other derivative transactions, instruments, financial indices or measures that may be settled by physical delivery or in cash,
    - e) commodity linked options, futures, swaps, forward rate agreements, and any other derivative transaction or instrument that must be settled in cash, or that may be settled in cash at the option of one of the parties, excluding the expiry of the term of delivery or other grounds for termination,
    - f) commodity linked options, futures, swaps, and any other derivative transaction or instrument that may be settled by physical delivery, provided that the same has been traded on a regulated market or in a multilateral trading system,
    - g) commodity linked options, exchange-traded or over-the-counter futures transactions, swaps that have the characteristics of other derivative financial instruments, which are not included in paragraph f), and any other derivative transaction, which can be settled by physical delivery and is not intended for commercial purposes, provided that it is either cleared through recognised clearing houses or subject to regular supplementary payment obligation,
    - h) derivative transaction for the transfer of credit risk,
    - i) financial agreement for differences,
    - j) options, futures, swaps, forward rate agreements, and any other derivative transaction or instrument linked to climate or weather factors, freight rate, air pollutant or greenhouse gas emissions, inflation rates or other official economic statistics, which must be settled in cash or may be settled in cash at the option of one of the parties, unless the

- termination is attributable to a default,
- k) other derivative transactions or instruments linked to rights, obligations, indices or measures not included in paragraphs a) to j), which have the characteristics of one of the other derivative instruments, including being traded on a regulated market or in a multilateral trading system, being cleared and performed through recognized clearing houses, or being subject to regular supplementary payment obligations, as well as derivative transactions as specified in Article 39 of Commission Regulation (EC) No 1287/2006.

4. The range of financial instruments that are actually available at the Bank is included in the Bank's Execution Policy.
5. The Bank does not trade instruments under Article 20 of Regulation (EU) 600/2014, either at or outside trading venues, nor does it deal in commodity derivatives, allowances or their derivative products.
6. As regards the investment services referred to above and financial instruments, the Bank does not engage in cross-selling within the meaning of the Investment Regulations Act (the offering of an investment service together with another service or product as part of a package or as a condition for the same agreement or package).
7. The Bank does not perform algorithmic trading, as defined under Section 4 (2) 1 of the Investment Regulations Act, and it does not carry out portfolio management, as defined under subsection 53.
8. The Bank does not exercise any ownership rights in respect of the reference value under Article 37 of Regulation (EU) 600/2014.
9. The Bank does not qualify as a product maker under Section 3 of Decree No. 16/2017. (VI.30) NGM; it takes part in the distribution, within the meaning of Section 6 of the said Decree, of products made by Commerzbank AG as the parent company.
10. The Bank executes the transaction types laid down in Article 10 of Commission Delegated Regulation (EU) 2017/565 on the basis of the Hungarian Banking Act.

The Bank does not voluntarily apply the provisions applicable to systematic internalisers, and continuously monitors whether it qualifies as a systematic internaliser for a product in view of the thresholds specified in the relevant legislation. If the relevant threshold is likely to be exceeded, the Bank shall add requirements governing regular internalisation to these Terms of Business, and adjust its operation accordingly.

11. The Bank's effective General Terms of Business is public. The Bank displays its effective General Terms of Business in the areas open to clients (and at its brokers/intermediary), and makes it continuously available as "Terms of Business for Investment Services" under the "Treasury/MIFID" tab under "Terms" on its website at [www.commerzbank.hu](http://www.commerzbank.hu).
12. These Terms of Business include the general terms and conditions of transactions and legal relationships between the Bank and the person or organization using the Bank's investment services (hereinafter referred to as "Client(s)"). If the contract for a particular transaction includes a provision deviating from the Terms of Business, the provisions of the contract shall apply. Matters not covered by the contract are governed by the provisions of these Terms of Business.
13. The terms used in these Terms of Business shall be understood as defined in the Investment Regulations Act.

## **II. Client categorization**

1. As part of its investment service activities or ancillary services the Bank shall, before the execution of the contract, categorize the prospective client as follows, and shall treat it as a Client according

to such categorization after the effective date of the contract. The categorization is not necessary if the contract is concluded based on a general contract in force.

2. The Bank informs the Client in writing or in another form of durable medium about:
- a) its categorization,
  - b) any changes in its categorization; and
  - c) the fact that it may request its categorization to be changed under the provisions of the Investment Regulations Act, and in case of such a request about the changes in its rights.

3. Professional Client:

The following clients shall qualify as Professional Clients:

- a) investment firms,
- b) commodity dealers,
- c) credit institutions,
- d) financial enterprises,
- e) insurance companies,
- f) investment funds and investment fund managers, as well as collective investment trusts,
- g) venture capital funds and venture capital fund managers,
- h) private pension funds and voluntary mutual insurance funds,
- i) any local business that is:
  - ia) regarding the financial instrument defined under Section 6, point l) of the Investment Regulations Act or the derivative financial instrument related to it and defined under Section 6, a person, who trades with the given financial instrument in order to meet or related to their obligations defined in the Act CCXVII of 2012 on the participation in the scheme for greenhouse gas emission allowance trading within the Community and in the implementation of the Effort Sharing Decision,
  - ib) regarding the derivative energy transaction defined under Section 6, points e)-g), j) and k) of the Investment Regulations Act, a person, who trades with natural gas or electricity according to the Gas Supply Act and the Electricity Act,
- j) central depositories,
- k) institutions for occupational retirement provision,
- l) stock exchanges,
- m) central counterparties,
- n) all other companies which are recognized as such by the country in which they are established,
- o) preferential companies as described in the following,
- p) preferential bodies as described in the following, and
- q) all other persons and bodies principally engaged in investment service activities, including special purpose business entities.

Preferential companies:

A company shall be deemed preferential within the meaning of Clause 3 o), if it meets at least two of the following criteria: relying on the last audited accounting report, and calculated according to the official foreign exchange rate in effect on the balance sheet date, as published by the Central Bank of Hungary.

- a) its balance sheet total is at least twenty million euros,
- b) its annual net revenue on sales is at least forty million euros,
- c) it has at least two million euros in own funds.

Preferential institutions:

An institution shall be deemed preferential within the meaning of Clause 3 p), if it is

- a) the government of any EEA Member State,
- b) the regional government of any EEA Member State,
- c) ÁKK Zrt or an organization entrusted with the management of the public debt of any other EEA Member State,
- d) the Central Bank of Hungary, the central bank of any EEA Member State or the European Central Bank,
- e) the World Bank,
- f) the International Monetary Fund,
- g) the European Investment Bank, or

- h) any other body active in international finances that was created by virtue of an international agreement or intergovernmental agreement.

4. Eligible counterparty:

The following clients shall qualify as eligible counterparties:

- a) companies specified under Clauses 3 a)-m),
- b) preferential companies specified in Clause 3),
- c) preferential institutions specified in Clause 3)
- d) all other companies which is recognized as such by the country in which it is established.

In case of an eligible counterparty, the provisions of Sections 40-50, Section 55, and Sections 62-65 of the Investment Regulations Act shall not apply, subject to the exceptions set out in the Act, for its investment service activities and related ancillary services specified under Sections 5 (1) a)-c) of the Investment Regulations Act.

- 5. Any client who is not rated as an "Eligible Counterparty" or a "Professional Client" shall be considered a Retail Client.
- 6. The Bank shall afford to Professional Clients, at their special request or – if they were rated as Professional Clients upon the Bank's initiative – with their express agreement, the same conditions as those applicable to retail clients in connection with their investment service activities and ancillary services. The agreement above shall be laid down in writing and it shall contain:
  - a) an indication that the Client is rated as a Professional Client, and that the conditions applicable to retail clients are applied at its request,
  - b) an indication of the financial instruments or transactions to which the conditions applicable to retail clients shall apply.

In the case of a request submitted hereunder, the investment firm shall inform the Client in writing about the differences in the conditions applicable to Professional Clients and Retail Clients, and the consequences of the same.

### III. General terms and conditions applicable to contracts and business relationships, conclusion, amendment and termination of contracts

- 1. If the Bank cannot carry out client due diligence, as set out by Act LIII of 2017, it must either refuse transactions over payment accounts ordered by the Client, the establishment of business relationships and the performance of transaction orders, or terminate the existing business relationship with the Client.
- 2. Unless provided otherwise in the individual contract, communication between the Bank and the Client shall be in the Hungarian language. In the case of contracts concluded between the Bank and the Client both in Hungarian and in another language other than Hungarian (which may be English or German), the Hungarian version of the contracts shall prevail in all cases. Accordingly, at the request of the Bank, a certified Hungarian translation must be attached to any authorization issued in a foreign language.
- 3. The Bank accepts orders in line with the provisions detailed in Section VIII of these Terms of Business for each transaction type.
- 4. Contracts for the use of investment services are laid down by the Bank in writing on the day of the relevant order and the written contracts are retained.

Based on the individual specific contract concluded with the Bank, the Client can also give verbal orders to the Bank. The Bank executes orders received via telecommunication devices, records them in writing, and sends the relevant confirmation to the Client. **If there is a difference between the order and the confirmation of the order referred to above, the Client shall notify the Bank of this until 10 a.m. on the banking day following receipt of the confirmation. The Parties expressly agree that, if the Client**

**fails to submit an objection (complaint) within the said deadline, then the Client shall be deemed to have accepted the fulfilment as described in the confirmation.** A possible failure to lay down the order in writing as said above shall not affect the validity of the order. Any disadvantages resulting from the lack of written confirmation (in particular, but not limited to, losses, damages, costs) shall be borne by the Client. The Bank shall execute transfer orders received by fax subject to a separate agreement with the Client.

5. The Bank shall record and manage phone conversations, electronic communication and in person communication with the Client in line with the rules of the current CEO Directive on the administration of contracts and orders, and shall retain such recorded data for 5 years, or for 7 years where this is required by the Authority. The Client is aware that duplicates of all direct communication with the Client, along with the recorded version of any internal communications conducted concerning the conclusion of Agreements can be made available to the Client upon its request, within the retention period stipulated by law and/or the supervisory authority.
6. The Bank retains for 5 years all relevant information about all orders and executed transactions related financial assets managed under the current CEO Directive on the administration contracts and orders.
7. Before the conclusion of the contract, the Bank notifies the Client of the price of the financial instrument, the trends of the price before conclusion of the transaction, where this is possible for the given transaction, its market position, any public information, the transaction risk, transaction related fees, costs, target markets for each asset, the investor protection system available to the Client and any additional information, which may be relevant to the conclusion and performance of the contract or are required by law. The Bank provides information in writing as well as on its website at [www.commerzbank.hu](http://www.commerzbank.hu) as "General Information" under the "Treasury/MIFID" tab under "Terms", as "Treasury Products and Services" under the "Treasury/MIFID" tab, as "Information on FX derivative transactions" under the "Standardised cost information for derivative instruments" under the "Treasury/MIFID" tab under "Terms", and as "Information on Interest Rate Derivatives" under the "Standardised cost information for derivative instruments" tab under the "Treasury/MIFID" tab under "Terms".

The Bank also informs the Client of its licensed investment service activities in these Terms of Business.

When providing information in line with the foregoing, the Bank ensures that clients or potential clients are reasonably able to understand the nature and risks of the investment service and of the specific type of financial instrument that is being offered and, consequently, they can take investment decisions on an informed basis.

If the Bank offers a financial instrument issued by the Bank or another entity belonging to the COMMERZBANK Group to the Client, and such instrument is included in the calculation of the prudential requirements determined in European Parliament and Council Regulation (EU) 575/2013, Directive 2013/36/EU of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council, additional information shall be provided to the Client explaining the differences between the financial instrument and a bank deposit with regard to yield, risk, liquidity and any protection available under Directive 2014/49/EU of the European Parliament and of the Council.

8. Before concluding the contract, the Bank shall examine whether the offered financial instrument, transaction type or investment construction is adequate for the market knowledge and risk-taking ability of the Client other than an Eligible Counterparty. To this end, the Bank may request personal information from the Client by requesting the completion of a form or statement reflecting the Client's market knowledge and risk-taking ability (hereinafter referred to as "**appropriateness part of the appropriateness and suitability test, or appropriateness test**") or the supply of data for the completion of the same.
9. As part of the appropriateness test, the Bank (i) reviews the investment services known to Client; (ii) surveys the services, transactions and financial instruments known to the Client or prospective Client (hereinafter each referred to as the "**Client**"); (iii) investigates the nature, volume and

frequency of the Client's transactions with financial instruments and the time frame, in which such transactions took place; and **(iv)** reviews the Client's qualifications, occupation, and any former employment relevant to the evaluation.

10. If, in assessing the appropriateness test, the Bank finds that the financial instrument or transaction to which the contract pertains is not appropriate for the Client, it shall warn the Client about this. If the Bank finds the information provided by the Client insufficient, it shall notify the Client that, in the given case, it is unable to determine the appropriateness of the financial instrument or transaction included in the contract, and consequently, it cannot deal with the Client in products governed by the Investment Regulations Act (MIFID), nor may it provide the Client any investment services or ancillary services.
11. Before conclusion of the contract, or where a general contract is in place, the fulfilment of the order, the Bank shall **(i)** make sure if the Client has adequate knowledge, as well as practical experience and risk-taking ability in respect of the financial instrument or transaction forming the subject of the contract or order to make an informed investment decision; and **(ii)** investigate the Client's source or income and investment goals, to the extent necessary for the performance of the contract, **(iii)** in order to be able to offer a transaction or financial instrument adjusted to Client's standing, which can satisfy the Client's investment expectations (hereinafter referred to as "**suitability part of the appropriateness and suitability test, or suitability test**"). With the suitability test, the Bank assesses **(i)** if the service offered as part of its investment consulting activity is suitable for the achievement of the investment goals specified by the Client, **(ii)** whether the level of risk associated with such service, which is otherwise in harmony with Client's investment goals, matches the Client's financial abilities, and **(iii)** if the Client has sufficient experience and knowledge to understand and assess the nature of such service and the associated risks. For this purpose, the Bank examines and investigates **(i)** the period in which the Client intends to invest, **(ii)** the Client's risk appetite and risk-taking ability, and **(iii)** the intended goal of the investment, **(iv)** the amount and sources of the Client's income, **(v)** the volume of assets held by the Client, with particular regard to the portfolio of liquid assets, fixed assets and real estates, and **(vi)** the amount and source of the Client's regular commitments; **(vii)** the services, transactions and financial instruments known to the Client, **(viii)** the nature, volume and frequency of the Client's deals in financial instruments, and the time frame in which such deals were completed, and **(ix)** the Client's qualifications, occupation and any former employment relevant for the assessment.
12. The Bank requests the simultaneous completion of the appropriateness and suitability tests under the Investment Regulations Act (independently from the provision of investment advice).
13. In the course of appropriateness and suitability testing, the Bank accepts declarations made or documents submitted by the Client, with particular regard to the following documents or declarations:
  - a) written declarations of the Client's financial and income standing,
  - b) documents used to verify the declarations under paragraph a),
  - c) agreements with other investment firms or commodity dealers,
  - d) completed copies of the appropriateness and suitability tests.
14. If the signature on the written order cannot be identified or doubts arise as to the authenticity of the signature for any identifiable and obvious reasons, the Bank shall refuse to execute the order and inform the Client accordingly. The Bank shall assume no responsibility for the fulfilment of an order, for which the signature turns out to be fake or falsified, and even careful examination was insufficient to reveal this.
15. The Bank shall refuse to conclude a contract or to fulfil an order received under a general contract in force if
  - a) to do so would involve insider dealing or market manipulation, or
  - b) it would violate the law or the provisions of the regulations of the regulated market, or of a third country stock exchange, clearing house, central counterparty or central depository acting as an organization providing clearing or settlement services fulfilling the criteria applicable to regulated markets, or



- c) the Client refuses to identify himself or to cooperate in such identification procedure, or if the identification procedure fails for any other reason, or
- d) the Bank has been unable to access the information required for the suitability test, or
- e) the result of the suitability test do not allow for the provision of requested service to the Client for the given financial instrument,
- f) the transaction requires LEI ID and the Client does not have a LEI ID.

**16.** The Bank may refuse to conclude a contract or to fulfill an order received under a general contract in force if

- a) the Client's standing, as known to the Bank, may adversely affect the perception of the Bank,
- b) the Client wishes to set an unrealistic price in the order,
- c) the Bank does not consider the financial instrument under the Investment Regulations Act appropriate for the Client based on the target market matrix in Annex 4 to the Treasury Products and Services referred to in point 7 of this chapter.

The Bank shall have the right to refuse to conclude a contract, based on its own discretion, in other cases too.

**17.** The Bank shall inform the Client about the fulfilment of the order within 1 banking day in writing or on other durable medium. The Bank shall send extracts to the Client of the securities account and client account for each transaction, as well as a quarterly summary of the same. The Clients may also request information in different ways about the fulfilment of their orders and the balance of their accounts managed by the Bank, whose charges are laid down in the Bank's Terms and Conditions for Investment Services.

**18.** If the Client does not object to the transaction, settlement, or the account administration or operations until 10 a.m. on the next banking day following receipt of the notice of confirmation of fulfilment or the extract of the account held for the Client, the order, fulfilment, account administration, any underlying account transactions and the account balance, as well as settlement shall be considered accepted, and the Client shall have no right any more to raise objection against or otherwise dispute these.

**19.** Other communication between the Bank and the Client may take place, at the Bank's option, by registered or ordinary mail, fax, e-mail, or by publishing on the Bank's website. The information thus sent shall be deemed to be reporting of the investment service rendered or provided by the Bank to the Client.

**20.** Upon completion of the transaction or termination of the legal relationship between them, the Bank and the Client shall, with due regard to the specific characteristics of the transactions in question, make a settlement with each other within a reasonable time. Offsetting against the Bank shall not be allowed, unless the Bank has acknowledged the debt in writing or the Bank's debts to the Client has been determined by a final court decision.

**21.** Any notification of the Bank to the Client shall be considered as delivered when the Bank receives a copy of the original document, initialled by the Client, or a confirmation by fax, or the dispatch is justified by the Bank's mailing book, mail dispatch register or certificate of posting held by the Bank. Written communications sent between the Client and the Bank to the other party's address specified herein or duly notified later by postage paid registered mail shall be considered delivered on the 8th (eighth) day following the dispatch of the shipment at the post office. The Client and the Bank shall continuously ensure the availability of one person (representative) at the said addresses, who is authorized to accept postal shipments, and the absence of such person may not be cited by the party in fault as an excuse. A statement served otherwise than by postal shipment and rejected by the addressee shall also be considered delivered, provided that the rejection is certified by two witnesses by giving their signatures on the protocol drawn up on such rejection.

**22.** As regards written mails received, the Bank's records shall be authoritative.

**23.** The Client shall immediately notify the Bank of any change in the Client's data communicated to

the Bank. The Client must notify the Bank immediately if he initiates liquidation or bankruptcy proceedings against himself, or becomes aware of any liquidation or bankruptcy proceeding initiated against him. If a notification, statement, settlement or other document expected from the Bank is not received, the Client must notify the Bank immediately after, but in no more than 8 days from the expected receipt of the document. All possible disadvantages resulting from a failure to inquire shall be borne by Client.

24. The Client may modify or cancel orders not yet fulfilled (cancellation). The Client shall assume liability for orders already fulfilled; they may not be cancelled any more. Changes to and cancellation of orders are governed by the rules applicable to the acceptance of orders.
25. Unless provided otherwise in these Terms of Business or the individual contract, contracts for investment services may be terminated giving 30 days notice period. In case of a serious breach, contracts may be terminated with immediate effect. If the contract is terminated, the parties shall make a settlement within 15 days of such termination: the Client shall pay to the Bank any outstanding fee and cost, and the Bank shall pass on to the Client or transfer to the investment service provider designated by the Client all financial instruments and amounts due to the Client, having regard to any provisions on collaterals. The securities account contract may be terminated by the account holder at any time without notice, however, such termination shall take effect subject to the simultaneous designation of another account manager, except where the account has been depleted. The Bank may terminate the securities account contract at any time without cause giving 60 days notice. The Bank may terminate the securities account contract giving 30 days notice, if the Bank ceases to pursue the activity in question, or the account holder fails to settle his account management related payment obligation despite repeated warnings. By notifying the termination, the Bank shall simultaneously request the account holder to designate a new account manager during the period of notice.
26. If the Bank uses the services of any contributor for the fulfilment of the order, it shall assume liability for the conduct of such contributor, as if it has performed the given task itself. The Bank shall have the right, without the Client's special consent, to use the services of KELER Központi Értéktár Zrt (hereinafter referred to as "**KELER**"), foreign clearing houses, or domestic or foreign investment companies (investment service providers) as contributors. KELER may manage the financial instruments and funds of the Client. Costs possibly incurred in connection with the use of such contributors' services are laid down in the List of Terms and Conditions for Investment Services. The use of the contributors' services shall in no way affect the deadline for fulfilment of the order.
27. The Bank may involve intermediaries in the recording and fulfilment of orders. The Bank shall assume liability for the intermediaries as if the Bank has proceeded itself. On any document they use, intermediaries shall indicate that they have acted as the Bank's intermediaries in the given case. The list of the Bank's intermediaries is public, and the Bank posts such lists in its premises open to client traffic.
28. The Bank is not liable for damages attributable to force majeure, orders of domestic or foreign authorities, obstacles hindering Bank's operation, or the creditworthiness and solvency of the issuers of securities. The Bank excludes liability for events that do not qualify as force majeure, but hinder client traffic (for example: power outage, pipe breakage, bomb alarm, disruptions of the operation of the exchange trading system or exchange trading channels, technical failures affecting the regulated market, clearing house, central counterparty or the central depository, or other events with similar effects). Furthermore, the Bank shall not assume liability for damages associated with phone lines, phone exchanges, or the use of phones or PCs by the Client, and it shall also exclude liability for any damage caused by the use of information obtained via tapping of phone lines by unauthorized persons, the effects of crosstalk, or faulty or erroneous data transmission.
29. Except for the cases provided by law or any material breach by the Client, which is not remedied despite a warning, the Bank may not limit or exclude its liability for the performance of contracts. Notwithstanding the particular transaction type, it shall be considered as serious breach by the Client, in particular, if the Client fails to fulfil, either in whole or part, his obligation to provide information or supply data, to meet his payment, or security or collateral provision obligation to the Bank, information to the Bank, or to comply with his obligation to cooperate.

30. Unless provided otherwise, the Bank shall receive remuneration for and be reimbursed all costs relating to the provision of the services laid down in these Terms of Business, as set out in the current List of Terms and Conditions for Investment Services forming Annex 2 hereto. **The Bank may unilaterally amend these Terms of Business and the List of Terms and Conditions for Investment Services. Such unilateral amendments are governed by the provisions of the Bank's General Terms of Business (hereinafter: GTB), setting out that a change to a one-time fee or cost shall enter into force on the 5th day, and a change in a regular fee or cost shall be effective as of the 30th day following its announcement.** In an individual contract concluded with the Client, the Bank may derogate from the provisions of the List of Terms and Conditions for Investment Services.
31. Under these Terms of Business, the Bank shall be authorised to manage the Client's personal data. The set of data to be managed by the Bank shall include, for the individual transaction types, the data required for the given transaction and the checks to be carried out by the Bank. The period of data management may not exceed the limitation period following the legal relationship between the Bank and Client, or any period set out by law. For the fulfilment of the Client's orders, and the performance of related tasks, the Bank may forward the Client's data abroad, but exclusively to members of the Group to which the Bank belongs.

#### **IV. Collaterals**

1. The Bank shall not conclude title transfer financial collateral arrangements with Clients to secure or cover the Client's present or future, actual or contingent or prospective obligations.
2. Based on its security interest existing pursuant to the Bank's GTB, the Bank shall have the right to retain financial assets, securities and other financial instruments held or administered for the Client by it, or suspend debiting payments from the account until receipt of any outstanding fees, costs or duties payable to it by the Client, or compensation for damages it may have; it may withhold assets used as collaterals designating the Bank as the beneficiary, or transfer the same to a blocked securities sub-account. The Bank must indicate the collateral related to the dematerialized securities, financial assets and invoice receivables on all account statements and other balance statements. The Bank shall exercise its security interest in line with the effective provisions of law. The Bank shall not accept such financial instruments as collateral, which have no publicly listed market value or are not assigned any value independently from the parties at the given time.

#### **V. Protection of Client's instruments, Investor Protection Fund**

1. While managing the Client's financial instruments or funds, the Bank takes utmost care in the selection of contractual partners and accessories used in the control of the Client's funds and instruments or involved in the execution of transactions, in order to protect such funds and instruments. The Bank shall not deposit the Client's funds with third parties. The Bank protects Client assets kept or administered using state-of-the-art electronic and mechanical security systems, including the up-to-date protection of computer networks. The Bank monitors compliance with these conditions via controls and internal control measures integrated in the processes.
2. The Bank is a member of the Investor Protection Fund (hereinafter referred to as the "**Fund**") established by investment service providers. The Fund is responsible for securing possible Client claims arising from contracts concluded by the Bank as part of the activity determined under Clauses 4.4.1 a) and 4.2. (a) to (b), Chapter I of these Terms of Business, and for the payment of indemnity to the Clients being investors, as set out by law. Indemnity shall be granted only if the underlying claim is based on a commitment to release assets (securities, funds) transferred to the Bank and registered under the Client's name in order to ensure the performance of a contract concluded for the conduct of secured activities between the Client and the Bank after 1 July 1997 (secured claim).
3. The Fund shall indemnify eligible Clients, in respect of their claims, up to a maximum amount of EUR 100 thousand per person and per Fund member. The indemnification is 100% for claims up to HUF 1 million, and for claims exceeding HUF 1 million, HUF 1 million plus 90% of the remainder. When determining the amount of indemnification, all of the Client's claims arising from investment

activities pursued at the Bank shall be consolidated. Where the Bank has any claim against the Client in connection with investment services that is either overdue or scheduled to expire by the payment of the indemnification, such claim may shall be set off against the Clients' claims when determining the indemnification amount.

4. The Fund provides indemnification in cash. The Fund's indemnification obligation shall apply, if the Authority initiates liquidation proceeding against a Fund member under Section 133 (1) a) of the Investment Regulations Act or a court order is delivered concerning the liquidation of a Fund member.
5. If the Client's claim justified by a contract corresponds to the data included in the Bank's records, the Bank shall determine indemnification up to such corresponding amounts, and it must take measures to ensure that the amount due to the eligible party is paid without delay, but in no more than ninety days from the date of the assessment. In justified cases the settlement date may be extended - subject to prior approval by the Authority - once, by maximum ninety days.
6. Within 15 days from the announcement of the event under Section V.4 of these Terms of Business, the Fund shall inform investors about the possibility of indemnification claims in the form of an announcement posted on the website maintained by the Authority and on their own website.

The announcement shall specify the date from which claims are accepted, the form in which claims are to be lodged, and the name of the paying organization. The first day specified for filing claims must fall in a thirty-day period from the date when the event under Section V.4 of these Terms of Business occurs.

7. The coverage provided by the Fund shall not apply to claims of the persons and organizations determined under Section 215 (1) of Act CXX of 2001 on the capital market (hereinafter referred to as the "**Capital Market Act**"), nor to claims arising out of a transaction, for which a court has finally concluded that the source of the investment originated from a criminal offence or monetary claims arising out of a transaction concluded in a currency other than Euro or the legal national currency of a Member State of the European Union or the OECD.

## **VI. Business and securities secrecy**

1. Business secrets shall mean all facts, information and other data, which are not publicly known or not easily accessible to persons engaged in the economic activity concerned, as well as compilations of the same, whose acquisition or utilisation by unauthorized persons, disclosure to others or publication would jeopardise or compromise the legitimate financial, economic or market interests of the proprietor, provided that such proprietor legitimately possessing such secrets is not subject to actionability in terms of keeping secrecy.
2. Securities secrets shall mean all data concerning the Client and available to the Bank that relate to the Client's identity, particulars, financial position, business investments, business activity, ownership or business relations, or to any of his contracts concluded with the Bank, or the balance of and turnover on his accounts.
3. At the Bank,
  - a) any person holding an interest in;
  - b) any person proposing to acquire an interest in;
  - c) senior executives of; and
  - d) employees of;the Bank, and any other person obtaining business secrets or securities secrets in any way shall be required keep them secret without limitation in time. Such secrecy shall not apply to business secrets and securities secrets in the cases set out by law.

## **VII. Suspension of operating license, transfer of portfolio, publicity of business data**

1. The Bank may suspend or terminate its investment service activity, either in whole or part, subject

to the Authority's permission. The Bank shall notify the Client without delay, and in the form of special information, of any partial or full withdrawal or suspension of its investment service license, or a partial or full suspension or limitation of some of its activities. In such notification, the Bank shall

- a) request the Client to specify which other investment service provider's services he wishes to use in the future,
- b) inform the Client that, should the Client fail to identify the alternative investment service provider of his choice to the Bank within 45 days of the notification, the Bank shall consider the investment service provider designated as preferred in the notification as the investment service provider of the Client's choice.

2. Subject to the Authority's approval, the Bank may transfer its portfolio of contractual obligations to another investment firm (investment service provider). The Authority's approval shall not substitute for the authorization of the Hungarian Competition Authority set out by specific legislation. The Bank may not transfer its portfolio of contractual obligations to a commodity dealer. The Bank may take over the portfolio of contractual obligations of another investment service provider or commodity dealer. As regards the transfer of the Bank's portfolio of contractual obligations, the provisions of Act V of 2013 on the Civil Code (Civil Code) on the assumption of debts shall apply. When transferring the portfolio of contractual obligations, the transferring Bank shall notify Clients of the intention to transfer and the information below, before the effective date of the contract on the transfer, as well as inform Clients in such notification when, where and in what form the transferee organisation's general terms of business will be available. Should the Client reject the identity or general terms of business of the investment firm taking over the portfolio of contractual obligations, he shall designate another investment firm (investment service provider) in a written statement to be sent to the transferor Bank specifying the number of the securities account, securities custody account and the account used for investment related financial flows, which are managed at the Bank. The transferor Bank shall allow at least 30 days to the Client for making the above statement. Should the Client fail to submit a statement or submit an incomplete statement to the transferor Bank within this time limit, the Client shall be deemed to have accepted the identity and general terms of business of the transferee investment firm. If the identity and general terms of business of the transferee investment firm are accepted, all financial instruments and funds held for or belonging to the Client shall be managed by the transferee investment firm as of the effective date indicated in the said notification, and the same shall become subject to the transferee investment firm's general terms of business. As regards the rights of the transferring Bank vis-à-vis the Client, the provisions of the Civil Code concerning assignments shall apply. The costs and fees arising from the transfer of the portfolio may not be passed on to the Client.

3. Any limitation or suspension of the Bank's investment service activity by the Authority, or any action of the clearing house or central counterparty; affecting the Client's order shall be deemed as a force majeure preventing the fulfilment of the order, for which the Bank shall not be held liable. This provision shall apply to all transaction types.

4. Should any dispute arise between the Parties in connection with specific contracts, their performance, or these Terms of Business or their interpretation or application, the Parties shall attempt to resolve it by way of negotiations.

If such negotiations for the settlement of disputes between the Parties fail, the Parties shall submit themselves to the jurisdiction of the competent court with sufficient powers of the Bank's registered office. This exclusive jurisdiction clause applies to all claims arising from any legal relationship between the Client and the Bank.

5. These Terms of Business shall be governed by the laws of Hungary.

6. **The Bank may amend these Terms of Business unilaterally** . The Bank shall post the amended Terms of Business, fifteen days prior to the entry into force of the amendment, at its premises open to client traffic and on its web site, so that it shall be continuously and easily accessible to the Clients, by electronic means as well. **If the Client refuse to accept the amended provisions of the Terms of Business as binding on himself, he shall have the right to terminate his contract(s) concluded with the Bank and affected by the amendment in writing, as of the**

**effective date of the amended Terms of Business. If the Client fails to exercise his right of termination within this time limit, the amended Terms of Business shall be deemed to have been accepted by the Client. If the amendment of the Terms of Business results from legislative changes, the Bank shall publish the amended Terms of Business by the effective date of the new law, at the latest. In this case, the amended Terms of Business shall enter into force as of the effective date of the new law.**

7. In addition to these Terms of Business, the legal relationship between the Bank and the Client is also governed by the GTB, as well as the Investment Regulations Act, the Capital Market Act and the Civil Code.
8. The list of outsourced activities and the list of entities entrusted with such outsourced activities are included in Annex 3 to the Bank's GTB.

## **VIII. Provisions applicable to certain investment services**

### **1. Account management, safekeeping and custodianship**

- 1.1. As requested by the Client, the Bank shall open and manage for the Client
  - a) a client account for the administration of the Client's funds,
  - b) a securities account for the administration of the Client's dematerialized securities, and a securities deposit account for the administration of printed securities (hereinafter jointly referred to as "**securities account**")  
(the client account and the securities account hereinafter jointly referred to as "**account**"), and executes the Client's regular orders concerning the account.

- 1.2. The account includes:
  - a) the account designation and number,
  - b) the account holder's name (corporate name) and address (registered office),
  - c) the designation and amount of instruments (funds or securities) administered on the account,
  - d) a reference to a possible blocking of the instruments administered on the account,
  - e) a clear indication of which instruments and funds fall within the scope of the rules and implementing provisions of Directive 2014/65/EU, and which do not, such as those covered by security arrangements involving the transfer of ownership,
  - f) a clear indication of which assets have special ownership status, in connection with mortgages, for example,
  - g) the market value of the financial instruments included in the statement or, in the absence of a market value, an estimated value along with a clear indication that the lack of a market price may indicate lack of liquidity. The estimated value is determined by the firm according to the principle of utmost care.

- 1.3. The Bank shall manage client and securities accounts, in such way that:
  - a) they must be accurate and provide a true picture of the Client's financial instruments and funds, and
  - b) they must enable, at any time and without delay, the separate statement of financial instruments and funds held by or belonging to the Client, and those owned by the Bank.

In order to control compliance with the above requirements, the Bank shall check the records and accounts managed by it against the records and accounts managed by KELER, or possibly another third party, on a regular, but at least monthly basis.

- 1.4. The settlement of the performance of the Bank's investment service used by the Client shall take place via the debiting or crediting of the account involved in the transaction.
- 1.5. The Bank shall issue an account statement for the crediting or debiting of the account, and send it to the Client after each transaction and once per year.
- 1.6. The Bank shall perform its tax deduction, payment and administration activities arising from its

obligation as a place of disbursement, in line with the effective tax regulations. However, the Bank hereby informs Clients that, in respect of certain transactions related to financial instruments specified in contracts, charges or tax liabilities may occur, whose payment shall not take place through the Bank.

- 1.7. The Bank shall have the right to charge the costs related to the issuing and posting of account statements and other certificates directly to the Client's account.
- 1.8. The Bank shall have the right to correct credit and debit transactions arising from its own mistake without any relevant action on the Client's part, and without limitation in time; it may debit assets credited by error to the Client's account, or credit assets debited by error on the Client's account.
- 1.9. In order to secure its overdue claims against the Client, the Bank may block the account specifying the Bank as the beneficiary. The Bank shall maintain the blocking until the Client settles his outstanding debts owed to the Bank, including any additional charges.
- 1.10. Assets administered on the account may be disposed of by the Client or his representative specified on the Data Sheet included in the Annex to the account management contract.
- 1.11. Based on the contract concluded with the Client, the Bank undertakes to perform the safekeeping of securities produced in a physical form, and to provide custody for securities under a separate agreement.
- 1.12. The securities may be deposited by transferring to the securities account or crediting on the securities account.
- 1.13. If it turns out, when verifying the securities received, that a security is fake, falsified, blocked or fails to meet the conditions set forth in these Terms of Business or the contract with the Client, the Bank shall notify the Client of this, and any loss suffered or costs incurred in connection with the foregoing, including the Bank's costs related to the verification of origin shall be borne solely by the Client.
- 1.14. The Bank shall accept printed and registered securities with a blank endorsement only.
- 1.15. In the course of its safekeeping and custody service, the Bank uses the services of KELER as central depository. KELER may manage the financial instruments and funds of the Client. The Bank is liable to the Client for the activities and omission of KELER. KELER keeps the financial instruments and funds of the Client on a pooled account, that is the assets of the Client are not separated from the assets of the Bank's other clients. The risk of keeping funds on a pooled account is that upon the liquidation of KELER the owner of funds and financial instruments may be impossible to identify in default of appropriate records. The Client may initiate with the Bank to have its financial instruments and funds managed on an individual subaccount at KELER. The costs of this are laid down in the List of Terms and Conditions for Investment Services. Upon the liquidation of KELER as central depository, securities clients deposited with the central depository or the securities registered on the securities accounts and securities deposit accounts of clients are not part of the assets subject to liquidation. Any pecuniary claim of a client arising during the liquidation proceeding shall be treated the same as the claim represented in the security, which it replaces. The collateral referred to in Section 338 of Act CXX of 2001 held by the central securities depository that is subject to liquidation shall not comprise a part of the assets of the central securities depository for the purposes of liquidation. If any part of the assets of clients cannot be returned to the clients, these claims shall be satisfied from the central securities depository's assets following the satisfaction of liquidation charges, by way of derogation from the provisions of Section 57 of the Bankruptcy Act governing the sequence of the satisfaction of claims.

## **2. Own account dealing**

- 2.1. In the lack of transaction coverage or specified collateral, the Bank has the right to reject an order, or keep an order already accepted in pending status. For a pending order, if the Client fails to comply with the obligation to provide transaction coverage or collateral, the Bank may cancel the order. In this case, all losses and costs arising from such cancellation shall be borne

solely by the Client.

- 2.2. As part of its own account dealing, the Bank either buys financial instruments from the Client on its own account or sells financial instruments to the Client from its own account.
- 2.3. In the context of own account dealing, the transferor of financial instruments must make sure that the financial instruments transferred form its exclusive property, are clear of any liens, claims and encumbrances, and that no third party has any right in respect of the financial instruments that could limit or prevent the transfer of ownership to the buyer free of any restriction or encumbrances.
- 2.4. The Bank shall not be liable for any future changes in the value or yield of the securities or financial instruments purchased by the Client.
- 2.5. The rules of sale and purchase shall apply, mutatis mutandis, to securities swap transactions.
- 2.6. In the course of its own account dealing, the Bank shall perform its post-trade disclosure obligation under Articles 20 to 21 of Regulation (EU) No 600/2014 on securities transfers by using an approved disclosure mechanism (APA).
- 2.7. In the course of its own account dealing, the Bank shall perform its transaction reporting obligation under Article 26 of Regulation (EU) No 600/2014 on securities transfers by using an approved reporting mechanism (ARM).
- 2.8. In the course of its own account dealing, the Bank may not operate an internal matching system that executes Client orders on a multilateral basis.

### **3. Investment advice**

- 3.1. Based on the Client's order, the Bank shall provide an investment advice service, in line with the provisions of an individual contract to be concluded with the Client, as part whereof it shall provide customized recommendations related to the transaction with a given financial instrument, not including the disclosure of publicly available facts, data, circumstances, studies, reports, analyses and advertisements, and the prior and subsequent information provided to the Client under the Investment Regulations Act.
- 3.2. The Bank shall assume no liability for the effectiveness of the investment advice provided, or the value retention or yield of the investment.
- 3.3. The Bank shall provide the investment advice service subject to a successful suitability test, as specified above.
- 3.4. When providing investment advice, the Bank prepares a report for its retail Client, which summarizes the advice given and explains why the recommendation suits the retail Client, including how it fits the Client's goals and personal circumstances, with particular regard to the required term of the investment, the Client's knowledge and experience, and the Client's attitude to risks and loss absorbing capacity. An agreement on the purchasing or selling of a financial instrument may only be made with the Bank by a recorded phone call, which does not enable the prior handover of the suitability report. Before receiving investment advice, the Client must agree that the Bank will deliver, by way of a letter with return receipt, the written suitability statement immediately after concluding the agreement for the given transaction with the Client.
- 3.5. The Bank does not provide investment advice on an independent basis within the meaning of Article 53 of Regulation (EU) 2017/565. Furthermore, the Bank shall not undertake, as part of its investment advice service, to assess a sufficient range of financial instruments available on the market, which will be sufficiently diverse, with regard to their types and issuers or the providers of products, so that it will ensure the achievement of the Client's investment goals. Additionally, the Bank may restrict its investment advice to financial instruments issued or offered by organizations closely affiliated with the Bank, or such other entities that maintain other legal or economic relationships – such as a contractual relationship – with the Bank.



- 3.6. The Bank does not conduct regular suitability assessment within the meaning of paragraph (13), Article 54 of Regulation (EU) 2017/565.
- 4. Own account dealing with foreign currency in connection with the investment service activity**
- 4.1. In connection with investment services, the Bank may sell, purchase or swap foreign currencies under an individual contract to be concluded with the Client.
- 4.2. Foreign currency shall include claims denominated in foreign currency (cash equivalent instruments, bank account or other monetary claims).
- 4.3. It shall carry out spot transactions in line with the GTB.
- 5. Investment research and financial analysis**
- 5.1. The Bank may carry out investment research or financial analyses either for the Client, under an individual contract with the Client, or for the general public, at its own option.
- 5.2. Investment research shall mean such analyses, recommendations or other information concerning a financial Instrument or its issuer, whose publication or disclosure to others which may lead to their publication may influence an investor in exposing his own or others' funds or other property, either in whole or part, to the impacts of the capital market (investment research shall not include the provision of investment advice).
- 5.3. As part of such investment research, the Bank must provide clear, unambiguous, balanced and accurate information.

These Terms of Business agreement were drawn up in Hungarian, English and German languages. In case of any conflict, the Hungarian version shall prevail; the English and German versions are for information only.

Budapest, 15 April 2019

Commerzbank Zártkörűen Működő Részvénytársaság

## **IX. Annexes:**

### **Annex 1 Client service locations and business hours**

[www.commerzbank.hu](http://www.commerzbank.hu)

### **Annex 2 List of Terms and Conditions for Investment Services**

[www.commerzbank.hu](http://www.commerzbank.hu) under “Terms”, “List of Conditions”, “Corporate Clients” as “List of conditions regarding securities for corporate customers” effective as of 20 December 2017 (in Hungarian).

### **Annex 3 Summary of the Bank's Execution Policy**

[www.commerzbank.hu](http://www.commerzbank.hu) under “Terms”, “Treasury/MIFID” as “Execution Policy”

### **Annex 4 The Bank's Conflict of Interest Policy**

[www.commerzbank.hu](http://www.commerzbank.hu) under “Terms”, “Treasury/MIFID” as “Global Conflicts of Interest Policy”

### **Annex 5 Standardised cost information for derivatives**

#### Derivative FX transactions

[www.commerzbank.hu](http://www.commerzbank.hu) under “Terms”, “Treasury/MIFID”, “Standardised cost information for derivative instruments” as “Information on FX derivative transactions”

#### Interest rate derivatives

[www.commerzbank.hu](http://www.commerzbank.hu) under “Terms”, “Treasury/MIFID”, “Standardised cost information for derivative instruments” as “Information on Interest Rate Derivatives”