

ANNEX HUNGARY

(EFFECTIVE AS OF ~~08-03-2020~~01/07/2022)

MTS Hungary is a segment of the MTS Cash Domestic Market Multilateral Trading Facility operated by MTS S.p.A.



Style Definition: List Number: Indent: Left: 0 cm,
Hanging: 0,63 cm



1. General Provisions

1.1 Definitions

The MTS Cash Domestic Market Rules apply

In addition the following definitions are also applicable to MTS Hungary:

“AKK”	means the Government Debt Management Agency Pte Ltd. (Hungary);
“Hungarian Banking Holidays”	means Official Hungarian Holidays;
“Hungarian Development Bank Bonds”	means bonds issued by the Hungarian Development Bank Plc. The Hungarian Development Bank Plc. is a private company limited by shares, exclusively owned by Hungary. For the purposes of this Annex the Hungarian Development Bank Bonds are Eligible Securities.
“Hungarian Development Bank Plc.”	means MFB Hungarian Development Bank Private Limited Company;
“Hungarian regulator”	means National Bank of Hungary (NBH);
“KELER”	means KELER Central Depository Ltd;
“ <u>Non-PD Market Maker (MM Non-PD)</u> ”	<u>means a company or entity mentioned in Article 3.1 of the MTS Cash Domestic Market Rules that is an official Market Maker as recognised by the AKK;</u>
“Primary Dealer”	means an official Primary Dealer as recognised by the AKK;
“Student Loan Bonds”	means bonds issued by the Student Loan Centre. The Student Loan Centre is a non profit company limited by shares exclusively owned by the Hungarian State. For the purposes of this Annex the Student Loan Bonds are Financial Instruments;

1.2 Market Rules

1. The MTS Cash Domestic Market Rules apply.

2. Financial Instruments

2.1 Financial Instruments

1. All Government Bonds and Treasury Bills issued by Hungary in Hungarian Forint acting through the AKK (hereinafter referred to as "Hungarian Government Securities") , which meet the following eligibility criteria, shall be automatically selected as Financial Instruments:
 - a) Publicly issued nominal fixed coupon-bearing Government Bonds;
 - b) Publicly issued floating rate Government Bonds;
 - c) Publicly issued discount Treasury Bills;And:
 - i) With a remaining term to maturity at the time of the issuance of more than 300 days at the time of selection;
 - ii) With remaining term to maturity on a given settlement day of the relevant trading day is more than 90 days;
2. All the Student Loan Bonds, which meet the below eligibility criteria, shall be automatically selected as Financial Instruments:
 - a) Publicly issued nominal fixed coupon-bearing Student Loan Bonds;
 - b) Publicly issued floating rate Student Loan Bonds;And:
 - i) With a remaining term to maturity on a given settlement day of the relevant trading day is more than 90 days;
3. All the Hungarian Development Bank Bonds which meet the below eligibility criteria shall be automatically selected as Financial Instruments:
 - a) Nominal fixed coupon-bearing Hungarian Development Bank Bonds;
 - b) Publicly issued floating rate Hungarian Development Bank Bonds;And:
 - i) With a remaining term to maturity on a given settlement day of the relevant trading day is more than 90 days

2.2 Minimum Lots

1. The Minimum Quote Size, Minimum Single Side Quote Size, Minimum Trading Size, and the Minimum Increment Quantity for each Financial Instrument can be found in the Regulatory Specifications.

3. Participants

3.1 Participant admission criteria

1. The MTS Cash Domestic Market Rules apply. In addition, all opinions of MTS, in accordance with the General MTS Market Rules, are in consultation with the AKK and the Committee.
2. ~~AKK can be admitted to trading in any capacity.~~ Prospective Participants different from AKK, in addition to the requirements indicated in the MTS Cash Domestic Market Rules, must have concluded a contract with AKK on either the primary dealership or the secondary market price quoting of Hungarian Government Securities.

3.2 Participants admission procedures

1. In addition to what is provided in paragraph 1 and 2 of Article 3.2 of the MTS Cash Domestic Market Rules, paragraph 3 shall be amended as follows:
The only category of Participants in MTS Hungary is: Market Maker.
The following entities can be admitted as Market Makers:
 - Primary Dealers ("PDs"): as per the Definition.
 - Non-PD Market Makers ("MM non-PDs"): as per the Definition.

AKK can be admitted to trading in any capacity.
2. ~~Article 3.2.d of the MTS Cash Domestic Market Rules shall be amended as follows:~~
2. ~~It has Capital of at least HUF 2 billion in case of investment firms and HUF 5 billion in case of credit institutions.~~

Formatted: Font: +Headings (Verdana), 14 pt, Font color: Text 2, English (United States)

Formatted: List Number, Indent: Left: 0 cm, Hanging: 0,63 cm

3.3 Participants' on-going undertakings

1. The MTS Cash Domestic Market Rules apply, with the addition of all undertakings involving a notification to MTS to also include the AKK.

3.4 Resignation of Participants

1. The MTS Cash Domestic Market Rules apply.

3.5 Suspension of Participants from trading

1. The MTS Cash Domestic Market Rules apply, with the exception that the first sentence of the Article 3.5 of the MTS Cash Domestic Market Rules will be applied with the following amendment: "MTS, in consultation with AKK, among other things:"

3.6 Exclusion of Participants from trading

~~2.~~ The MTS Cash Domestic Market Rules apply, with the addition ~~to the provisions of the General Domestic MTS Market Rules~~ that the loss of the status of either Primary Dealer in Hungarian Government Securities or Non-PD Market Maker shall trigger the automatic exclusion from trading on MTS Hungary. —

Formatted: Indent: Left: 0,63 cm, No bullets or numbering

3.7 Regional Market Committee for MTS Hungary

1. Any decisions made by the Committee must not contravene any regulatory requirements of Consob or any other applicable laws, or technical requirements of the System.
2. For the purpose of this Article, all decisions taken by MTS pursuant to the MTS Cash Domestic Market Rules are made upon prior consultation with the Committee and the AKK.
3. Members of the Committee shall be representatives of the AKK, MTS ~~and~~ the Primary Dealers and the Non-PD Market Makers. MTS shall appoint the Committee following agreement with the AKK. MTS shall not remove any Committee member without prior consultation with the AKK. The Committee shall have such power and authority (including as to the establishment of committees of MTS Hungary and the delegation of power and authority to such committees) as MTS may determine following agreement with the AKK.
4. MTS at all times shall have the authority to overrule any decision or action taken by the AKK or the Committee with respect to commercial, technological, or regulatory matters notwithstanding the operation of these Rules or the Committee.
5. Where there is a conflict between the AKK and the Committee, the opinion of the AKK shall prevail subject to the condition that any such decisions must not contravene any regulatory requirements of Consob and all other applicable laws, or technical requirements of the System.

4. Trading

4.1 General systems operations

1. The MTS Cash Domestic Market Rules apply.

4.2 Types of Trade

1. The MTS Cash Domestic Market Rules apply

4.3 Market trading hours

1. Instead of the MTS Cash Domestic Market Rules the following Trading Hours shall be applicable:
 - a) Trading days: as defined by the TARGET calendar except Hungarian Banking Holidays
 - b) The Trading Hours (CET) of the System are: (descriptions of the phases are the same as in the General Domestic Market Rules)

"Pre-Market phase":	8.15 a.m. – 8.45 a.m.
"Offer phase":	8.45 a.m. – 9.00 a.m.
"Open Market phase":	9.00 a.m. – 4.45 p.m.
"Closed Market phase":	4.45 p.m. – 8.15 a.m.

4.4 Quotes and Orders

1. The MTS Cash Domestic Market Rules apply.

4.5 ~~Contracts~~ Trades

1. The MTS Cash Domestic Market Rules apply.

4.6 Conclusion and registration of Trades

1. The MTS Cash Domestic Market Rules apply.

4.7 Mid-Price crossing

1. The MTS Cash Domestic Market Rules apply.

4.8 ~~Trade Registration facility~~ ~~Cancellation of Trades~~

1. ~~The MTS Cash Domestic Market Rules apply.~~

4.9 Major Market Incident

1. The MTS Cash Domestic Market Rules apply.

Cancellation of Trades ~~4.9 Trade Registration facility~~

4.10

~~2-~~ 1. The MTS Cash Domestic Market Rules apply.

Formatted: No bullets or numbering

~~4.10~~ 11 Market Making Agreements

1. Based on the indication of the AKK, MTS shall notify each Market Maker of the Financial Instruments assigned to it, pursuant to the undertakings Article 3.3.2 of the MTS Cash Domestic Market Rules, not less than 2 Trading Days prior to the obligation to make Double-Sided Quotes in such Financial Instruments by electronic notification. Participants shall not be entitled to require information as to which Financial Instruments have been assigned to other Market Makers.

Formatted: Indent: Left: 0,63 cm

2. ~~Only the following provisions of the The~~ MTS Cash Domestic Market Rules ~~shall~~ apply as amended herebelow:

~~ii) Article 4.11.5~~

~~iii) Article 4.11.6~~

~~iv) Article 4.11.7~~

i) Article 4.11.4 will be amended as follows. MTS will monitor each Market Maker on each Financial Instrument on which it performs a Market Making Strategy against the Market Making Commitments.

For the purposes of monitoring the Market Making Commitments, only double sided Quotes will be considered. Additionally and for each Instrument Class, MTS will determine the number of Participants who will be expected to perform a Market Making Strategy and therefore comply with Market Making Commitments as per the table below

<u>Type of instrument</u>	<u>Number of MMs</u>	<u>PDs and/or MM non-PDs designated</u>
<u>Benchmark HGBs</u>	<u>All the PDs and all MM non-PDs</u>	<u>PDs and MM non-PDs</u>
<u>Benchmark T-Bills</u>	<u>5 PDs</u>	<u>only PDs</u>
<u>Non-benchmark HGBs</u>	<u>5 PDs and MM non-PDs</u>	<u>PDs and MM non-PDs</u>
<u>Non-benchmark T-Bills</u>	<u>5 PDs</u>	<u>only PDs</u>

ii) Article 4.11.6 will be amended as follows: remote Primary Dealers and remote MM non-PDs must send MTS and ÁKK the list of the relevant home country bank holidays by December of each year (for the following calendar half year) and by June (for the second part of the year). Communication of extraordinary or new

holidays should be sent to MTS and AKK 5 business days prior. Alternately, AKK can collect the list of holidays from the remote PDs and remote MM non-PDs and forward it to MTS.

↘)iii) Article 4.11.89 will be amended in the second sentence as follows: "...where the Market Maker in question fails to honour its Market Making Commitments for three (3) additional consecutive months, MTS shall have the right, in consultation with AKK, to initiate the disciplinary procedure as per Section 7 here below." In addition, the last sentence of Article 4.10.89 shall not apply.

~~3. Should a Market Maker wish to pursue a Market Making Strategy on Financial Instruments in addition to those allocated to it under the above Article 4.4.11.1, it must notify MTS of its intention to do so not less than 2 Trading Days prior to the commencement of the Market Making Strategy by electronic notification.~~

Formatted: List Number 3, Indent: Left: 1,9 cm

Formatted: Font color: Background 2

4.3. Market Making Commitments in case of Hungarian Government Securities on each Trading Day to make Quotes on the System, for at least ~~five (5)~~ four (4) hours but compulsorily from ~~9.00 a.m. to 9.15 a.m.~~ to 9.30 a.m. (CET) and from 1.45 p.m. to 2.00 p.m. (CET) in relation to each Financial Instrument assigned to it from time to time by MTS, and to do so in compliance with the Quoting/ Spread Obligations specified in the Regulatory Specifications.

5.4. in case of Student Loan Bonds, the Participant, in accordance to its commitments with the issuer, undertakes to support the liquidity of this financial instruments, observing the following obligations (acting as voluntary specialist) on each Trading Day to make Quotes on the Market for at least two hours but including, compulsorily, from 1.45pm to 2.00pm (CET) in relation to each Financial Instrument assigned to it from time to time by MTS, and to do so in compliance with the Quoting/ Spread Obligations specified in the Regulatory Specifications.

6.5. in case of Hungarian Development Bank Bonds the Participant, in accordance to its commitments with the issuer, undertakes to support the liquidity of this financial instruments, observing the following obligations (acting as voluntary specialist) on each Trading Day to make Quotes on the Market from 9.00 am to 10.30 am and from 1.30 pm to 3.00 pm (CET), in relation to each Financial Instrument assigned to it from time to time by MTS, and to do so in compliance with the Quoting/ Spread Obligations specified in the Regulatory Specifications.

4.11.12 Law governing Trades

1. The MTS Cash Domestic Market Rules apply.

5. Clearing and settlement of Trades

5.1 Clearing and Settlement of Trades

1. The Market The MTS Cash Domestic Market Rules apply

6. Provision of data and information

6.1 Provision of data to Participants

1. The MTS Cash Domestic Market Rules apply, with the following modifications
 - a) Article 6.1.1(c) becomes: Price, quantity, and time of the last concluded Trade, except for Trades concluded via the Trade Registration functionality.
 - b) Article 6.1.2(c) is added: at the end of each Trading Day: information about Trades executed via the Trade Registration functionality.

6.2 Provision of data to Authorities

1. The MTS Cash Domestic Market Rules apply, with the addition of Participants agreeing to MTS providing information to AKK, if and when requested, in accordance with the applicable procedure.

6.3 Provision of data to debt management offices

1. The MTS Cash Domestic Market Rules apply, with the addition of participants agreeing to MTS providing information to the AKK, if and when requested.

6.4 Provision of data to the public

1. The MTS Cash Domestic Market Rules apply

6.5 Amendments and communications

1. The MTS Cash Domestic Market Rules apply

7. Supervision and Sanctions

7.1 Supervision of regular conduct

1. The MTS Cash Domestic Market Rules apply

7.2 Disciplinary measures

1. The MTS Cash Domestic Market Rules apply

7.3 Procedure for verifying violations

1. The MTS Cash Domestic Market Rules apply

7.4 Review of measures

1. The MTS Cash Domestic Market Rules apply.

7.5 Appeal Board

1. The MTS Cash Domestic Market Rules apply.

7.6 Board of Arbitration

1. The MTS Cash Domestic Market Rules apply.

8. Final Provisions

8.1 Final Provisions

1. The MTS Cash Domestic Market Rules apply



www.mtsmarkets.com