

# **REGULATIONS OF THE BUDAPEST STOCK EXCHANGE LTD.**

## **ON SECTION MEMBERSHIP**

Important notice:

All information contained within this material is for information purposes only and shall not be considered as an official translation of the original Hungarian language version of the above Regulation, which remains to be the solely legally binding material in the subject matter.

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## **REGULATIONS BY THE BUDAPEST STOCK EXCHANGE**

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**I. GENERAL**

**Chapter 1**

**PURPOSE, SUBJECT MATTER, FUNDAMENTAL PRINCIPLES, AND EFFECT OF THE REGULATIONS**

1.1. Purpose

1.1.1. The goal of these “Regulations of the Budapest Stock Exchange Ltd. on Section Membership” (hereinafter: Regulations) was the development and approval of clear rules that protect the interests of Section Members and Investors, regulating the legal relationship between Section Members and the Budapest Stock Exchange Ltd. (hereinafter: the Exchange), the procedure of granting membership, and containing the fundamental restrictions of trading and management that ensure a high level of protection of investor interests and offer guarantees for the smooth flow of uninterrupted trading on the Exchange, and providing the requirements Section Members need to comply with in order to achieve the aforementioned goals as well as the information system rules regarding Section Members, the monitoring procedures, and the scope of applicable sanctions.

1.2. Subject Matter

1.2.1. The subject matter of these Regulations is to capture the rights and obligations of the Exchange and of the persons subject to the Regulations in connection with the specification of the rules relating to Section Members and to record the related rules of procedure in accordance with the purpose also mentioned in these Regulations.

1.3. Fundamental Principles

1.3.1. The application and interpretation of the Regulations shall be subject to the following principles.

- a) each affected party shall exercise the rights and perform the obligations arising from these Regulations in good faith;
- b) unless otherwise indicated, the burden of proof in a dispute shall lie with the party interested in having a statement accepted as true;
- c) all interpretations of these Regulations shall be in accordance with the general principles of legal interpretation, with professional standards, and with common practice;
- d) each affected party shall exercise the rights and perform the obligations arising from these Regulations in accordance with the general interest of the market;
- e) the provisions hereof are binding and deviations are allowed only in the cases specified in these Regulations; effective statutory regulations, as amended from time to time, shall be applied regarding any issues not specifically provided herein.

1.4. Effect

1.4.1. The persons covered by these Regulations include the Exchange, the officers and employees of the Exchange, and the members of each Section.

**Chapter 2  
DEFINITION OF BASIC TERMS**

**Opening of an Underlying Product :** Method of Settlement specified in the Regulations for Listing, Continued Trading and Disclosure

**Employee:** a natural person employed full time by or having a permanent contractual relationship with the Section Member

**Sub-clearing Member:** a non-clearing Section Member who has concluded a Contract with a General Clearing Member for the clearing and settlement of trades concluded in that Section under KELER Rules.

**General Clearing Member:** A person specified in the pertaining KELER Rules.

**Regulations on Listing, Continued Trading and Disclosure:** The Regulations of the Budapest Stock Exchange Ltd. on the Rules of Listing, Continued Trading and Disclosure.

**ISA:** (Investment Services Act) Act CXXXVIII of 2007 on Investment Firms, Commodities Brokers and the Rules of their Activities.

**Fee Schedule:** Notification by the Budapest Stock Exchange Ltd. regarding the Schedule of Fees Applied by the Exchange.

**Electronic Trading:** a term specified in the Code of Trading

**EEA Section Member:** A Section Member that has its registered seat in a state belonging to the European Economic Area and holds a license, as that is defined by the ISA for investment services, as they are defined by Article 5 (1) a), b) and c) of the ISA.

**Supervision:** Short name for the Hungarian Financial Supervisory Authority.

**Physical Delivery:** A Method of Delivery defined in the Regulations on Listing, Continued Trading and Disclosure.

**Physical Commodity Delivery:** Method of Settlement specified in the Regulations for Listing, Continued Trading and Disclosure

**Board:** The Board of Directors of the Budapest Stock Exchange Ltd.

**KELER Ltd.:** Short name for the Central Clearing House and Depository (Budapest), Ltd.

**KELER Rules:** The provisions in KELER Ltd.'s Regulations, List of Terms, Clearing House Writs and Rules of Procedure pertaining to the clearing and settlement of exchange trading.

**Trading Committee:** The panel representing the interests of the Section Members, regulated in the order under the title "Order on the representation of interests"

- Code of Trading:** Regulations of the Budapest Stock Exchange Ltd. on the Code of Trading.
- Trader Workstation:** A term with the meaning ascribed thereto in the Regulations on Remote Trading.
- Trading System:** A term with the meaning ascribed thereto in the Regulations on Remote Trading.
- Cross Member:** A Section Member that meets the legal requirements and has the right to trade in an exchange with a head office in a foreign country, provided such exchange also meets the legal requirements and has an agreement on cross membership in effect with the Exchange.
- Supplementary exam:** an examination about the rules of trading on the Stock Exchange, organised by the Stock Exchange
- Clearing Agreement:** An agreement concluded between a General Clearing Member and the Sub-clearing Member for the settlement of trades in certain Transaction Types in the particular Section.
- Clearing Member:** The person specified in the pertaining KELER Rules.
- Trading Unit:** A term with the meaning ascribed thereto in the Code of Trading.
- Disclosure Bylaws:** The Bylaws of the Budapest Stock Exchange Ltd. on Providing the Rules of the Exchange and Official Disclosure.
- MMTS Examination:** An examination about the use of the trading system, organised by the Stock Exchange
- Own Exchange:** An exchange in a foreign country at which a Cross Member has the right to trade and which has concluded a cross membership agreement with the Exchange.
- Section Member:** A legal entity that holds membership in a given Section.
- Remote Trading Regulations:** Regulations of the Budapest Stock Exchange Ltd. on Remote Trading.
- Method of Delivery:** A method as defined in the Regulations on Listing, Continued Trading and Disclosure.
- List of Products:** A term with the meaning ascribed thereto in the Regulations on Listing, Continued Trading and Disclosure.
- Exchange Day:** A calendar day defined as such in an Exchange Rule.
- Exchange Rule:** A term with the meaning ascribed thereto in the Disclosure Bylaws.

**Exchange Product:** A term with the meaning ascribed thereto in the Regulations on Listing, Continued Trading and Disclosure.

**CMA:** Acronym for Act CXX of the Year 2001 On the Capital Market.

**Transaction Class:** A term defined as “transactions of the same class” in KELER Rules.

**CEO:** The CEO of the Budapest Stock Exchange Ltd.

Any terms used in these Regulations and left undefined in this chapter shall be governed pursuant to the terms defined in CMA and the ISA.

**PART II  
RULES GOVERNING SECTIONS AND SECTION MEMBERS**

**Chapter 1  
DEFINITION OF AND THE RULES OF OPERATING A SECTION**

**2 Definition**

- 2.1 A Section is a unit in trading on the stock exchange which has unique rules based on the subject (product) of trading, the parties holding the right to trade, and the manner of clearing and settlement.
- 2.2 Trading on the Exchange may only be conducted in a Section and according to the rules thereof by holders of the right to trade granted with Section membership.
- 2.3 Trading on the Exchange is possible in the following Sections:
- a) Equities Section
  - b) Debt Securities Section
  - c) Derivatives Section
  - d) Commodities Section
- 2.4 Trading in the Derivatives Section is split between the Futures and the Options Markets.
- 2.5 Trading in the Commodities Section is split between the Spot, Futures and Options Markets.
- 2.6 Trading in a particular Section is open for Members of that Section who may trade in accordance with Exchange Rules.
- 2.7 Annuled.
- 2.8 The products eligible for quoting in a Section are specified in the Regulations of Listing, Continued Trading and Disclosure.
- 2.9 The method of trading in each Section is specified in the Code of Trading.
- 2.10 The method of clearing and settling transactions in each Section is specified in the KELER Rules. In the Commodities Section, the rules of Physical Delivery are specified by the Product List.

**3 The Termination of a Section**

- 3.1 In the event that the number of members in a Section having the right to trade and whose trading right is not suspended falls short of three, the Exchange has the right to terminate the given Section..

**4 Decision-Making Powers Granted by these Regulations**

- 4.1 The Board has the power to decide in the following matters:
- a) admission of a Section Member,

- b) evaluating appeals;
  - c) the Board has the power to decide all issues it removes from the competence of the CEO and reserves the right to decide on.
- 4.1.1 The Board decides on the issues set forth in section 4.1 by a resolution.
- 4.1.2 Unless otherwise indicated in an Exchange Rule, decisions on matters specified in section 4.1 must be disclosed to the public in accordance with the Disclosure Bylaws at least two (2) Exchange Days before they enter into force.
- 4.2 The CEO has the power to decide in the following matters:
- a) granting of the right to trade in a Section, establishment of legal succession;
  - b) suspending the right to trade, limitation of the right to trade by applying the close out status by the method determined in the Code of Trading restoring the right to trade and termination of the close out status;
  - c) terminating Section membership and the right to trade;
  - d) applying sanctions.
- 4.2.1 The CEO resolves the issues set forth in 4.2 in a decision.
- 4.2.2 Unless otherwise indicated in an Exchange Rule, decisions on matters specified in section 4.2 must be disclosed to the public in accordance with the Disclosure Bylaws at least one (1) Exchange Day before they enter into force.
- 4.3 In individual cases that deserve special consideration, the Board and the CEO are entitled to make a decision that diverges from the provisions of the Regulations.

**Chapter 2**  
**SECTION MEMBERSHIP AND THE RIGHT TO TRADE**

**5 The General Rules of Section Membership**

- 5.1 Section membership is a contractually arranged legal relationship acquired upon fulfilling the conditions set forth in these regulations and following the procedures described hereunder. Section Members acquire the rights of membership and the right to trade in their given Section.
- 5.2 Section membership may not be transferred nor may the rights associated with Section membership be assigned to a third party even on a temporary basis. In the event that a Section Member ceases to exist and has a legal successor, the legal successor of the Section Member will also inherit section membership if the successor complies with the requirements thereof. The Section Member shall verify before the Court of Registration of Legal Succession that the legal successor complies with the conditions of section membership in accordance with the procedure conducted for the purposes of acquiring section membership.
- 5.3 Section membership may be acquired in several Sections, but the number of seats held by a single party in a given Section shall be limited to one.
- 5.3.1. Parties eligible for acquiring Section membership include
- a) investment companies, and EEA Section Members in the Equities Section, in the Debt Securities Section, and in the Futures and Options Markets of the Derivatives Section, as well as in the Spot, Futures and Options Markets of the Commodities Section;
  - b) Commodity Exchange service provider in the Spot, Futures and Options Markets of the Commodities Section;
  - c) Cross members in Sections covered by the relevant agreement on cross membership.

**6 Granting Section Membership and the Conditions of Concluding a Section Membership Agreement**

- 6.1 Section membership is granted upon the conclusion of a section membership agreement between the Exchange and a Section Member.
- 6.2 The Exchange may conclude a section membership agreement with an applicant if the following conditions are fulfilled:
- 6.2.1 Conditions for investment companies, Commodity Exchange service providers and EEA Section Members applying for section membership:
- a) applicants shall have a license for trading in the given Section as that license is defined by the ISA;
  - b) applicants shall fulfil the conflict of interest requirements set under law;
  - c) applicants shall accept Exchange Rules as binding upon themselves and in the event of a violation of the rules shall recognize the right of the Exchange to apply sanctions and the regulations thereof;
  - d) in case the applicants are Clearing Members, they shall accept and conform to the KELER Rules;

- e) applicants shall pay the initial fee for joining, as specified in the Fee Schedule and shall commit themselves to pay recurring fees as they fall due;
- f) the applicant's senior officer shall meet the following requirements:
  - 1) he/she has no criminal record
  - 2) he/she has not acted for the past 3 years as senior officer, senior manager, or professional in charge of investment services or commodity exchange services or as a trader in a company brought under liquidation or bankruptcy, where such person's liability for the liquidation or bankruptcy has been established under civil, labour, or criminal law
  - 3) he/she is not barred from acting as a trader
  - 4) he/she has a good reputation in business circles.
- g) the applicant has a good reputation in business circles: the CEO is entitled to request any document judged necessary for the assessment of the applicant's good reputation in business.

#### 6.2.2 Annulled

#### 6.2.3 For Cross Members applying for membership:

- a) applicants shall comply with the terms set forth in 6.2.1 c), d), e);
- b) applicants shall hold a license for trading in the particular Section issued by the supervisory authority in the jurisdiction of its head office;
- c) applicants shall be a member of or have the right to trade on their Own Exchange;
- d) applicants shall comply with all the other terms of acquiring Section Membership set forth in the agreement on cross membership between the Exchange and their Own Exchange.

- 6.3 Section Members must continuously abide by the conditions precedent to concluding an agreement on section membership throughout their term of membership.

### **7 The Procedure for Acquiring Section Membership**

- 7.1 An application for concluding a section membership agreement must include the documents and certificates listed in Annex 1.

- 7.2 The Board of Directors shall issue a Board decision on granting section membership and on concluding a section membership agreement with the applicant within thirty (30) days after receipt of an application that abides by all the conditions in full, containing also all other documents that may have been requested by the CEO to verify the good reputation of the Applicant in business circles. A section membership agreement takes effect at the date specified in the Board decision. (onset of section membership)

- 7.2.1 In respect of a submitted application for section membership, the Trading Committee has the power to issue an opinion, and the Exchange shall notify the Trading Committee on all applications for Section Membership and, should the Trading Committee request so, shall make available the documentation received with the application to the Trading Committee.

- 7.3 If an application fails to conform to the provisions of law or to a condition required by an Exchange Rule, the CEO shall instruct the applicant in writing within 5 (five) Exchange Days to submit any missing documents and shall identify the inadequate documentation item by item.
- 7.3.1 Applicants must deliver missing documents to the Exchange within ten (10) Exchange Days of the receipt of the instructions specifying the inadequate documentation.
- 7.4 After missing documents are received or upon the expiration of the deadline specified above, the Board of Directors evaluates the acquisition of a Section Membership based on the documents available to it.
- 7.5 The period for evaluating an application for a section membership agreement restarts on the date the applicant submits missing documents.
- 7.6 An application for concluding a section membership agreement may only be rejected on the grounds that it fails to comply with the provisions of law or the terms of an Exchange Rule.
- 7.7 The Board of Directors shall provide a detailed explanation in any decision that contains a rejection.
- 7.8 In the event that an applicant who is already a member of a Section applies for a membership agreement in another Section, the applicant does not need to resubmit any documents it had submitted for the earlier procedure, provided such documents are still in effect.

## **8 General Terms of the Right to Trade on the Exchange**

- 8.1 Only Section Members may acquire the right to trade on the Exchange. A Section Member may acquire the right to trade in a Section where it is a member.
- 8.2 A Section Member's right to trade in a particular section may cover certain Exchange Products or certain groups of products (e.g. dematerialized or non-dematerialized securities) Transaction Classes or certain markets separately. The special rules that apply are set forth in the Code of Trading and in KELER Rules.

## **9 Conditions for a Section Member Acquiring the Right to Trade**

- 9.1 A Section Member may acquire the right to trade upon meeting all the conditions set forth below:
- 9.1.1 Conditions for applicants that are not Cross Members:
- a) the Section Member shall operate under General Terms and Conditions necessary for trading operations, in the form required by law and by the Exchange Rules;
  - b) the Section Member is not barred from exercising the right to trade by a supervisory order;
  - c) the Section Member complies with the requirements and technical conditions of trading in the given section as set forth in Exchange Rules;

- d) the Section Member shall comply with the terms applicable to the settlement of trading in the given Section.
- e) the non-EEA Section Member has at least one exchange trader registered on the Exchange Trader List (hereinafter: Trader List) who meets the requirements of trading in the given Section or market as described below. The listed trader must:
  - 1) i) in the case of an investment service provider, be a natural person employed full time or is in a long-term agency relationship with the Section Member, ii) in the case of a Commodity Exchange service provider, be a natural person employed full time by or having a permanent contractual relationship with the Section Member,
  - 2) be over eighteen (18) years of age;
  - 3) have no criminal record;
  - 4) be at least a secondary school graduate;
  - 5) have passed the technical examinations necessary for trading in the given Section or market, specified in Annex 2;
  - 6) have passed the MMTS Examination for the given Section;
  - 7) have not acted for the past 3 years as a senior officer, a senior manager, or a trader in a company brought under liquidation or bankruptcy where such person's liability for the liquidation has been established;
- f) a trader of an EEA Section Member shall comply with the requirements specified in items 1) 2) 3) 5) 6) and 7) of Paragraph 9.1.1. e)

9.1.2 A Section Member may employ several exchange traders but one exchange trader can be employed by or have a permanent contractual relationship with only one Section Member.

9.1.3 Conditions for Cross Members:

- a) the Section Member shall comply with the terms set forth in Article 9.1.1 b), c) d) and e) with the exception of the requirements of 9.1.1 e) 4),
- b) the applicant shall comply with all the other terms of acquiring Section Membership set forth in the agreement on cross membership between the Exchange and their Own Exchange.

9.2 Annulled

9.3 Registering Traders

- 9.3.1 Upon a Section Member's written request, the Exchange shall register traders who meet the requirements hereof on the Exchange Trader List and provide them with access to the Trading System two (2) Exchange Days after the receipt of all documents necessary for registration. The Trader List contains the name of the trader and the employing Section Member. The Trader List is public and open for inspection by anyone.
- 9.3.2 The Exchange shall grant a trader additional access level privileges to the Trading System within two (2) Exchange Days of receipt of the relevant Section Member's written request.
- 9.3.3 Section Members may request that several of their Employees be entered in the Trader List as traders.
- 9.3.4 Unless otherwise indicated in regulations – a Section Member is identified in the Trading System by a username and an encrypted password assigned to the Section Member's trader. The username and password are specified in a separate Exchange

Rule and made available to each Section Member by the Exchange. Each Trader can only be supplied with one password. Traders may take delivery of his password at the Exchange personally or via a person holding power of attorney.

- 9.3.4.1 In the case of a technical connection through a Non-Trading Workstation, the username and confidential password are issued by the Exchange to the person holding a respective authorisation from the Section Member.
- 9.3.5 Section Members and traders are fully liable for all the consequences arising from handling, and the unauthorized use of, the passwords that provide access to the Trading System.
- 9.3.6 Acting upon a written request of a Section Member, the Exchange suspends a trader's rights, as they are defined in these Regulations, from the date requested or, if no date is indicated, promptly upon the receipt of the request; then – in the absence of a request by the Section Member with an opposite effect – the Exchange removes the trader concerned from the register of traders on the exchange trading day that follows the day of suspension.
- 9.3.7 Whenever a trader is prohibited from acting as one, the Exchange removes the person affected from the Trader List as of the effective date of the resolution on the prohibition from acting as a trader. Section Members may initiate the re-entry into the Trader List of a person prohibited from acting as a trader after the period of prohibition elapses in the manner provided in the Regulations.
- 9.3.8 Exchange Rules may contain other provisions concerning senior officers and persons in charge of trading in securities at a Section Member and regarding traders.
- 9.3.9 The Exchange issues 1 (one), so-called assistant trader's entitlement per Section Member. A Section Member has to request such an entitlement in writing. Such an entitlement may exclusively be used to process data that can be found in the Trading System to promote the Section Member's own business operation. The Exchange issues such an entitlement 2 (two) exchange trading days upon the receipt of such a request. The Exchange issues one password that ensures access to the Trading System with assistant trader's entitlement to a person who can present the relevant authorization of the Section Member concerned. The assistant trader's entitlement does not authorize a Section Member to engage in trading on the Exchange; it may only observe information about trading. Such an entitlement definitely does not authorize a Section Member to share information with, or transfer in any way to, any legal or natural persons or any other organizations, either free of charge or for consideration, any information about Stock Exchange trading that appears on the Section Member's trader workstation.

#### 9.4 Special Terms of Granting the Right to Trade in Individual Sections

##### 9.4.1 Equities and Debt Securities Section

- 9.4.1.1 Section Members that participate in trading in dematerialized securities in the Equities and Debt Securities Sections must, in addition to meeting the general requirements, simultaneously comply with all the terms listed below:
- a) A Section Member who is a Clearing Member for the Equities or the Debt Securities Section shall have
- 1) a license from the Supervision for managing a securities account, or in the case of an EEA Section Member, certification of a license for the management of securities accounts;

- 2) all the accounts needed for managing dematerialized securities.
- b) In case a Section Member is a Sub-Clearing Member in the Equities or Debt Securities Section, the General Clearing Member must meet the requirements set forth in 9.4.1.1 a).

## **10 Procedure for Granting the Right to Trade to a Section Member**

- 10.1 An application by a Section Member for the granting of the right to trade in a Section shall include the documents and certificates listed in Annex 3.
- 10.2 The Chief Executive Officer shall issue a decision on granting the right to trade in a Section within five (5) Exchange Days after receipt of a written application that abides by all the conditions in full.
- 10.3 If an application fails to conform to the provisions of law or to a condition required by an Exchange Rule, the Chief Executive Officer shall instruct the applicant in writing within five (5) Exchange Days to submit any missing documents and shall identify the inadequate documentation item by item.
- 10.4 Applicants must deliver missing documents to the Exchange within ten (10) Exchange Days of the receipt of the instructions specifying the inadequate documentation.
- 10.5 The Exchange shall pass a resolution on the procedure of granting trading rights on the basis of available documents after the receipt of such missing documents or the expiry of the deadline specified above.
- 10.6 The period open for evaluating an application for granting the right to trade restarts on the date the Section Member submits missing documents.
- 10.7 An application for granting the right to trade may only be rejected on the grounds that it fails to comply with the provisions of law or the terms of an Exchange Rule.
- 10.8 The Chief Executive Officer shall include a detailed explanation in any decision that contains a rejection, identifying the omission or failure that gave rise to the rejection.
- 10.9 If a Section Member who already has the right to trade in a Section applies for the right to trade in another Section, said Section Member does not need to resubmit any documents it had submitted for acquiring the existing right, provided such documents are still in effect.
- 10.10 A Section Member shall acquire the right to trade within six (6) months of the onset of the section membership. If the Section Member fails to obtain a trading licence by the above date, its section membership shall lapse.

## **11 The Rights and Obligations of Section Members**

### **11.1 A Section Member May:**

- a) participate in the election of the person to represent a Section within the framework set by Exchange Rules;
- b) participate in trading in a Section within the framework set by Exchange Rules (the right to trade);
- c) utilise the technical means necessary for trading on the Exchange;

d) use the remedies provided in Exchange Rules.

## 11.2 General Obligations:

Section Members:

- a) shall comply at all times with the respective legislative provisions, the Exchange Rules, and – in case of Clearing Members – the KELER Rules, and shall observe and abide by, and ensure that their Employees uphold, the requirements set out in detail below;
- b) shall at all times exhibit the utmost care in pursuing their investment or Commodity Exchange service activities and shall in so doing act in compliance with the stringent ethical requirements typical of the fiduciary nature of such activities in their relationship with customers, other Section Members, and the organs of the Exchange;
- c) shall manage their businesses in a manner that enables them to remain solvent and liquid enough to consistently meet payment liabilities as long as they maintain membership in a Section;
- d) Section Members who are Clearing Members shall meet their settlement and delivery liabilities towards KELER Ltd. by the given deadline;
- e) shall fill orders with the care expected of an entity in such a capacity;
- f) shall consistently pay the relevant Exchange fees.

11.3 Section Members shall perform their obligations continuously as long as they maintain section membership and shall continue to fulfil the conditions of membership as long as they are members.

11.4 A Section Member's company bylaws are publicly available and shall be made accessible to any party. Section Members shall ensure that the provisions in their bylaws are enforced and observed in full at all times.

11.5 Each Section Member shall apply internal procedures and contracts that ensure the enforcement of Exchange Rules and KELER Rules and comply with all pertaining legislative provision.

11.6 Section Members shall give written notice to the Exchange of any changes in membership by the deadline specified in these Regulations. A party giving notice shall be liable for the true and fair nature of the notice and for its content which shall fulfil the requirements laid out in these Regulations.

11.7 Section Members must make extraordinary disclosures of data and information upon written instructions from the Chief Executive Officer and in accordance with the content and deadline set therein.

## 12 **Suspending the Right to Trade**

12.1 The Exchange may suspend a Section Member's right to trade:

- a) annuled;
- b) upon a Section Member's request to have its own right to trade suspended;
- c) if a condition for a Section Member exercising its right to trade is not fulfilled, then the right to trade of such Section Member will be suspended;

- d) as part of a sanction apply by the Exchange vis-à-vis a Section Member.
- 12.2 The right to trade may be suspended in respect of a Section, a market, a Transaction Class, in a group of Exchange Products or in an Exchange Product, even during trading hours.
- 12.3 In the event that the reason for suspending the right to trade ceases to exist, the right to trade shall be restored immediately.
- 12.4 The Chief Executive Officer, and in case of a second instance procedure the Board of Directors, has the power to issue a decision on the suspension and the restoration of the right to trade.
- 12.5 The time of suspending and restoring the right to trade shall be set in the decision issued to that effect in a manner that does not jeopardize the safety of trading and settlement on the Exchange, and which allows (with the previous point taken into account) the date to fall in accordance with the recognizable interests of the parties. Any affected Section Member will be notified of the suspension in a message on its Trader Workstation and in writing.
- 12.6 Information about any suspension of the right to trade of a Section Member in a Section and the subsequent restoration thereof shall be available at the Trader Workstations of all the Section Members in the given Section.
- 12.7 The right to trade may be suspended simultaneously under multiple grounds. If the suspension of the right to trade has to be ordered or instituted under multiple grounds, a separate decision shall be issued for each reason and separate decisions shall also be issued to restore the right to trade under each grounds.
- 12.8 Section Members are obliged to pay the related fees for the period during which their right to trade is suspended.
- 12.9 As long as the right to trade of a Section Member is suspended, such Member's general rights and obligations shall be modified as follows, hence a suspended Section Member:
- a) may not exercise trading rights in respect of the Exchange Product(s) affected by the suspension, may not enter orders, may not conclude a transaction, but may observe trading as long as the suspension is in effect;
  - b) the orders such Section Member entered for Exchange Products affected by the suspension shall be cancelled.;
  - c) whose right to trade has been suspended in respect of each Section, shall neither use nor give directions to use the technical means of trading;
  - d) shall immediately do everything in order to avoid any violation of the interest of its principals;
  - e) shall perform the transactions it concluded in a regular manner before its right to trade was suspended;
  - f) shall perform the liabilities that arose from its right to trade earlier while said right was in effect;

12.10 Annuled

12.11 Suspension of the Right to Trade Upon a Section Member's Request

- 12.11.1 A Section Member may request the suspension of its own right to trade for a maximum of six (6) months without offering reason or explanation.
- 12.11.2 The Chief Executive Officer shall restore the right to trade of a Section Member upon the member's request if the Section Member fulfils all the conditions required for exercising the right to trade.

12.12 Suspension of the Right to Trade Upon a Failure to Comply with a Condition Precedent

- 12.12.1 The Exchange shall suspend the right to trade in a Section upon a failure to meet a condition required for granting membership or for exercising the right to trade in that Section.
- 12.12.2 The Exchange will suspend a Section Member's right to trade in a given Section, a market, a Transaction Class or in an Exchange Product if:
- a) the Section Member fails to observe the margining requirements provided in KELER Rules, except for those markets where trading right may be limited by applying the close out status as well;
  - b) the Section Member fails to effect payments of its fees due to the Exchange within three (3) business days after receipt of written notice.
- 12.12.3 In addition to the cases specified in Section 12.12.2, the right to trade held by a Sub-Clearing Member shall be suspended:
- a) if the General Clearing Member performing clearing for such Sub-Clearing Member fails to fulfil the margining requirements provided in KELER Rules, except for those markets where trading right may be limited by applying the close out status as well;
  - b) if the General Clearing Member requests in writing that the Exchange suspend the right to trade of a Sub-Clearing Member for whom it performs clearing, except for those markets where trading right may be limited by applying the close out status as well;
  - c) if the General Clearing Member notifies the Exchange in writing that the clearing agreement of a Sub-Clearing Member for whom it performs clearing has terminated.
- 12.12.4 The Exchange does not accept liability for any pecuniary consequences of legal disputes between the parties of a Clearing Agreement and will not examine whether or not a unilateral request for suspension of trading right or cancelling Sub-Clearing Membership was made in accordance with the terms of a Clearing Agreement.
- 12.12.5 The transactions properly concluded by Sub-Clearing Members before suspension shall be duly performed by the General Clearing Member settling deals on their behalf.

12.13 Exchange Rules may provide other cases of limiting the right to trade.

### **13 Termination of Section Membership**

- 13.1 Section membership terminates when the term of the Section membership agreement expires. A Section Member's right to trade ceases when Section membership terminates.
- 13.2 A Section Membership Agreement Terminates:
- a) upon request by the Section Member;
  - b) when the Section Member terminates;
  - c) upon cancellation or withdrawal of a Section Member's license to pursue investment or Commodity Exchange service activities;
  - d) if the Section Member's right to trade is suspended, or restricted by using the only closing function for more than 6 (six) months continuously or for more than a total of at least 240 (two hundred and forty) days in a given year;
  - e) if the Section Member is banned;
  - f) if the Section is terminated by the Exchange in accordance with Section 3.1.
- 13.3 In addition to the above, a Cross Member's Section membership agreement shall terminate if the cross membership agreement between the Exchange and the Cross Member's Own Exchange expires.
- 13.4 Section Members must perform the obligations and liabilities that arose before the termination of their Section membership agreement regardless of such expiry.
- 13.5 When a Section membership agreement terminates, the affected Section Member shall have no right to claim a refund of fees or other reimbursement from the Exchange.

### **14 Sanctions Applicable by the Exchange**

- 14.1 The Chief Executive Officer may impose sanctions, included in a decision with an explanation, on members for any failure, incompleteness, or delay in the performance of the obligations provided in an Exchange Rule.
- 14.2 In the event that these Regulations are violated and after a hearing of the affected Section Member, the following sanctions may be applied if necessary:
- a) warning,
  - b) fine,
  - c) suspension of the right to trade,
  - d) banning.
- 14.3 In determining the type and degree of sanction to be applied, the weight of the transgression (such as the size of the disadvantage suffered by other Section Members by or the actual cause leading to the transgression, etc.) shall particularly be taken into account, as shall the frequency at which the given Section Member commits transgressions, the moral damage done to the Exchange or to Section membership. For violations of the rules of settlement, the size of the amount and the period it has been outstanding shall particularly be taken into account.
- 14.4 The following sanctions may be imposed on traders that violate an Exchange Rule:
- a) warning;

- b) prohibition from acting as a trader on the Exchange.

#### 14.5 Individual Sanctions

##### 14.5.1 Warning

- 14.5.1.1 A warning may be used as a sanction in the event of a minor violation of an Exchange Rule, with such a sanction including a warning of the future applicability of more serious sanctions.
- 14.5.1.2 The Chief Executive Officer shall warn Section Members or traders upon a minor violation of an Exchange Rule.
- 14.5.1.3 The Exchange shall announce the fact that a warning has been issued by publishing the relevant decision.

##### 14.5.2 Fine

- 14.5.2.1 The Chief Executive Officer may impose a fine on Section Members for more serious violations of an Exchange Rule or for non-compliance with the obligations set therein recurring after a warning.
- 14.5.2.2 The fine may range from HUF 100,000 (one hundred thousand) to HUF 1,000,000 (one million).
- 14.5.2.3 Fines shall be paid to the account of the Exchange within eight (8) days of receipt of the final decision. In the event of overdue payment, the defaulting Section Member shall pay twice the central bank base interest rate calculated for the period starting when payment falls overdue.
- 14.5.2.4 The Exchange shall announce the fact that a fine has been imposed by publishing the decision containing the instruction to pay.

##### 14.5.3 Suspension of the Right to Trade

##### 14.5.4 The Chief Executive Officer shall suspend a Section Member's right to trade if:

- a) further participation by the Section Member in trading in that Section exposes (or may expose) the security of trading to serious jeopardy,
  - b) the nature of the violation precludes maintaining the Section Member's right to trade on the Exchange,
  - c) the Exchange finds at any time during a review that the Section Member is in material breach of the provisions of Exchange Rules, the degree of which makes imposing a lighter sanction insufficient.
  - d) the Section Member fails to effect payment of a fine by the deadline set in the instruction to pay.
- 14.5.4.1 The Exchange shall announce the fact that a Section Member's right to trade has been suspended by publishing the related decision.

##### 14.5.5 Banning of a Section Member

- 14.5.5.1 In cases involving serious or repeated breaches or transgressions under the regulations, the Chief Executive Officer may ban a Section Member from the ranks

of Section Members of the Exchange by terminating their section membership agreement.

14.5.6 Prohibition from Acting as a Trader on the Exchange

14.5.6.1 The Chief Executive Officer may prohibit a trader from acting as a trader upon a serious or repeated violation of an Exchange Rule.

14.5.6.2 The person affected by the prohibition may not participate in concluding exchange transactions that fall under the scope of investment or Commodity Exchange service activities after the prohibition takes effect and during the term thereof.

14.5.6.3 The term of prohibition shall be set in months or years, with the shortest term being six months and the maximum being three years.

**15 Legal Remedy**

15.1 A Section Member may only appeal Exchange decisions that affect the Section Member directly and are issued on following matters:

- a) a decision rejecting an application to grant the right to trade;
- b) a decision ordering the suspension of the right to trade and limitation by applying the close out status by method determined in Code of Trading;
- c) a decision refusing to restore the right to trade after a suspension;
- d) a decision terminating a section membership agreement (banning);
- e) a decision relating to prohibiting a trader from trading activities;
- f) a decision evaluating the merit of an application for listing by the Section Member that applies for listing;
- g) a decision containing a sanction.

- 15.2 A trader may only appeal a decision on sanctioning the trader.
- 15.3 The person affected by a provision in a decision by the Chief Executive Officer may appeal such a decision in a petition addressed to the Board of Directors. In its capacity as a second instance authority, the Board may revise decisions by the Chief Executive Officer. There are no further opportunities for redress within the Exchange organization against decisions by the Board.
- 15.4 Decisions with the option to appeal shall contain an explanation and shall be set in writing. Decisions shall be disclosed to the public in accordance with Exchange Rules and shall be delivered to the party entitled to appeal in a manner that allows clear identification of the date of delivery. Decisions shall be delivered to other affected parties.
- 15.5 A trader may only appeal a decision on sanctioning the trader.
- 15.6 The person affected by a provision in a decision by the Chief Executive Officer may appeal such a decision in a petition addressed to the Board of Directors. In its capacity as a second instance authority, the Board may revise decisions by the Chief Executive Officer. There are no further opportunities for redress within the Exchange organization against decisions by the Board.
- 15.7 Decisions with the option to appeal shall contain an explanation and shall be set in writing. Decisions shall be disclosed to the public in accordance with Exchange Rules and shall be delivered to the party entitled to appeal in a manner that allows clear identification of the date of delivery. Decisions shall be delivered to other affected parties.
- 15.8 A party entitled to appeal a decision may do so within fifteen (15) Exchange Days of receipt in a petition addressed to the Board of Directors and submitted to the Chief Executive Officer.
- 15.9 Any failure to meet the deadline for appeal shall be deemed to constitute a forfeiture of the right to appeal. There is no right to file for postponement even with certification of incapacity and such appeals may not be pursued. The Chief Executive Officer rejects overdue appeals.
- 15.10 The Board of Directors shall review decisions that have been appealed at its next meeting.
- 15.11 A simple majority of directors present at the Board meeting shall be required to reverse a decision by the Chief Executive Officer.
- 15.12 First instance decisions take effect on the day after the deadline for appealing if no appeal is filed, and second instance decisions on the day after the decision is delivered or communicated.
- 15.13 Except for first instance decisions imposing a pecuniary fine, all decisions are immediately enforceable and an appeal shall not delay the enforceability of the decision.
- 15.14 A final decision imposing a pecuniary fine is enforceable.

**Chapter 3  
OBLIGATIONS IN CONNECTION WITH THE ACTIVITIES OF A SECTION  
MEMBER**

**16 Annulled**

**17 Annulled**

**18 The Procedure for Monitoring Section Members**

18.1 The Exchange may conduct on-site reviews of Section Members and request delivery of documents for inspection from Section Members to check the enforcement of the Exchange Rules.

18.2 The Exchange may perform joint on-site audits with KELER Ltd. and the Supervision.

18.3 The Chief Executive Officer may request affected Section Members to submit written reports of audits performed by the supervisory bodies. The Section Member must send such reports to the Exchange upon the Chief Executive Officer's request.

18.4 On-site reviews may be conducted at a member's premises by persons appointed by and holding a letter of authorization from the Chief Executive Officer.

18.5 The Chief Executive Officer may order an audit if the transparency of a Section Member's operation is not ensured, if the business conduct of the Section Member raises the likelihood of a solvency crisis, or in any other cases where information available to the Chief Executive Officer justifies ordering a review.

18.6 Whenever an audit is ordered, the Exchange will give priority to testing compliance with the provisions of Exchange Rules and legal regulations that:

- a) prohibit insider trading or unfair manipulation of market prices,
- b) determine how Section Members should perform risk management, the rules of concluding agreements with customers and the performance thereof, the rules of managing customer assets, and the system of accounting and record keeping.

18.7 Section Members must make data or documents with the requested content available to the Exchange whenever the Exchange makes written or oral requests during on-site inspection as part of an audit ordered by the Chief Executive Officer. The Exchange shall handle the data thus in its possession as highly confidential.

18.8 The Exchange shall prepare a report of on-site audits and such reports shall include a clause by the audited Section Member. The Chief Executive Officer may deliver a report of desk and on-site audits to the Supervision and KELER Ltd. The Exchange may not disclose the information that comes into its possession during desk and on-site audits and reports to third parties other than to KELER Ltd. and to competent authorities.

## **19 Disclosure Obligations by Section Members**

### **19.1 Obligation to Disclose Information**

19.1.1 Section Members shall submit timely reports to the Exchange covering information as follows:

- a) an annual report with the full text of the auditor's report attached  
(deadline: one hundred and fifty (150) days from the balance sheet date in the business year)
- b) consolidated annual report  
(deadline: one hundred and eighty (180) days from the balance sheet date in the business year)
- c) Investment firm and EEA Section Member: quarterly non-audited balance sheet and profit and loss accounts and the related analysis (regarding changes in turnover, asset and liquidity position, income on expenditure of the investment service activities, changes in operating costs, other costs and expenditures, profit or loss of financial operations, extraordinary profit or loss) as well as of balance sheet claims and liabilities. In the case of an EEA Section Member, data relating to investment service activities in Hungary ought to be highlighted in the notes to the accounts, if possible. Commodity Exchange service providers: half-yearly, non-audited balance sheet and profit and loss account.  
(deadline: twenty (20) working days after the close of the given quarter)
- d) the monthly turnover report with the data content and by the deadline specified in the applicable CEO decision.

19.1.1.1 Section Members shall send to the Exchange the balance sheet and the profit and loss account mentioned in sub-section 19.1.1 a) by the deadline set in sub-section 19.1.1 a) and shall publish such documents in accordance with the provisions of the Disclosure Bylaws.

19.1.1.2 If a Section Member is also an Issuer on the Exchange, it must observe the deadlines in the disclosure provisions set forth in the Regulations on Listing, Continued Trading and Disclosure, as amended.

19.1.1.3 For Section Members with a Clearing Agreement concluded with a Sub-Clearing Member, the turnover in the derivatives section in the quarter to date and the distribution thereof between the Section Member and the Sub-Clearing Member (deadline: within twenty (20) working days following the close of the given quarter).

### **19.2 Obligation to Provide Data**

19.2.1 Section Members shall report to the Exchange the data specified in Annex 4 with the content and by the deadline set therein.

### **19.3 Processing and Handling Data and Information**

19.3.1 The Exchange processes the data provided by Section Members and maintains records thereof organised according to each Section Member and records in a consolidated form.

19.3.2 The Exchange may handle all data in a publicly available manner unless such data are qualified as confidential securities, banking, or business information under a

provision of law.

#### 19.4 Other Provisions

- 19.4.1 Section Members shall be liable for any consequences arising from their failure to observe the requirement to provide data and information or from the disclosure of untrue data.
- 19.4.2 Upon written instructions based on an individual-case decision of the Chief Executive Officer, the senior officers and Employees of a Section Member must give an account of Exchange Products - excluding government securities - held in their portfolio or the portfolio of Close Relatives living in the same household, the sale and purchase of such Exchange Products, and the transactions concluded with the given Section Member. The Exchange keeps statements thus received on file, which may only be used for the purposes of an investigation conducted by the Exchange, by the Supervision or some other authority. The affected parties shall be advised of such use at the time of use.

### **20 Effective Forms of Contact Between the Exchange and Section Members**

- 20.1 Official contact between the Exchange and Section Members may be of the following form:
- a) written (mail, facsimile, electronically signed e-mail) messages duly signed by the Section Member, or the Section Member's communications recorded verbatim in the minutes of an official forum;
  - b) written (mail, facsimile, electronically signed e-mail) messages or communications duly signed by, or announcements made at the official site of publication of the Exchange;
  - c) in urgent cases, exceptional oral messages to be followed up by official written confirmation containing all material elements of the oral communication, to be given within an hour or by the close of trading on the Exchange.
- 20.2 Messages or communications of a form different from those specified above shall be deemed unofficial and only informative in nature.
- 20.3 The dispatcher of official communications shall be responsible for verifying receipt.
- 20.4 The language of communication shall be Hungarian or English at the Section Member's discretion.

**Chapter 4  
MISCELLANEOUS PROVISIONS**

- 21 Except for Section 20, the provisions in Part II, Chapter 3 hereof need not be applied vis-à-vis Cross Members or shall be applied in accordance with the provisions of the cross membership agreement concluded between the Exchange and the Cross Member's Own Exchange.
- 22 The provisions in Sections 16 and 19.1.1. are not applicable to the National Bank of Hungary.
- 23 In the case of Section Members becoming Section Members in the Commodities Section and Derivatives Section before the closing day of BCE's commodity market trading, as regards their traders registered as traders on that day at the latest, requirements regarding traders, specified in Article 9.1.1.e) 5) of these Regulations shall be judged in accordance with Board resolution No. 13/2004.
- 24 In the case of Section Members who had obtained Section Membership or had submitted an application to obtain Section Membership prior to November 01, 2005, with respect to the provisions of the Rules regarding the acquisition of a Section Membership or connected therewith, the provisions of the Rules in effect until October 31, 2005 are applicable.

**ANNEXES**

**Annex 1**

**Documents, Certificates, and Declarations to Be Attached to Applications for Section Membership**

1. Investment firms, Commodity Exchange service providers and EEA Section Members shall submit an original of the application for Section Membership and of the declarations that need to be attached as annexes (duly signed by the company representative or an authorised representative); of the other annexes, either an original or a copy must be submitted. The Exchange will only accept certified Hungarian or English translations of documents. The Exchange is not required to prescribe the submission of documents it has access to through a public and authentic register.
  - a) a letter of intent to join a Section(s) on the Exchange, clearly indicating the Section name(s);
  - b) the Applicant's articles of association (charter, articles of corporation, deed of foundation, etc.) as amended, with modifications duly inserted;
  - c) a certificate of incorporation dated no earlier than fifteen (15) days prior to the date of submission;
  - d) a license for investment or Stock Exchange services or auxiliary investment services issued by the Supervision authorizing the Applicant to do business in the given Section;
  - da) In the case of an EEA Section Member:
    - i) a license issued by the supervisory authority competent at its registered office to conduct investment services as they are defined by Article 5 (1) a), b) and c) of the ISA.
    - ii) certification by the supervising authority competent at its registered office or by the Supervision on that it is entitled to provide cross-border services;
  - e) a declaration whereby the Applicant
    - (i) accepts Exchange Rules as binding;
    - (ii) a Section Member who is a Clearing Member accepts and agrees to comply with the provisions in KELER Rules;
    - (iii) accepts the right of the Exchange to impose sanctions upon violation of the above, and
    - (iv) commits to effect payment of the initial fee for joining the Section by the due date and to continue paying the Exchange fees set forth in the Schedule of Fees as and when required;
    - (v) agrees to act in accordance with the conduct expected of a Section Member upon becoming one;
    - (vi) declares that no conflict of interest as defined in any of the relevant legal provisions exists in respect of a corporate member
  - f) an annual report of the year preceding the application, audited in accordance with the Accounting Act, for Applicants that have operated for longer than a single business year,
  - g) a description of the Applicant's shareholders and their stakes and an introduction of the senior managers and the professionals in charge of investment services, along with the related affirmative decision by the Supervisory Authority or by the supervising authority competent at its official headquarters, if required under law, as well as an overview of the structure of the company,

- h) the internal rules of procedure for keeping records of the terms under which the senior managers and Employees of the Applicant may personally engage in activities related to or similar to those pursued by the Applicant,
  - i) a list of litigation pending against the Applicant or its senior officers in connection with dealing in securities and with investment or Commodity Exchange service activities and court cases pending in connection with financial management in respect of more than 10% of its registered capital;
  - j) a description of the Applicant's cash accounts and other bank accounts;
  - k) a statement to the effect that the attached statements and documents are fair and complete, that the contents thereof are true, and that the Applicant has not withheld any fact required for an evaluation of its application for membership.
  - l) a declaration from the applicant that its senior officer complies with the terms below:
  - m)
    - 1) he/she has no criminal record;
    - 2) he/she has not acted for the past 3 years as senior officer, senior manager, or professional in charge of investment services or commodity exchange services or as a trader in a company brought under liquidation or bankruptcy, where such person's liability for the liquidation or bankruptcy has been established under civil, labour, or criminal law,
    - 3) he/she is not barred from acting as a trader,
    - 4) he/she has a good reputation in business circles.
  - n) All other documents considered necessary by the Chief Executive Officer to making a judgement of the good reputation in business circles and which the CEO has requested individually
  - o) power of attorney, if the Applicant is represented by an representative under a power of attorney in the procedure
2. Applicants shall submit the documents listed below in addition to those listed in the Cross Membership Agreement; of these documents, an original must be submitted of the application for Cross Membership and of the declarations that need to be attached as annexes; the documents must be duly signed by the company representative or an authorised representative. Of the other annexes, either an original or a copy must be submitted. The Exchange will only accept certified Hungarian or English translations of documents. The Exchange is not required to prescribe the submission of documents it has access to through a public and authentic register.
- a) a letter of intent to join a Section(s) on the Exchange, clearly indicating the Section name(s);
  - b) the Applicant's articles of association (charter, articles of corporation, deed of foundation, etc.) as amended, with modifications duly inserted;
  - c) a certificate of incorporation dated no earlier than fifteen (15) days prior to the date of submission;
  - d) a license for investment or Commodity Exchange services or auxiliary investment services issued by the Supervision in the jurisdiction of the Applicant's headquarters authorizing the Applicant to do business in the given Section;
  - e) a certificate issued by the Applicant's Own Exchange that the Applicant is a member or holds the right to trade there;
  - f) a declaration whereby the Applicant
    - i. accepts Exchange Rules as binding;
    - ii. a Section Member who is Clearing Member accepts and agrees to comply with the provisions in KELER Rules;
    - iii. accepts the right of the Exchange to impose sanctions upon violation of the above, and

- iv. commits to effect payment of the initial fee for joining the Section by the due date and to continue paying the Exchange fees set forth in the Schedule of Fees as and when required;
- v. agrees to act in accordance with the conduct expected of a Section Member upon becoming one;
- g) an annual report of the year preceding the application, audited in accordance with the Accounting Act, for Applicants that have operated for longer than a single business year,
- h) a description of the Applicant's cash accounts and other bank accounts;
- i) a statement to the effect that the attached statements and documents are fair and complete, that the contents thereof are true, and that the Applicant has not withheld any fact required for an evaluation of its application for membership.

**Annex 2**

**Traders' examination requirements in the different Sections and Markets**

1. Traders' examination requirements in the different sections and markets

**A Equities and Debt Securities Sections:**

- a) Stock Exchange Examination organised by the Central European Training Foundation for Brokers and MMTS I Examination, or
- b) any other examinations specified by relevant Hungarian laws as the condition of acting as a trader, and MMTS I Examination, or
- c) any examinations in addition to the above required as a condition to act as a spot market trader on any exchanges of the European Union and MMTS I Examination, as well as a Supplementary Examination required by the Exchange

**B Derivatives Section**

1. Futures Market

- a) Stock Exchange Examination organised by the Central European Training Foundation for Brokers, Futures Examination organised by the Central European Training Foundation for Brokers and MMTS II Examination, or
- b) any other examinations specified by relevant Hungarian laws as the condition of acting as a trader, and MMTS II Examination, or
- c) any examinations in addition to the above required as a condition to act as a futures market trader on any exchanges of the European Union and MMTS II Examination, as well as a Supplementary Examination required by the Exchange

2. Options Market

- a) Stock Exchange Examination organised by the Central European Training Foundation for Brokers, Options Examination organised by the Central European Training Foundation for Brokers and MMTS II Examination, or
- b) any other examinations specified by relevant Hungarian laws as the condition of acting as a trader, and MMTS II Examination, or
- c) any examinations in addition to the above required as a condition to act as an options market trader on any exchanges of the European Union and MMTS II Examination, as well as a Supplementary Examination required by the Exchange

**C Commodities Section**

1. Commodities Section

- a) Special examination organised by the Budapest Commodity Exchange before 1th November 2005 and MMTS II Examination, or
- b) Commodity Exchange Examination organised by the Exchange before 28th February 2011 and MMTS II Examination, or
- c) Stock Exchange, Futures and Options Examinations organised by the Central European Training Foundation for Brokers, and MMTS II Examination.

2. The content of the examinations organised by the Exchange is decided by the Board of Directors in a Board resolution.
3. Regarding the examinations organised by the Exchange, the CEO decides on the rules regulating training and examinations in a CEO decision.

**Annex 3**

**Documents and Statements to Be Attached to Applications for Acquiring the Right to Trade by a Section Member and Applications for Including Traders in the Trader List**

**A. General Documents**

1. Investment firms, Commodity Exchange service providers and EEA Section Members shall submit an original of the application for trading rights and of the declarations that need to be attached as annexes duly signed by the company representative or an authorised representative; if the applicant is a private individual, the documents to be submitted must be included in private legal instruments accepted as evidence in court. Any other annexes may be submitted in an original or in a copy. The Exchange will only accept certified Hungarian or English translations of documents.
  - a) the details of employees appointed to act as Exchange Traders as listed in sub-section 9.1.1 e),
  - b) their General Terms and Conditions currently in force
  - c)
    - ca) in case the Section Member is a Clearing Member, a certificate issued by KELER Ltd. verifying the clearing membership, the opening of KELER accounts and the fulfilment of all the terms necessary to the settlement of trades,
    - cb) in case the Section Member is a Sub-Clearing Member, a Clearing Agreement in effect, a certificate issued by KELER Ltd. verifying the clearing membership of the General Clearing Member, and a statement of liability in which the General Clearing Member takes unconditional liability for the fulfilment of transactions of its contracted Sub-Clearing Member.
  - d) a statement whereby
    1. the Section Member is not barred from exercising the right to trade by a supervisory order;
    2. the Section Member complies with the requirements and technical conditions of trading in the given section as set forth in Exchange Rules, and with those technical conditions of trading in the given section as set forth in Exchange Rules which the Regulation on Remote Trading specifies as the Section Member's responsibility to ensure;
2. Annulled
3. In addition to a written application for the right to trade, Cross Members shall also submit:
  - a) in case the Section Member is a Clearing Member, a certificate issued by KELER Ltd. verifying the clearing membership, the opening of KELER accounts and the fulfilment of all the terms necessary to the settlement of trades,
  - b) in case the Section Member is a Sub-Clearing Member, a Clearing Agreement in effect, a certificate issued by KELER Ltd. verifying the clearing membership of the General Clearing Member, and a statement of liability in which the General Clearing Member takes unconditional liability for the fulfilment of transactions of its contracted Sub-Clearing Member.

**B. Additional documents to be submitted by Clearing Member applicants**

If a Section Member is a Clearing Member in the Equities or the Debt Securities Sections, the following documents shall also be submitted in addition to those specified in Section 9.1 in order to acquire the right to trade in dematerialized securities:

- a) license by the Supervision to carry out activities defined in Article (2) b) of Paragraph 5 of the ISA; in the case of an EEA Section Member, a certificate that it holds a license carry out activities defined in Article (2) b) of Paragraph 5 of the ISA;
- b) a certificate by KELER Ltd. of having opened all the accounts needed for managing dematerialized securities.

**C. Documents to Be Submitted for Including a Trader in the Trader List**

1. Documents to be Furnished by Section Members that are not Cross Members:

- a) a detailed curriculum vitae including personal particulars (name, place and date of birth, address, mother's name) and copies of degrees/diplomas,
- b) Certificates of Examinations specified in Annex 2, necessary for trading in a given Section or market – with the exception of MMTS I and MMTS II Examinations, and the Supplementary Examination required by the Exchange,

If the affected person acts as a registered trader in any of the exchanges of the European Union, a certificate of registration shall be attached to the application in order to certify the passing of the examination.

If the person affected is not registered in any of the exchanges of the European Union, then, in addition to submitting a certificate required under 1Ac), 1B1c) and 1B2c) of Annex 2, an authentic certificate shall also be submitted to prove that the given certificate is accepted by any of the exchanges of the European Union for the position of trader on the given market.

- c) a signed statement that he/she has not acted for the past three (3) years as senior officer, senior manager, or professional in charge of investment services or commodity exchange services or as a trader in a company brought under liquidation or bankruptcy, where such person's liability for the liquidation or bankruptcy has been established under civil, labour, or criminal law,
- d) a declaration by the Section Member that the trader is its full-time employee or has some other long-term agency relationship with it, and a power of attorney to the effect that the trader may conclude transactions on behalf of the Section Member (right to represent) in the course of trading in the given Section on the Exchange,
- e) a statement in a private document that can be accepted as evidence in court on that the applicant has no criminal record.

2. Documents to be furnished by Section Members that are Cross Members:

- a) a declaration by the Section Member that the trader, who holds a certificate of the required MMTS examination, may conclude transactions on behalf of the Section

Member (right to represent) in the course of trading in the given Section on the Exchange.

- b) A certificate from the competent Supervision or stock exchange of the official headquarters of the Section Member, certifying that it is qualified as a trader.

**Annex 4  
Data to Be Provided by Section Members**

**1. INVESTMENT BUSINESSES AND COMMODITY EXCHANGE SERVICE PROVIDERS**

<b>Reported Content</b>	<b>After information is generated</b>	<b>After approval / rejection by Supervision</b>	<b>After approval / rejection by Court of Registration</b>
<b>Documents to be submitted IMMEDIATELY</b>			
a) Suspension or withdrawal of a license by the Supervision for operating a business in the provision of investment or Commodity Exchange services or auxiliary investment services		<b>X</b>	
b) Changes in the person and termination of full time employment or permanent contractual relationship of exchange traders	<b>X</b>		
c) Changes in corporate data: company name, head office location, mailing address, phone and facsimile number, contact person, or e-mail address	<b>X</b>		
d) Launching or termination of liquidation, bankruptcy, or final settlement procedures	<b>X</b>		
e) Blocking the accounts defined in sub-section <b>Hiba! A hivatkozási forrás nem található.</b> j) of Annex 1, including an explanation	<b>X</b>		
f) Any case of conflict of interest and the termination thereof	<b>X</b>		
g) A fall of owner's equity below the level of the minimum registered capital required by the ISA	<b>X</b>		
h) Regular orders by customers for transfer, remittance or cash disbursement that were not performed two days after falling due, including an explanation	<b>X</b>		
<b>Documents to be submitted within two (2) Exchange Days</b>			
i) Material change in pursuing the investment, Commodity Exchange or auxiliary investment services activity		<b>X</b>	
j) Any change in the senior managers	<b>X</b>		<b>X</b>
k) Any change in the person in charge of investment or Commodity Exchange service activities	<b>X</b>		

**REGULATIONS BY THE BUDAPEST STOCK EXCHANGE**

<b>Reported Content</b>	<b>After information is generated</b>	<b>After approval / rejection by Supervision</b>	<b>After approval / rejection by Court of Registration</b>
l) Any change in the ownership of the Section Member or in the percentage holdings of shareholders and a copy of the license by the Supervision for acquisition under the ISA, or a copy of the license by the Supervision as required in the Credit Market Act.		<b>X</b>	
m) The consolidated text of the General Terms and Conditions.	<b>X</b>		
n) Any court action(s) with a value individually or collectively reaching 10% of registered (equity) capital, with the litigated amount and the effect thereof on the operations of the Section Member indicated, and the court order closing the case.	<b>X</b>		
o) court action taken against a Section Member's senior officers, shareholders with a stake or voting rights in excess of 10%, Employees in charge of managing investment, Commodity Exchange services and auxiliary investment services in connection with dealing in securities, and with financial management, indicating litigated amounts and the effect on the unoperations of the Section Member, and the court order closing the case.	<b>X</b>		
p) the amended internal rules of procedure for keeping records of the terms under which the senior managers and Employees of the Applicant may personally engage in activities related or similar to those pursued by the Applicant	<b>X</b>		
<b>Documents to be submitted within fifteen (15) Exchange Days</b>			
q) Board of Directors, General Meeting and General Assembly resolutions with material influence on the operations and market position of the Section Member and material amendments to its business plans, strategies (business policies) or organization	<b>X</b>		
r) A written explanation by the Section Member if owner's equity falls short of at least 90% of registered capital	<b>X</b>		
s) An explanation of the change in the revaluation reserve increasing a Section Member's net assets	<b>X</b>		

**2. EEA SECTION MEMBERS AND CROSS MEMBERS**

<b>Reported Content</b>	<b>After information is generated</b>	<b>After approval / rejection by Supervision</b>	<b>After approval / rejection by Court of Registration</b>
<b>Documents to be submitted IMMEDIATELY</b>			
a) Suspension or withdrawal by the Supervision of the license to provide investment, Commodity Exchange or auxiliary investment services		<b>X</b>	
b) changes in the person and termination of full time employment or permanent contractual relationship of exchange traders	<b>X</b>		
c) Any changes in corporate data: company name, head office location, mailing address, phone and fax numbers, contact person, or e-mail address	<b>X</b>		
d) Launching or terminating of liquidation, bankruptcy, or final settlement procedures	<b>X</b>		
e) Blocking of the accounts listed in Article 2 h) of Annex 1 and a written explanation of the reason.	<b>X</b>		
<b>Documents to be submitted within two (2) Exchange Days</b>			
i) Any material changes relating to its investment, Commodity Exchange or auxiliary investment service activities		<b>X</b>	
j) the consolidated text of the General Terms and Conditions.	<b>X</b>		