

# THE REGULATION OF BUDAPEST STOCK EXCHANGE LTD.

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### REGARDING ORGANISATIONAL AND OPERATIONAL RULES

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### REGARDING ORGANISATIONAL AND OPERATIONAL RULES

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## INTRODUCTION

The regulation entitled “The Regulation of Budapest Stock Exchange Ltd. regarding Organisational and Operational Rules” (hereinafter: OOR) rules contains the for the organisational structure and operation of Budapest Stock Exchange Ltd (hereinafter: Budapest Stock Exchange Ltd or BSE) as well as the detailed division of responsibilities among and the management and contact system of the organisational units in consolidated form.

The OOR covers all persons employed by BSE under an employment contract or other contract for work as of the date of the contract during the entire term thereof.

## **I. THE STRUCTURAL HIERARCHY OF BUDAPEST STOCK EXCHANGE LTD.**

- 1.1 BSE's organisation shall be managed by the CEO under his individual responsibility. The CEO shall report to BSE's Board of Directors. Regarding the Multilateral Trading Facility (hereinafter referred to as MTF) operated by BSE. The CEO qualifies as Operational Officer under Section 145 of Act CXXXVIII of 2007 (Bsz).
- 1.2 In the absence of the CEO, all general responsibilities in his competence (general substitution powers) and specific responsibilities (independent substitution powers) shall be assumed by the Deputy CEO.
- 1.3 The Deputy CEO shall be appointed by the CEO, and their powers shall be defined by BSE's Board of Directors subject to these Organisational and Operational Rules.

The Deputy CEO shall make their decisions independently subject to the relevant laws, Exchange Rules, Market operator Rules of the General Terms of Service of BETA Market, of Xbond and of Xtend (hereinafter referred to as MTF Rules), resolutions of BSE's General Meeting and Board of Directors, and the CEO's normative directions and specific instructions and be responsible for these decisions to the CEO.

- 1.4 In order to carry out the market operator tasks of BSE, the following organizational units are established within BSE according to the certain professional fields:
  - a) Internal Auditor;
  - b) Security Manager
  - c) Sales, Marketing and Issuers Acquisitions Division
  - d) HR Manager
  - e) IT Security Department;
  - f) IT Development and Operations Division;
  - g) Legal office
  - h) Trading, Business Development and Listing Division;
  - i) Compliance Officer;
  - j) Finance Division;
  - k) Secretariat to the CEO.

In addition to the above listed professional fields, CEO may decide to set up professional groups (projects) headed by independent professional leaders to perform non-permanent tasks requiring special expertise and resources.

Legal and regulatory tasks, compliance officer tasks, certain IT security tasks, certain security and safety tasks, and, if necessary, other responsibilities maybe outsourced to organisations external to BSE's organisation under an engagement contract.

- 1.5 The Deputy CEO shall report to the CEO directly. The Deputy CEO shall perform the professional supervision of the divisions assigned to them and if necessary, they shall act as the substitute to the CEO in the matters supervised by them. The CEO shall supervise the organisational units if the supervisor Deputy CEO position is unfilled.
- 1.6 The organisational units – with the exception of the IT Security Department, the Security Manager, the Secretariat to the CEO, the Compliance Officer and the Internal Auditor – shall be managed by the directors appointed by the CEO as professional heads of the units.
- 1.7 The Head of IT Security Department, the head of [IT Development and Operations Division](#), the Security Manager, the HR Manager, the Compliance Officer, the managing partner of the law firm responsible for legal and regulatory issues, the Director of the Finance Division and the Head of the Secretariat to the CEO shall report to the CEO directly.

- 1.8 The Director of the Sales, Marketing and Issuers Acquisitions Division and the Director of the Trading, Business Development and Listing Division shall report to the Deputy CEO.
- 1.9 deleted
- 1.10 Professional management and supervision of the Internal Auditor shall be the responsibility of BSE's Supervisory Board.
- 1.11 The heads of divisions and organisational units can act and manage their fields independently subject to the Exchange Rules and the MTF Rules. A proposal regarding a reasonable structure for their organisational units shall be made to the CEO by the heads of the organisational units.
- 1.12 The creation of organisational units and positions within the divisions shall be the responsibility of the CEO.
- 1.13 The CEO may appoint Deputy Directors within the divisions who shall act as the general substitute to the Directors, in the absence of the Directors. If the organisational unit consists of more than one subordinate organisations, the CEO may appoint Deputy Directors to each subordinate organisation. Regarding the subordinate organisation, the Deputy Directors act as substitute to the Directors and they carry out certain independent tasks in their own competence.
- 1.14 The CEO may decide on the application of occasional or permanent advisers who are independent from the abovementioned organisational units and who perform certain tasks specified by the CEO. Employees of BSE may also be employed as such advisers in compliance with the relevant labour rules. Advisers may have either employment or engagement contracts. The CEO may also decide on the person exercising control over the advisers appointed by her/him as such and to whom the advisers shall directly report from their work.

## **II. COOPERATION BETWEEN THE ORGANISATIONAL UNITS OF BUDAPESTSTOCK EXCHANGE LTD.**

- 2.1 BSE is composed of a hierarchy of organisational units. For the organigram, see Annex 1. For a list of organisational units, see Section 1.5. Organisational units are situated on the same level of the hierarchy within each field and are in a lateral relationship. As a result of the complexity of responsibilities, organisational units are required to cooperate closely in many ways, including problem solution and permanent exchange of information.
- 2.2 The alignment of current issues to strategic priorities and the optimal allocation of resources shall take place at executive meetings held by the CEO and at other internal forums.

### **2.3 The Oder of Decision-making**

- 2.3.1 The order of decision-making regarding the operation of the regulated market and multilateral trading facilities by BSE shall be the followings:
- a) The CEO has the right to make any decision and to reserve the competence to decide on any issue within the competence of any employee of BSE based on this OOR or any Exchange Rules.
  - b) In the absence of the CEO, the Deputy CEO is entitled to decisions-making without special authorization in issues in the competence of the CEO regarding their own managed, professional fields. In the absence of the CEO, also the Deputy CEO is entitled to decision-making without special authorization regarding the professional fields managed directly by the CEO and in doing so they shall consult with the Director – or in absence of the Director with the Deputy Director – of the division which is responsible for the issue. The Deputy CEO are prohibited from assigning their rights specified in this paragraph.
  - c) deleted
  - d) In the simultaneous absence of the CEO and the Deputy CEO, the Director of the responsible division is entitled to decision-making without special authorization on the issue within the

competence of the CEO. If more than one division is responsible for the issue, the Directors are entitled jointly to decision-making. In the absence of the authorised decision-maker Director(s), the other available Directors are entitled to decision-making. The Directors are prohibited from assigning their rights specified in this section.

- e) In the simultaneous absence of the CEO, the Deputy CEO and the decision-makers specified in subsection d), the Deputy Director of the Directors authorized to decision-making are jointly – or if only one Deputy Director is available than they are solely – entitled to decision-making without special authorization on the issue within the competence of the CEO. The Deputy Directors are prohibited from assigning their rights specified in this subsection.
- f) In the absence of every authorised decision-maker specified in subsections a)-e), the BSE's Board of Directors is entitled to decision-making on the issue. The Chairman of the BSE's Board of Directors – if absent, any Board Member appointed by the Chairman of the BSE's Board of Directors in writing – is entitled to solely assign the right specified in this subsection to any of the employees of BSE.
- g) In the absence of the Deputy CEO, and If the decision falls within the competence of the Deputy CEO, the decision shall be made primarily by the CEO. If the CEO is absent, the Director of the responsible division – based on this OOR – is entitled to decision-making in they own competence.
- h) If the decision falls within the competence of the directors or within other heads of a department, in their absence the decision shall be taken primarily by their deputies. If their deputies are absent, the Deputy CEO entitled to decision-making regarding their supervised department. In case the given professional filed is under the CEO's direct supervision, the CEO is entitled to decision-making.
- i) If the decision falls within the competence of an administrator and all authorised administrator is absent, the decision shall be made primarily by the directors or their deputies, or in their absence the deputy CEO, or in the absence of the Deputy CEO the CEO is entitled to decision-making. If the department falls under the supervision of the CEO, the CEO is entitled to decision-making instead of the Deputy CEO.

2.3.2 The order of decision making regarding the operation of the BSE as a corporation shall be the followings:

- a) The CEO has the right to make any decision and to assign this right in writing to any BSE employee without restraint. The CEO is entitled to reserve the right to make any decision within the competence of any employee of the BSE pursuant to these OOR or other Exchange Rules.
- b) In the absence of the CEO, the Deputy CEO is entitled to decisions-making without special authorization regarding their own managed, professional fields within the competence of the CEO, except for exercising employer rights. In case of decision within the competence of the departments under the direct supervision of the CEO, the Deputy CEO is entitled to decision-making and in doing so they shall consult with the Director – or in absence of the Director with the Deputy Director – of the division which is responsible for the issue. The Deputy CEO is not entitled to assign their rights to decision-making. In the absence of the CEO, the deputy CEO is entitled to exercise employer rights based solely on the written authorisation of the CEO to the extent specified therein.
- c) deleted
- d) In the absence of the CEO and the Deputy CEO, the CEO may authorise any person to be entitled to decision-making regarding issues within the competence of the CEO solely – if more than one person is authorized than jointly – as specified in the authorization. The authorised persons are prohibited from assigning their rights specified in this section. In the absence of the authorization of the CEO, no person other than the CEO and the Deputy CEO is entitled to decision-making.
- e) In the absence of every authorised decision-maker specified in subsections a)-d), BSE's Board of Directors is entitled to decision-making. The Chairman of BSE's Board of Directors – if absent, any Board Member appointed by the Chairman of BSE's Board of Directors in writing – is entitled to solely assign the right as specified in this subsection to any of the employees of BSE.

2.3.3 For the purpose of this section, absence shall be construed as the person concerned is unable to make a specified decision in due time, with reasonable care and due diligence, taken into

consideration the complexity and the deadline of the decision-making. For the purpose of this section, writing shall include email, other electric messages, SMS and facsimile messages.

- 2.3.4 In the course of decision-making, the decision maker - or in case of joint decision, the every decision maker - is entitled to and shall sign the document concerned.

### **III. THE SYSTEM OF INTERNAL AUDITING AT BUDAPEST STOCK EXCHANGE LTD.**

- 3.1 BSE's internal auditing system shall consist of the
- executive auditing
  - in-process auditing and
  - the Internal Auditor managed and supervised by BSE's Supervisory Board
  - the Compliance Officer, and
  - the organisation external to the BSE with legal and regulatory responsibilities
- 3.2 Executive auditing shall involve monitoring the execution of regular responsibilities of the organisational units as required by the Exchange Rules and the MTF Rules, as well as the fulfilment and reporting of ad-hoc responsibilities and assignments.
- 3.3 The system for BSE's business administration shall be designed to provide automatic and integrated control for related parts of the business administration.
- 3.4 The internal auditing powers of the Internal Auditor and the Compliance Officer shall cover BSE's entire operations (including the operation of the stock exchange and the MTF). Each manager shall have the right to initiate an Internal Auditor's audit for his/her professional area. The Internal Auditor and the Compliance Officer shall have unlimited access to BSE documents. BSE employees shall provide the Internal Auditor and the Compliance Officer with all information and documents at his request.

### **IV. EXECUTIVE OFFICERS OF BUDAPEST STOCK EXCHANGE LTD.**

- 4.1 In accordance with the relevant provision of the Labour Code, BSE's executive officers are the CEO and the Deputy CEO.
- 4.2 **The rights and obligations of the CEO:**

The CEO shall control and manage the work of BSE's working organisation under his individual responsibility to the Board of Directors to ensure BSE's efficient and long-term operation.

#### **Responsibilities and powers of the CEO:**

- a) responding to market demands by ensuring that the Company provides high-quality, cost-efficient products and services;
- b) professional substantiation of BSE's strategy and implementation of the strategy adopted by BSE's Board of Directors;
- c) managing BSE's business management activities, preparing and implementing the business plan, and providing the personal and material conditions necessary for the work of the working organisation;
- d) organising stock exchange and MTF trade, ensuring technical support for trading activities, maintenance and internal supervision of the order of trade;

- e) listing and de-listing of certain securities at the stock exchange in accordance with the Exchange Rules, registration and de-registration of certain securities in accordance with the MTF Rules;
- f) registration and statistic processing of data regarding stock exchange and MTF trade;
- g) publication of processed data of the stock exchange operation and MTF trade, trade and information related to the securities market;
- h) granting and withdrawing the right of traders to trade at the exchange, granting and withdrawing the right of MTF traders to trade;
- i) registration of stock exchange and MTF traders and brokers;
- j) registration of securities listed on BSE in the Product List, registration of securities registered on MTF listed on BSE in the Securities List;
- k) provision of continuous stock exchange and MTF settlement transactions;
- l) carrying out BSE's business management activities, handling and settling financial transactions regarding expenses and revenues;
- m) suspension of stock exchange and MTF trading in the events stipulated in the relevant laws, in the Exchange Rules and the MTF Rules;
- n) making arrangements for the sessions of BSE's General Meeting and Board of Directors;
- o) storing the minutes of General Meetings and Board of Directors sessions, keeping and storing the Book of Resolutions;
- p) the right to make proposals and initiatives on issues referred to the competence of the Board of Directors;
- q) suspension of the right of certain traders and MTF traders to trade on the exchange for a limited time in cases defined in the Exchange Rules and in the MTF Rules;
- r) checking of compliance with the Exchange Rules and the MTF Rules and sanctioning non-compliance according to the Exchange Rules and the MTF Rules;
- s) continuous assessment of information on stock exchange issuers and publication of this information;
- t) continuous monitoring of traders' stock exchange activities and MTF traders' MTF related activities, their registration and data dissemination obligations, and information on stock exchange and MTF traders;
- u) regular analysis of stock exchange, MTF related and securities market trends by summarising trading and information experiences; preparing and submitting of suggestions designed to improve the securities market to the competent authorities;
- v) negotiating with the representatives of stock exchange issuers and investors as well as with traders, and regular reporting to the Board of Directors on these negotiations;
- w) other responsibilities, either related to the implementation of Exchange Rules and the MTF Rules or as defined by the General Meeting and the Board of Directors.
- x) passing of decisions in the form of resolutions in his responsibility in accordance with the Rules regarding the operations of the MTF;
- y) supervising the execution of the tasks and responsibilities of the IT Development and Operations Division, the IT Security Department, the HR Manager, the Security Manager, the Compliance Officer, the head of the Secretariat to the CEO, the law firm responsible for legal and regulatory issues and the Director of the Finance Division;
- z) deciding in the subject of requesting data of public interest.

### **4.3 Deputy CEO**

#### **4.3.1 *Independent substitution powers of Deputy CEO***

- a) The independent powers of the Deputy CEO shall include the professional management and monitoring of the Directors, and the implementation of the tasks and responsibilities referred to in Sections 1.8-**Hiba! A hivatkozási forrás nem található.** of these Organisational and Operational Rules.
- b) The Deputy CEO shall participate in the creation and implementation of the BSE's strategy.
- c) The Deputy CEO shall participate in the development of the relevant legal regulations.

#### **4.3.2 *General substitution powers of Deputy CEO***



- a) In the absence of the CEO, the general substitution powers of the Deputy CEO shall include the execution and monitoring of all responsibilities referred to in Section 4.2 of these Organisational and Operational Rules as CEO's rights and obligations which, from all BSE's responsibilities (fields), are associated with their responsibilities and activities specified in Section 1.4.
- b) In the absence of the CEO, the general substitution powers of the Deputy CEO shall include the continuous exercise of the right to sign jointly on behalf of the company in accordance with the division of powers as specified in Subsections a) and b) based on the relevant resolution of BSE's Board of Directors.
- c) The general substitution powers of the Deputy CEO shall not include the execution and monitoring of responsibilities referred to in Section 4.2 of these Organisational and Operational Rules as CEO's rights and obligations which are associated with the exercise of Employer's rights.

#### **4.3.3 The independent competence of the Deputy CEO**

The Deputy CEO is independently responsible for the governmental relationships as follows:

- a) organisation and coordination of proposals relating to the regulative and legal environment arising in different organisational units' field;
- b) continuous monitoring of the stock exchange, Issuer and Exchange Member related changes in the legal environment and undertake negotiations if it is necessary;

### **V. THE RESPONSIBILITIES OF BUDAPEST STOCK EXCHANGE LTD'S ORGANISATIONAL UNITS**

#### **5.1.1 General responsibilities of organisational units:**

- a) ensuring efficient and cost-effective operation in line with BSE's strategy and annual service and business plan;
- b) implementing Exchange Rules and MTF Rules in their organisational unit;
- c) preparation of Exchange Rules and MTF Rules affecting the organisational unit, monitoring compliance with them and making proposals for their improvement and for taking actions;
- d) contribution to the preparation of recommendations and proposals to be submitted to various exchange bodies, and to the work of the body as necessary;
- e) cooperation with other organisational units when executing tasks, not within their responsibility;
- f) compliance and causing others to comply with the administration procedure and the procedure for issuing receipts;
- g) maintaining contact with section members, issuers, MTF traders, securities market players, governmental bodies and the authorities in issues concerning the responsibilities of the organisational unit;
- h) processing of data and information collected by the organisational units, making proposals for the creation of databases, and the creation and maintenance thereof;
- i) participation in the preparation and implementation of the annual business plan and in the drafting of the report on its implementation;
- j) contribution to assessing of the new business activities affecting the organisational units from cost effectiveness point of view;
- k) The responsibilities of organisational units also include the drafting of contracts concerning their area, and submission of one original copy to the Finance Division.

#### **5.1.2 The rights and obligations of the heads of organisational units:**

- a) Heads of organisational units shall respond to market demands by ensuring that the Company provides high-quality, cost-efficient products and services;
- b) contribute to the professional substantiation of BSE's strategy and implementation of the strategy in his/her area;
- c) The heads of the organisational unit have individual responsibility for managing organisational unit(s) under their control, organising the work of organisational unit(s) under

their control, preparing the job description for the subordinates, defining and regularly assessing working methods, making arrangements for the required data dissemination, notifying their immediate superior of their conclusions, experiences, and of potential defects or deficiencies;

- d) cooperate in the execution of BSE's business management responsibilities and the fulfilment of its objectives, make proposals regarding the business plan and business management, monitor the progress of delivery of the plan and commitments, contribute to end-of-year assessments and develop proposals for improvement during the year as necessary;
- e) comply, and cause others to comply, with Exchange Rules and the MTF Rules, monitor implementation and promote the creation of conditions as required; provide a prior opinion regarding internal rules, provisions, rules of procedures and instructions affecting their areas, initiate their preparation and arrange for their updating;
- f) comply, and cause others to comply, with work discipline, develop and continuously maintain the business administration procedure and ensure compliance with it, and monitor the work of subordinates;
- g) monitor, and make proposals for updating and improving, the financial incentive scheme;
- h) promote seamless cooperation between organisational units under their control with other organisations;
- i) prepare proposals affecting their areas, and consult with the heads of associated areas in advance regarding these as necessary;
- j) are responsible for submitting Exchange Rules affecting their areas (exchange regulations, exchange provisions, resolutions of the CEO or Board of Directors) for approval to the competent authority and for disclosing and publishing these according to the relevant laws and the Exchange Rules, as well as for disclosing and publishing MTF Rules (regulations, resolutions of the Board of Directors or of the CEO) according to the MTF Rules;
- k) be familiar with the literature regarding their areas, and internal and external information sources, and ensure their optimal use for improved efficiency; facilitate the professional training of employees and assist them in deepening their knowledge;
- l) ensure the consistency of records, and the completeness and accuracy of all receipts and records issued by the area their his control in terms of form and content; ensure the complete fulfilment of responsibilities and obligations for record keeping and data dissemination required for the organisational unit(s) under their control, make proposals for making internal collection of information quicker, more efficient and simpler; in line with internal policies, arrange for the careful management, archiving, maintenance and scrapping of documents as required; ensure that others comply and check compliance with the procedure for the maintenance and handling of documents subject to strict accounting;
- m) ensure the storage and lawful use of seals received for use;
- n) arrange for addressing deficiencies in his area discovered during internal and external audits;
- o) ensure compliance with rules of confidentiality;
- p) report to the CEO or to the Deputy CEO supervising the given department any personnel or technical requirements and propose solutions for their provision based on efficiency; make proposals regarding BSE's organisation, operation, business management and other issues

## **5.2 Secretariat to the CEO shall**

### **5.2.1 Secretarial responsibilities**

- a) The CEO's Office shall perform secretarial tasks for the Chairman of BSE's Board of Directors, the CEO and Deputy CEOs;
- b) carry out technical preparations for the meetings and sessions of BSE's General Meeting, Board of Directors and Supervisory Board, the professional committees and, as necessary, other elected stock exchange bodies, and forward invitations and written materials to participants;
- c) organise executive meetings, carry out the filing, document management and posting of BSE's documents and correspondence and maintain the central archives;
- d) prepare the schedule and organise the catering for BSE's meeting rooms, and notify the security service of visitors to BSE;

- e) make the necessary arrangements for and organise trips abroad for BSE representatives (including the registration of stock exchange representatives for events, preparation of cost estimates, purchasing of tickets and obtaining of visas, and booking of accommodation) and provide the persons concerned with the necessary documents;
- f) coordinate back office activities (photocopying, central entertainment, deliveries, cleaning of kitchens used by employees);
- g) perform banking administration;
- h) be in charge of purchasing materials;
- i) manage the central form and office supply stock;
- j) participate in inventorying, and organising movement of office furniture and other objects and keeping records of the same;
- k) compilation of Exchange Rules and MTF Rules regarding the above described issues, ensuring compliance with and updating of the same

### **5.3 Trading, Business Development and Listing Division**

The Division is divided into three main departments: the Trading, the Business Development, and the Listing departments.

The CEO is entitled to make exchange / market operator resolutions referred to in Books 3 and 5 of the General Terms of Service of the Exchange and of the MTF markets operated by BSE, which fall within the scope of the responsibilities of the Trading and Business Development,

#### **5.3.1 The trading department shall be responsible for the following tasks:**

The main responsible of the department is the management of trading on the exchange and the MTF, providing user assistance (helpdesk), continuous collection of user requirements regarding trading systems, maintaining contact with system developers, and organising and carrying out user testing of trading systems.

The trading department shall:

- a) make its proposals for improvement with cost effectiveness and the expense-benefit ratio in mind; continuously monitor the progress of the approved business plan and keep up-to-date records regarding liabilities; give a report on the progress of the execution of the plan and participate in its assessment;
- b) on the basis of professional considerations, make conceptual proposals for the development and changing of rules for the exchange and MTF trading procedures, and accounting and depository rules, and for taking operative action;
- c) participate in the development of new forms of trading and new transaction types, and manage the activities designed to functionally improve the exchange and MTF trading system;
- d) during exchange and MTF trading, monitor irregular exchange rate developments and trader activity, and make proposals for starting investigations and take action;
- e) make proposals regarding personnel and technical requirements for trading on the exchange and on the MTF taking cost-effectiveness considerations into account;
- f) cooperate with the organisation responsible for the technical operation of the exchange and the MTF trading system and participate in the formulation of user requirements regarding its operation and safety, make remarks and coordinate continuous operation;
- g) organise user-level trading system training for users of the workstations and the database maintenance specialists;
- h) coordinate the database maintenance activities associated with the operation of the exchange trading system;
- i) set the trading parameters in the trading system as required by the Exchange Rules;
- j) professionally manage the auction module and set the trading parameters in the system;
- k) perform data maintenance activities assigned to it in relation to the trading system;

- l) execute the suspension of section membership delegated by KELER, updating of the access of section members for the given trading day and cooperate with the staff of other organisational units which were assigned the same task;
- m) determine and forward the daily settlement prices and settlement prices at maturity to KELER;
- n) under the cooperation agreement between KELER and BSE, maintain contact with the clearing house regarding trading issues in accordance with the provisions of the agreement;
- o) publish the underlying product fixing data for derivative products daily;
- p) register error reports received by reserve workstations and forward the administrative tasks to the person(s) assigned;
- q) process data of MTF and exchange regarding the daily prices and volume of trading, and, and make them available for the prescribed persons;
- r) in order to improve the technical conditions for trading, maintain contact with foreign stock exchanges and continuously summarize the experiences;
- s) work out and maintain the MTF rules while taking into consideration the interests of market players and BSE.

### **5.3.2 The business development department shall be responsible for the following tasks:**

The department is mainly responsible for strategic, market development and business development decisions, coordination of settlement issues, participation in the resolution of regulation issues related to trading, and preparation of analyses and statistics for the stock exchange and MTF processes and for tasks regarding exchange members and MTF traders.

#### **5.3.2.1 Strategic and business development responsibilities**

- a) preparation and economic substantiation of strategic decisions regarding the development of BSE and the securities market and making proposals for the development of the securities market;
- b) carrying out assessments of the impact of binding rules regarding BSE, section members, MTF traders and stock exchange issuers on the market;
- c) participation in the development of BSE's short-, middle- and long-term business plan, carrying out cost-effectiveness assessments of BSE's operation;
- d) participation in the preparation and implementation of BSE's strategic cooperation projects;
- e) making proposals for the establishment and development of a settlement and depository system for transactions on the exchange and the MTF, carrying out settlement and development tasks and acting as a chief coordinator throughout the cooperation with KELER Ltd. and KELER CCP Ltd.

#### **5.3.2.2 Market development responsibilities**

- a) on the basis of consultation with market players, making proposals for the development of products, new forms of trading, new stock exchange markets, development of trading and settlement terms and providing business development substantiation for, as well as participation in the implementation of the same;
- b) continuous maintenance of BSE's derivative market products;
- c) making preparations for the conclusion of market making agreements, maintaining contact with market makers and coordination of potential trading technology developments related to market making;
- d) contribution to the regulation of the exchange and MTF trading procedure and of the developments and coordination of the same with internal and external organisations, monitoring of compliance with and implementation of the regulations, and making proposals for taking action.
- e) working out and maintaining the MTF rules while taking into consideration the interests of market players and BSE.
- f) participating in the drafting of related rules of law.

#### **5.3.2.3 Responsibilities related to BSE's index policy**

- a) maintenance and monitoring of BSE's indices;
- b) calculation and publication of BSE's indices not calculated using an automated system;

- c) development of BSE's index family, continuous assessment and analysis of the growth potential of the family;
- d) development of the principles and methodology for the maintenance and calculation of new indices, coordination of and participation in any system development and testing activities related to the introduction of new indices;
- e) development and coordination of national and international collaboration initiatives related to indices.

#### **5.3.2.4 Responsibilities related to analyses and statistics for stock exchange and MTF processes and to other information provision**

- a) regular and ad-hoc analysis of stock exchange, MTF and OTC securities market and derivatives market processes and structures (in terms of issuers, investors, traders, etc.) based on trading and information experience;
- b) continuous improvement of the methodology of analyses, development of the statistical indices reflecting the status of the securities market and BSE, in particular, securities and other indices;
- c) contribution to the publishing of mandatory stock exchange and MTF announcements in accordance with the relevant Exchange Rules and MTF Rules at the request of the competent organisational units.
- d) preparation and publication of BSE's official reports and statistics, and data dissemination for external institutions specified in BSE's rules of procedure;
- e) continuous development of content features of BSE's official reports and statistics, and participation in the development of BSE's database.

#### **5.3.2.5 Responsibilities related to exchange members:**

- a) revenue planning for BSE's business plan, preparation of estimates for fee income from fees paid by partners (exchange members, MTF traders) using stock exchange and MTF services and belonging to this division;
- b) monitoring activities for the above planning in cooperation with the Finance Division, monitoring the progress of the implementation of plans, making changes in the plan as necessary;
- c) maintaining continuous contact and consultation with exchange members and MTF traders, continuous provision of information to them regarding issues concerning them; monitoring their activities and information published about them;
- d) keeping the interests of market players and BSE in mind, the development, maintenance and submission of Exchange Rules to the Board of Directors on each area, including in particular certain sections of the regulations entitled "Regulations of the Budapest Stock Exchange on Exchange Membership" and "Notification by the Budapest Stock Exchange Ltd regarding the Schedule of Fees Applied by the Exchange" applicable to exchange members;
- e) keeping the interests of market players and BSE in mind, the development and maintenance of rules regarding the operation of the MTF.
- f) enforcement of the provisions of Exchange Rules with regard to exchange members, enforcement of the provisions of the MTF Rules with regard to MTF traders, making proposals for the sanctioning of non-compliance with Exchange Rules and the MTF Rules by exchange members or MTF traders and submission of appeals in accordance with the Exchange Rules to the Board of Directors for decisions;
- g) participation in the drafting of relevant rules of law;
- h) maintenance of continuous contact with the staff of the National Bank of Hungary, KELER Ltd. KELER CCP Ltd. and governmental bodies, and cooperation with them regarding issues also concerning them;
- i) maintaining continuous contact with the other Divisions and providing them with need-to-know information;
- j) creation and maintenance of databases for relevant areas (stock exchange securities and exchange members, products traded on the MTF, MTF traders), including updating of BSE's website, and performance of tasks delegated to it regarding the trading system;
- k) complete administration of exchange members;

- l) participation in the preparation of stock exchange and MTF information materials (publications and presentations), preparation of information materials for BSE's management, the general public and market players;
- m) monitoring transactions on the exchange and the MTF and compliance of trading with Exchange Rules and MTF Rules, in particular regarding unusual stock exchange or MTF transactions; performance of ad-hoc on-site audits and inspections at exchange members or MTF traders upon special instruction by the CEO.

### **5.3.3 The listing department shall be responsible for the following tasks:**

The department is responsible for tasks regarding exchange issuers, in particular:

- a) revenue planning for BSE's business plan, preparing of estimates for fee income from fees (listing, continued trading and publication fees) paid by issuers;
- b) monitoring activities for the above planning in cooperation with the Finance Division, monitoring the progress of the implementation of plans, making changes in the plan as necessary;
- c) maintaining continuous contacts and consultation with issuers, continuous provisioning of information to them regarding issues concerning them; monitoring their activities and information published about them;
- d) keeping the interests of market players and BSE in mind, the development, maintenance and submission of Exchange Rules to the Board of Directors of each area, including in particular certain sections of the regulations entitled "Regulation of Budapest Stock Exchange Ltd. on the Rules on Listing and Continued Trading", and "Notification by the Budapest Stock Exchange Ltd regarding the Schedule of Fees Applied by the Exchange" applicable to issuers;
- e) keeping the interests of market players and BSE in mind, the development and maintenance of rules regarding the operation of the MTF;
- f) enforcing the provisions of Exchange Rules with regard to stock exchange issuers, making proposals for the sanctioning of non-compliance with Exchange Rules by issuers and submitting appeals in accordance with the Exchange Rules to the Board of Directors for decisions;
- g) participation in the drafting of relevant legal regulations in cooperation with the Issuers Acquisitions Division;
- h) maintaining continuous contact with the staff of the National Bank of Hungary), KELER, KELER CCP Ltd., issuers participating in listings and governmental bodies, and cooperation with them regarding issues also concerning them;
- i) maintaining continuous contact with the other Divisions and providing them with need-to-know information;
- j) creating and maintaining databases for relevant areas (stock exchange securities, stock exchange issuers, spot products traded on the MTF), including updating of BSE's website, and performing tasks delegated to it regarding the trading system;
- k) maintaining of database tables for each area;
- l) participating in the preparation of stock exchange and MTF information materials (e.g. publications and presentations), preparation of information materials for BSE's management, the general public and market players;
- m) participating in professional consultations and surveys regarding stock exchange issuers, shareholders and securities initiated by the bodies of the European Union, other international organisations or advocacy forums;
- n) participating in drafting the related rules of law while cooperating with the Issuers Acquisition Division.

5.3.3.1 The department responsible for issuers shall have the following responsibilities:

- a) performance of BSE responsibilities regarding the listing and MTF registration of securities;
- b) performance of activities regarding the de-listing of securities and their de-registration from the MTF;
- c) monitoring compliance with the requirements for continued trading applicable to the issuers of individual securities, in particular compliance with the notification obligations (regular, extraordinary, other) and data providing obligations required by the Exchange Rules, review and

processing of the above in terms of form and content, and making proposals for taking action if necessary (in particular for the suspension of securities, in case of omission, the sanctioning of issuers);

- d) activities related to classification;
- e) maintenance of the section of the Product List regarding the cash market and the maintenance of the section of the Securities List regarding the MTF;
- f) activities related to publishing on BSE's website, maintaining contact with users concerned and the service provider operating the website, making and forwarding proposals for the improvement of the website to the service provider, implementation of internal developments (executable by BSE), provision of website space for issuer publications and monitoring of the operation of related clients;
- g) calculation and submission of listing, continued trading and publication fees to the Finance Division;
- h) participation in the organisation of foreign and domestic roadshows;
- i) development and maintenance of BSE's Corporate Governance practice, performing the coordination and administrative activities related to the work of the Corporate Governance Committee;
- j) performance of coordination and administrative activities related to the operation of the Listing Committee representing the interests of issuers;
- k) organising and participating in conferences and forums promoting the exchange listing, organising and participating in training sessions related to enhancing knowledge on stock exchange listing and corporate financing by using capital market/stock exchange resources.

5.3.3.2 The director of the Trading, Business Development and Listing Division and the Deputy Director of the listing division have independent decision-making powers in the following issues (with the right to make independent decisions on exchange resolutions):

Regarding regulated /BETa markets:

- a) making exchange resolutions on listing, tap issue, capital increase of bonds, investment notes, mortgage bonds, certificates, government bonds (in the case of an automatic resolution, approval of the text of the template resolution).

Regarding Xtend/Xbond markets

- a) Approving supplement of the information document (approving the information document itself falls within the competence of the CEO)

5.3.3.3 Any administrator of the listing division has the right to independent decision-making in the following issues (with that, any administrator has the right to adopt independently an exchange resolution):

Regarding all BSE operated markets:

- a) amendments to the Product List which affect the reduction of nominal capital, of modification to nominal value, ISIN code, and company; name except for split, which falls within the competence of the CEO.

Regarding regulated/BETa markets:

- a) suspending trading of and delisting certificates based on certificate KO.

In the course of decision-making on issues within the competence of administrator listed above, the compliance with the "four-eyes" principle shall be ensured, therefore, the resolution, and documents and information on which it is based shall be approved and examined by at least two administrators. An employee of the Legal Office Legal Office with right to legal sign shall be deemed to be an administrator.

Both the director of the Trading, Business Development and Listing Division and the deputy-director of the listing department are entitled to reserve the right to decision-making in the specific issues regarding falling within the decision-making authority listed above.

The decision-maker shall and entitled to sign independently the exchange/MTF resolution on behalf of BSE adopted on the basis of the decision-making powers listed above in Sections 5.3.3.2. and 5.3.3.3.

#### **5.4 IT Development and Maintenance Division**

It shall coordinate and control all BSE's IT development activities that use external and internal resources, operate BSE's entire IT system, furthermore, it shall monitor the implementation of certain security and maintenance responsibilities. The IT Development and Maintenance Division consists of two subordinate organisational units, the IT Development and the IT Maintenance departments. The director of the IT Development and Maintenance Division – head of both departments – supervises both departments.

#### **5.4.1 The IT Development department**

The main responsibilities are:

- a) making its proposals for improvement with cost effectiveness and the expense-benefit ratio in mind; participating in the drafting of BSE's annual development plan and then in the implementation of IT developments in the investment plan approved by BSE's Board of directors, and monitoring their progress on a daily basis; continuous monitoring the progress of the approved business plan and keeping records up-to-date regarding the liabilities of this business line, report on the progress of relevant sections of the business plan and suggest changes to it if necessary;
- b) developing and continuous maintaining the internal rules for IT development processes, and defining the methodological background and standards for IT developments;
- c) providing development support for the error resolution activities of IT operation;
- d) performing the internal developments of trading systems, remote trading and other BSE systems, manage and supervise external developments;
- e) participating in the development of system specifications, prepare a system plan, performing development tasks for other systems, providing training on the use of new systems and hand over systems ready for use;
- f) taking cost effectiveness into account, making preparations for the purchase of IT equipment, requesting quotes and purchase the approved equipment matching the required specifications;
- g) performing the testing of systems before introduction, and developing the required testing plans;
- h) operating and developing the IT development and testing environment;
- i) participating in the development of the IT strategy.

#### **5.4.2 IT Maintenance department**

The main responsibilities are:

- a) Operating, maintaining and developing BSE's IT system's equipment, and the equipment providing network connection, the operating systems and other basic software, and providing them to authorised users. In particular, it is responsible for the operation of:
  - the trading systems;
  - the communications systems for trading;
  - information provision and display systems;
  - training systems;
  - office, correspondence and business management systems;
  - other systems for maintaining external contact;
- b) deleted;
- c) performing regular backups according to the applicable rules of the operation and saving, and ensuring the safe storage of saved files and systems;
- d) performing antivirus protection activities to ensure safe operation and privacy of data;
- e) being responsible for preparing and implementing decisions regarding the development and changes in equipment and for monitoring implementation;
- f) participating in the development of software, in particular, the installation, operation and testing of completed versions;
- g) keeping an operation log of systems operated and ensure storage for one year;
- h) organising and implementing the receipt and pre-assessment of user needs, issues and error reports and take the necessary action;
- i) keeping records of network users of the IT centre, maintaining information regarding rights to use the resources, ensuring the use of this right according to privacy and confidentiality requirements;



- j) keeping records of software and hardware used at BSE premises;
- k) developing user-level systems for primary data entry, maintenance, assessments and queries for operative tasks;
- l) participating in the development of user system-specific operation requirements;
- m) taking cost effectiveness into account, while preparing the purchase of IT equipment, requesting quotes and purchasing the approved equipment matching the required specifications;
- n) making its purchase proposals with cost effectiveness and the expense-benefit ratio in mind;
- o) deploying the hardware and software purchased or supervising their installation, and based on the documentation of the operating systems and basic software making the necessary settings and changes;
- p) performing the management of software licences and ensure the availability of the required number of legal software for BSE;
- q) monitoring and verifying the professional performance of ad-hoc and regular maintenance of BSE's IT equipment and report any deficiencies;
- r) reviewing and analysing system log files;
- s) ensuring the availability of IT background and paraphernalia for events;
- t) monitoring the sound recording system in the computer room and performing archiving of materials as required.
- u) working out and maintaining the MTF rules while taking into consideration the interests of market players and BSE.
- v) performing the following security and maintenance activities:
  - va) performing maintenance and monitoring activities related to the access control system, including:
    - monitoring the proximity card access control system operating at the BSE, installed in the secondary computer room, performing daily data savings and archiving and ensuring the administration of the access cards;
  - vb) ensures the operation of telecommunication services, including:
    - continuously contacting with the providers of the fixed-line and the mobile telecommunication;
    - performing the monitoring of the telephone sub-exchange and the programming of that as required, coordinating the installing of new extensions, terminating and relocating of existing extensions;
      - continuously contacting with the supplier of the telephone sub-exchange, having performed the necessary remote programming;
  - vc) monitoring and maintaining the digital video recorder and surveillance system operating at the BSE, and the one installed in the secondary computer room, controlling the operation of these systems, performance of the ad-hoc and regular maintenance and troubleshooting;
  - vd) performing the archiving of the recorded data and video recordings and the managing and storing of them while complying with the data protection regulations;
  - ve) organising the maintenance and reparation of the printer units operating at BSE;
- w) participating in the development of the IT strategy.

## **5.5 Finance Division**

Its main responsibilities are the development and operation of a financial, accounting and business management information system designed to support executive decision making, and preparation of reports complying with legal requirements. More specifically, it shall:

### **5.5.1 Financial and accounting responsibilities**

- a) development and operation of a financial, accounting and business management information system designed to support executive decision making, determining of cost centres, preparation of analyses, making assessments and cost-effectiveness calculations in accordance with international standards, and participation in the exploration of the economicalness of new business activities;

- b) development of BSE's cash management and accounting procedure and ensuring constant compliance with it, and monitoring of relevant changes in legal regulations;
- c) participation in the management and coordination of all BSE's financial and accounting activities, and supervision of financial and accounting activities;
- d) preparation of the medium-term financial plan in line with BSE's strategic objectives;
- e) compilation and submission of the annual business plan to BSE's Board of Directors;
- f) preparation and submission of a monthly progress report on the realisation of the plan by the Board of Directors for BSE's Supervisory Board and management;
- g) preparation of BSE's balance sheet, profit and loss account and annual report by the deadline, in line with the requirements;
- h) preparation of the report of the Board of Directors for BSE's Supervisory Board in each quarter in line with the relevant statutory requirements;
- i) publication of BSE's key semi-annual business management data on BSE's website in line with Resolution 16/2003 of the General Meeting;
- j) preparation of the stock exchange and MTF funding plan, ensuring proper liquidity for BSE and the investment of temporarily available funds; drafting of credit agreements and keeping records of credits;
- k) making proposals for fees charged by BSE; monitoring the timely collection of the stock exchange and MTF fees and other revenues and taking necessary action;
- l) invoicing of turnover fees, listing and continued trading fees, data sales and other service fees, ensuring the collection of other revenues, filing of incoming and outgoing invoices, the discharge of payment obligations, and taking necessary action to ensure the timely collection of debts;
- m) performing responsibilities related to stock exchange and MTF liability insurances (purchasing and maintaining policies with the help of the right insurance consultant if necessary).
- n) continuously ensuring the availability of cash funds required for daily business, arranging for the collection, payment and settlement of foreign currencies for trips abroad, facilitating, registering and monitoring of cash payments, and continuous control and registration of the completion of travel reports;
- o) keeping records of fringe benefits, purchasing passes and vouchers;
- p) ensure the discharge of BSE's taxation obligations;
- q) keeping analytical records evidencing that the balance sheet is properly documented;
- r) performance of activities related to housing allowance credit provided to employees;
- s) compiling statements on use of corporate mobile phones / landline phones over the limit set in the employer's instructions and on private use, and provision of the list to the payroll for the deduction of the costs from the wages of employees;
- t) preparation of the inventory and scrapping schedules, participation in the execution and monitoring of the inventorying and scrapping;
- u) keeping records of BSE's seals and forms subject to strict accounting;
- v) keeping records of agreements with financial commitments;
- w) keeping continuous contact with KELER regarding the keeping of the shareholders' register;
- x) fulfilment of reporting and disclosure obligations according to the statutory requirements;
- y) participation in organising and managing the sessions of BSE's General Meetings;
- z) participating in the drafting of related rules of law.

#### 5.5.2 Human resources responsibilities

The Finance Division is responsible for day-to-day human resources management tasks, primarily coordination, administrative and documentary, as well as staffing, salary and incentive system planning tasks, in particular:

- a) performance of the employment related administrative tasks, in particular, preparation of the relevant agreements and declarations, contribution to the writing of job descriptions;
- b) development of the system of fringe benefits and incentives in accordance with the statutory regulations in effect;
- c) administration of payroll accounting, declaration and submission for the accounting of wages, fringe benefits and social security contributions, administration of leaves and performance of the accounting of personal income tax;

- d) maintenance, management and storage of the labour records in accordance with privacy requirements;
- e) coordination of trainees, preparation of study contracts, organization of the foreign language courses of the employees;
- f) preparation of the necessary tasks and cooperates with the authorities in labour inspections;
- g) compilation of Exchange Rules and MTF Rules regarding the above describes issues, ensuring compliance with and updating of the same.

## **5.6 Internal Auditor**

- a) Supporting the exertion of shareholder and corporate interests, careful monitoring of compliance with Exchange Rules and MTF Rules;
- b) preparation of the internal audit schedule;
- c) organisation and management of internal auditing; performance of scheduled audits according to the schedule approved by BSE's Supervisory Board and the CEO, and unscheduled audits by a deadline;
- d) making of proposals and reports for sessions of BSE's Supervisory Board, attendance at and contribution to the sessions;
- e) preparation of partial materials with internal auditing relevance to the CEO's reports;
- f) monitoring the functioning of executive auditing integrated into the work process at BSE's organisational units;
- g) preparation of (semi-annual) reports summarising internal auditing experience;
- h) contribution to the preparations for executive decision making as required;
- i) performance of other specialist activities (attendance at conferences, auditing association sessions, etc.) as required.
- j) performance of the oversight function set forth in Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

The Internal Auditor shall act in accordance with the provisions of the Internal Auditing Regulations developed by BSE's Supervisory Board and in line with the Internal Auditing Charta.

## **5.7 Security Manager**

The tasks specified in this Section shall be carried out by the Security Manager, reporting directly to the CEO.

In addition to general security matters, the Security Manager shall be responsible for matters relating to physical and personnel safety, safety at work, counterparty and personnel risk, and shall perform the following tasks:

- a) promoting and coordinating the intended and unbiased operation of BSE, performing responsibilities related to BSE'S security and institutional protection with the ability to access BSE data to the extent necessary to perform the activities stated hereinabove;
- b) participating in preparations for the decisions of the management while taking into consideration the BSE's security interests;
- c) identifying the risks related to the safe operation of BSE, and having the right to make proposals related to this field based on risk analyses;
- d) performing the responsibilities of the security liaison officer and reporting to the competent authority (OKF), as the national critical system status of BSE requires;
- e) maintaining contact with the competent authorities, governmental bodies and organisations and law enforcement agencies;

- f) providing guidance for the planning of the methods for management of extraordinary events (e.g. danger, crisis, catastrophe), and in case of occurrence for the planning of the necessary measures to be applied;
- g) being responsible for the administration and coordination of the security, fire and work safety issues, having checked the functioning of the automatic fire extinguishing system in BSE's computer room and the secondary computer room at, and the fire safety systems in the stock exchange room;
- h) organise and manage regular fire safety training, have fire safety equipment checked and replaced if necessary; perform the related administration duties, maintain contact with the fire safety expert and the fire safety authority;
- i) organise and manage regular work safety training sessions, promote compliance with recommendations made during work safety audits, maintain contact with the work safety expert;
- j) monitoring compliance with labour safety and security regulations;
- k) participating in the BSE human resources procedures in order to assess and identify personnel risks;
- l) providing and organising the establishment and strengthening of personal security awareness in order to the uninterrupted operation of the BSE;
- m) coordinating the elimination of security incidents and participating in the damage control
- n) proposing the necessary changes according to the experiences and the inspection of the occurred security incidents, and the determination of possible liability;
- o) coordination between the organisations seeking to ensure security;
- p) monitoring the compliance with security regulations in effect at the BSE.

## **5.8 HR Manager**

- a) in order to consciously plan the long-term provision of quality labour supply, he/she participates in career development in line with the strategy, plans and coordinates the whole process based on the established principles, supports decision-making in cooperation with senior executives;
- b) operates the recruitment and selection system, coordinates its entire process and the employee referral program, maintains contact with managers and supports decision making;
- c) supports and coordinates the integration of new entrants and current employees with new responsibilities;
- d) develops and manages HR systems, performance evaluation, training and career development systems, produces annual training plans
- e) participates in the development of organizational culture, develops organizational culture directly through the implementation of organizational development programs, and indirectly through the enforcement of organizational values;
- f) provides advice and methodological support to organizational development activities of the managers, advises managers on human resource management activities, and advises employees on solving their workplace and possibly their personal problems
- g) in order to increase operational efficiency, if necessary, makes suggestions on the organizational structure that fits within each function or the optimal division of labour between them, inserts new activities and functions into the organizational structure.

## **5.9 The IT Security Department**

The IT Security Department shall be responsible for the general IT security issues, planning and preparation of decisions of IT security, support of the organisational and IT risk management, set up and monitoring of the IT safety management system. The IT Security Department is headed by the Head of the IT security Department. The IT Security Department shall perform the following tasks:

- a) IT security planning in accordance with a comprehensive approach;
- b) drafting of proposals for the reasonable improvement of security and protection;
- c) integration of security measures into the regulations, alignment of the security regulations to other regulations and instructions;
- d) commenting on the development plans (feasibility study, criteria specification, functional specification, system plan, testing plans, deployment description, operation, maintenance, modification description, removal plan) for IT systems, development or arranging for the development of security criteria for the same;

- e) integration of security measures into the regulations, alignment of the security regulations to other regulations and instructions;
- f) participation in the planning of safety management system and in the maintenance of compliance with the laws;
- g) identifying the IT risks and the risks related to the safe operation of BSE, and proposing implementations for the measures necessary based on risk analyses;
- h) providing guidance for the planning of the methods for management of extraordinary events (e.g. danger, crisis, catastrophe), and in case of occurrence for the planning of the necessary measures to be applied;
- i) preparation of reports on security and risk status;
- j) enforcing control aspects in the access-, changes- and logging analysis processes
- k) coordination between the organisations seeking to ensure security;
- l) familiarisation with and introduction of innovations in security technology;
- m) performing the responsibilities of the electronic informational systems security officer and reporting to the competent authority (OKF), as the national critical system status of BSE requires;

### **5.10 Legal and regulatory responsibilities**

- a) Monitoring of the functioning of BSE's bodies to ensure operation in line with the Exchange Rules and the MTF Rules;
- b) reporting perceived violations of rights to the CEO, making proposals for their remedy, if necessary, drawing attention to the necessity of taking action;
- c) legal representation or arranging for the legal representation of BSE in and outside litigations, development and monitoring of a procedure for cases within BSE's decision-making competence and involving legal disputes;
- d) management of the drafting of agreements, applications and other documents, including labour contracts, applications and other such documents, to be prepared on behalf of BSE, commenting on the same and signing or electronic signing in the documentation system of BSE of each document;
- e) preparation or arranging for the preparation of Exchange Rules and MTF Rules, continuous maintenance of and making proposals for changes in the same, examination of regulations in terms of consistency based on the expert opinion of BSE's management, maintaining contacts with the National Bank of Hungary regarding BSE regulation approval issues;
- f) bringing Exchange Rules and MTF Rules in harmony with each other and laws and regulations in effect;
- g) initiation of changes to laws and regulations in effect to BSE for the purpose of improving the securities market, formulation of the text of the proposed amendment, representation at forums discussing potential amendments to laws, and attendance at their sessions;
- h) cooperation with BSE's expert committees, attendance at their sessions if required;
- i) participation in the legislative work concerning BSE and its environment;
- j) participation in BSE's management activities, including in particular:
  - participation in organising and managing the sessions of BSE's General Meetings and Board meetings;
  - preparation and registration of General Meeting and Board of Directors materials, invitations and resolutions;
  - preparation and registration of minutes of the sessions of the General Meeting and Board of Directors;
  - maintaining records of employer directives;
  - maintaining records of resolutions of the CEO;
- k) participation in drafting the related rules of law.

The tasks specified in this Section shall be carried out by an organisation external to the BSE's organisation, under a service contract.

### **5.11 Compliance Officer**

- a) ensures the compliance of the operation and activities of BSE with the laws at all times, and the harmony of the exchange rules and regulations with the laws;
- b) monitors and controls the implementation of those actions and proceedings which have the purpose of exploring the non-compliance with the laws related to the BSE;
- c) performs all the monitoring and other responsibilities set forth in the internal regulations of BSE, especially in Book Seven - Regulations on Handling of Conflicts of Interest of the General Terms of Service of BSE;
- d) continuously monitors and controls the actions taken by the BSE in order to explore the non-compliances;
- e) gives assistance to BSE employees in order that BSE complies with the related laws regarding its obligations;
- f) prepares the annual compliance report for the CEO.

Further details of the tasks of the Compliance Officer are provided for in a specific CEO instruction (Compliance Regulation).

The tasks specified in this Section shall be carried out by an organisation external to the BSE's organisation, under a service contract. The responsibilities of the Compliance Officer shall be controlled directly by the CEO.

## **5.12 Sales, Marketing and Issuers Acquisitions Division**

The Division is divided into two main departments: Sales and Marketing, and Issuer Acquisitions departments.

### **5.12.1 The Sales and Marketing department shall be responsible for the following tasks:**

The Sales and Marketing department brings together and guides the marketing communications and PR activities as well as the sales and product development of market data, and is responsible for organizing, supporting and maintaining the international relations of the BSE in cooperation with other organisational units. The department supports the work in order to achieve the common goals of the BSE and its education partners (primarily colleges and universities), for the development of financial culture and investor awareness. The department also integrates the social responsibility tasks.

The Sales and Marketing Division consists of four subunits: the communication department (marketing communication, PR and corporate communication), the market data sales department, the international relations department, and the education and CSR department.

#### **5.12.1.1 Communications department**

Its main responsibilities shall include management of BSE's communication, development of its communications strategy, organisation and management of continuous communication, marketing and information provision activities, including especially marketing communications and PR responsibilities

- a) develop, coordinate and implement BSE's PR and marketing strategy;
- b) plan the annual marketing communications and PR budget;
- c) develop the uniform image of BSE and coordinate the implementation of the image; nurtures the BSE's contact network, cooperates with the BSE's business and other partners,
- d) support the sale of products through appropriate marketing activities;
- e) coordinate BSE's protocol activities;
- f) organise and prepare for BSE's internal and external events in cooperation with the other Divisions with the arrangement of sharing the related responsibilities; support BSE's education policies, cooperate with internal and external partners to improve this;
- g) coordinate the compilation of the content of various BSE publications, manage their technical production and publication, and perform the activities related to their publication;
- h) organise the reception of foreign and domestic delegations and visitors and coordinate the content of the presentations organised for them in cooperation with the relevant Divisions;
- i) prepare the content of, and publish the BSE press releases;
- j) update and maintain of the web and intranet pages of BSE and of the data and information appears in social media and on the open data portal;

- k) participate in publishing the official BSE reports and statistics and in providing data to external organisations as stipulated in the rules of procedures;
- l) maintain contact with the domestic and foreign media;
- m) organise the visit of photographers and shooting crews, organise press conferences and other press events;
- n) maintain contact with the contractual BSE partner translator and interpreter agency; sends daily press reviews to BSE employees and managers, responsible for advertising gifts and the monthly representation inventory to the Finance Division;
- o) maintain contact with advertising agencies, graphic designer studios and press offices;
- p) maintain contact with the other divisions and external organisations in themes relevant to its responsibilities;
- q) participate in drafting the related rules of law.
- r) operation of the Stock Exchange Information Centre

### **5.12.1.2 Market Data Sales department**

Market Data Sales department's main responsibility shall be the sale of trading data and information as well as the creation and pricing of the products related to data vending, and to develop and publish regulations for data usage, and to perform duties connected to data providers (vendors). The division shall maintain contact actively with the BSE business partners, clients, investors and regulatory authorities. More specifically:

Data sales responsibilities shall be as follows:

- a) Revenue planning for BSE's business plan, preparation of estimates for fee income from fees paid by partners using stock exchange information providing services;
- b) monitoring activities for the above planning in cooperation with the Finance Division, monitoring the progress of the implementation of plans, making changes in the plan as necessary;
- c) Maintenance of continuous contact and consultation with partners using stock exchange information providing services, continuous provision of information to them regarding issues concerning them; monitoring their activities and information published about them;
- d) participating in BSE's product development in cooperation with other departments;
- e) keeping the interests of market players and BSE in mind, the development, maintenance and submission of Exchange Rules and MTF Rules to the Board of Directors of each area;
- f) participation in the drafting of relevant legal regulations;
- g) maintenance of continuous contact with the other Divisions and providing them with need-to-know information generated by it;
- h) creation and maintenance of databases for relevant areas, including updating of BSE's website;
- i) development of the principles of centralised management and dissemination of stock exchange and MTF related information, participation in the development of the information provision strategy, and keeping service providers and MTF traders informed of the stock exchange and MTF related developments;
- j) performing indices licence sales activities;
- k) participating in the development of indices licence policy of BSE.

It shall perform the following additional activities in relation to the basic and general responsibilities above:

- l) making proposals for the improvement of services on the basis of consultations with market players and international experience;
- m) performing the sales processes proactively during the proactive sales processes with absolute professionalism and preparing agreements to be concluded with official data providers;
- n) together with BSE's competent organisational units and contractual partners, continuous monitoring of official data providers and compliance with the terms of the agreements, and taking measures to ensure compliance with contractual obligations;
- o) determination of the annual and monthly fee payable by partners and notification to the Finance Division;
- p) coordination of provision of background information regarding trading and issuers (e.g. changes in the Product List, suspensions, changes in index baskets) for all data providers.

### **5.12.2 The Issuers Acquisitions department shall be responsible for the following tasks:**

- a) developing and implementing the strategy regarding potential exchange issuers;
- b) contacting potential issuers, organising and performing meetings and consultations;
- c) maintaining contact with potential issuers, keeping them continuously informed about issues related to them, and monitoring their activities and the released information about them;
- d) providing professional support for applicants, and promoting them with legal, business and corporate financing advice, information materials and information related to exchange listing;
- e) participating in and contributing to the development and drafting of State aid systems for State-owned companies, maintaining and developing contact with various economical, professional and governmental organisations and bodies;
- f) participating in the drafting of legal regulations related to issuers in cooperation with the Trading, Business Development and Listing Division;
- g) maintaining contact and cooperating with the officials and employees of the listing consultants, investment service providers, law firms, chambers of commerce and governmental bodies regarding relevant issues;
- h) continuous maintaining and developing strategic relations with organisations which are promoting the broadening of the range of issuers and the acquisition activity (chambers, incubation centres, other allies /e.g. HVCA, FIVOSZ/)
- i) maintaining continuous contact with the other organisational units and providing them with need-to-know information which available to this department;
- j) participating in organising domestic and foreign road shows and other events;
- k) organising and actively participating in conferences and forums promoting exchange listing and in training sessions and presentations aimed at broadening the knowledge of those corporate financing methods which use capital market/exchange resources;
- l) providing proposals for the establishment of new exchange markets – in cooperation with the organisational units – listing new products and drafts the regulations regarding the relevant issuers;
- m) drafting and maintaining those parts of the BSE's webpage which are related to the issuers acquisitions department, and participating in internal development (achievable by the BSE) or cooperation with external developers.
- n) maintaining and creating databases regarding potential issuers, including the updating of the BSE's webpage, if necessary;
- o) developing and updating those qualitative and quantitative methods which are capable of identifying the potential issuers;
- p) maintaining continuous contact with the other Divisions and providing them with need-to-know information generated by it;
- q) participation in the preparation of stock exchange and MTF information materials (publications and presentations), preparation of information materials for BSE's management, the general public and market players;
- r) revenue planning related to the BSE business plan, making assessments regarding potential issuers;
- s) implementing monitoring activities related to the above planning in cooperation with the Finance Division, following-up the plans' fulfilment, and amending it, if necessary;

## **VI. EXERCISE OF EMPLOYER RIGHTS**

- 6.1 All employer rights over BSE's employees shall be exercised by the CEO, after consultation with the head of the organisational unit of the employee concerned, the deputy CEO concerned and the HR Manager.
- 6.2 The head of the organisational unit shall have the right and obligation to approve and plan leave; any relevant disagreements should be decided by the CEO.
- 6.3 The head of the organisational unit shall have the right and obligation to order the substitution of absent employees. The employee shall arrange for its substitution and performance of its responsibilities for the term of its absence.



- 6.4 Employer's rights over the Deputy CEO shall be exercised by the CEO. Their powers shall be defined by BSE's Board of Directors subject to these Organisational and Operational Rules.
- 6.5 Employer's rights over the Internal Auditor (conclusion and termination of employment contracts, defining or modifying job descriptions, establishment of base wages, bonuses or other performance based bonuses and determining the eligibility to receive these bonuses) shall be exercised by the CEO upon prior written approval of BSE's Supervisory Board.

## **VII. INTERNAL POLICIES OF BUDAPEST STOCK EXCHANGE LTD**

- 7.1 The CEO adopts the regulations related to the working organisation of the Budapest Stock Exchange Ltd. and the proceedings of adopting these regulations by Resolution.

## **VIII. RIGHT TO SIGN ON BEHALF OF THE COMPANY**

- 8.1 The CEO, the Deputy CEO and other employees with powers of representation shall have the right and obligation to act at all times in accordance with their authentic specimen signature under the relevant laws, BSE Articles of Association and the relevant resolution of BSE's Board of Directors when exercising their right to sign on behalf of BSE.
- 8.2 Any agreements and binding unilateral statement of commitment concluded on behalf of BSE, with the exception below, may only be signed after obtaining a prior legal expert opinion and countersigning of the relevant copy by the legal representative. For commitments not exceeding HUF 200,000 gross or equivalent in any foreign currency, no written purchase order or agreement needs to be drafted or countersigned by the legal representative.
- 8.3 Agreements containing financial commitment shall be approved by the head of the Finance Division or, in her/his absence, by the person designated by her/him in writing or electronically in the documentation system of BSE, if all the criteria in Section 8.3.1 below are met (hereinafter referred to as: signing).
- 8.3.1 Prior to signing, the head of the Finance Division or, in his absence, her/his deputy shall make sure that
- a) the business plan for the subject of the commitment is available, and the revenue received or expected in the future is sufficient to provide coverage,
  - b) the coverage is available at the time of payment,
  - c) the commitment is not in conflict with the rules on BSE's business management.
- 8.3.2 If the commitment does not meet the above requirements, the persons required to sign shall notify the person making the commitment in writing.
- 8.4 In addition to the above, agreements shall also be countersigned by the competent director.

## **IX. THE RIGHT TO APPROVE PAYMENTS**

- 9.1 As opposed to the right of disposal over the company's bank account, the right to approve payments means that the person with the right to approve payments can order inpayments and outpayments.

- 9.2 Only persons with the right to approve payments shall have the right to approve payments for materials and consumables and to sign documents with financial or legal implications specified in separate employer's directives and shall be personally liable for them.
- 9.3 The CEO shall have independent and unlimited right to approve payments.
- 9.4 The CEO may grant BSE employees the right to approve payments, provided he specifies the scope and limitations of the right.
- 9.5 Up-to-date records shall be maintained of the persons with the right to approve payments with the following details:
- name
  - position, title
  - the scope and limitations of the right to approve payments
  - the person's specimen signature and initials
  - the effective date and termination date of the right to approve payments.
- 9.6 The petty cash custodian and the person entitled to manage other payments shall make sure that payment is made in compliance with the rules on payment.

#### **X. THE USE OF THE SEALS OF BSE**

- 10.1 BSE's seal is circular, has a serial number and bears the following legend:

**BUDAPESTI ÉRTÉKTŐZSDE ZÁRTKÖRŪEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**  
**BUDAPEST STOCK EXCHANGE LTD.**

The head of each division shall be provided with a seal with a serial number.

- 10.2 A registry of the seals issued shall be maintained. When a seal is issued, the receiver shall be required to sign the register next to the imprint of the seal. On the basis of registry data, the availability of issued seals shall be checked annually. BSE seals shall be stored in a place not accessible to unauthorised persons.
- 10.3 Persons receiving seals shall have financial liability, disciplinary liability and criminal liability for the proper and lawful use of the seals. Losing of a seal shall be reported by the person to the head of the relevant organisational unit in writing. The head of the unit shall investigate the circumstances of the loss and the responsibility of the employee. Irrespective of the findings of the investigation, the head of the unit shall immediately notify the registrar of seals, who shall arrange for the cancelling of the seal and publishing of a corresponding announcement in one national daily paper.
- 10.4 Seals ruined or damaged during use or becoming redundant shall be returned to the registrar of seals. Seals thus withdrawn shall be destroyed and documented in a log. The log shall be filed as an annex to the register. If the employment of the person with a right to use a seal is terminated, he shall return the seal issued to him to the registrar of seals before leaving the company.

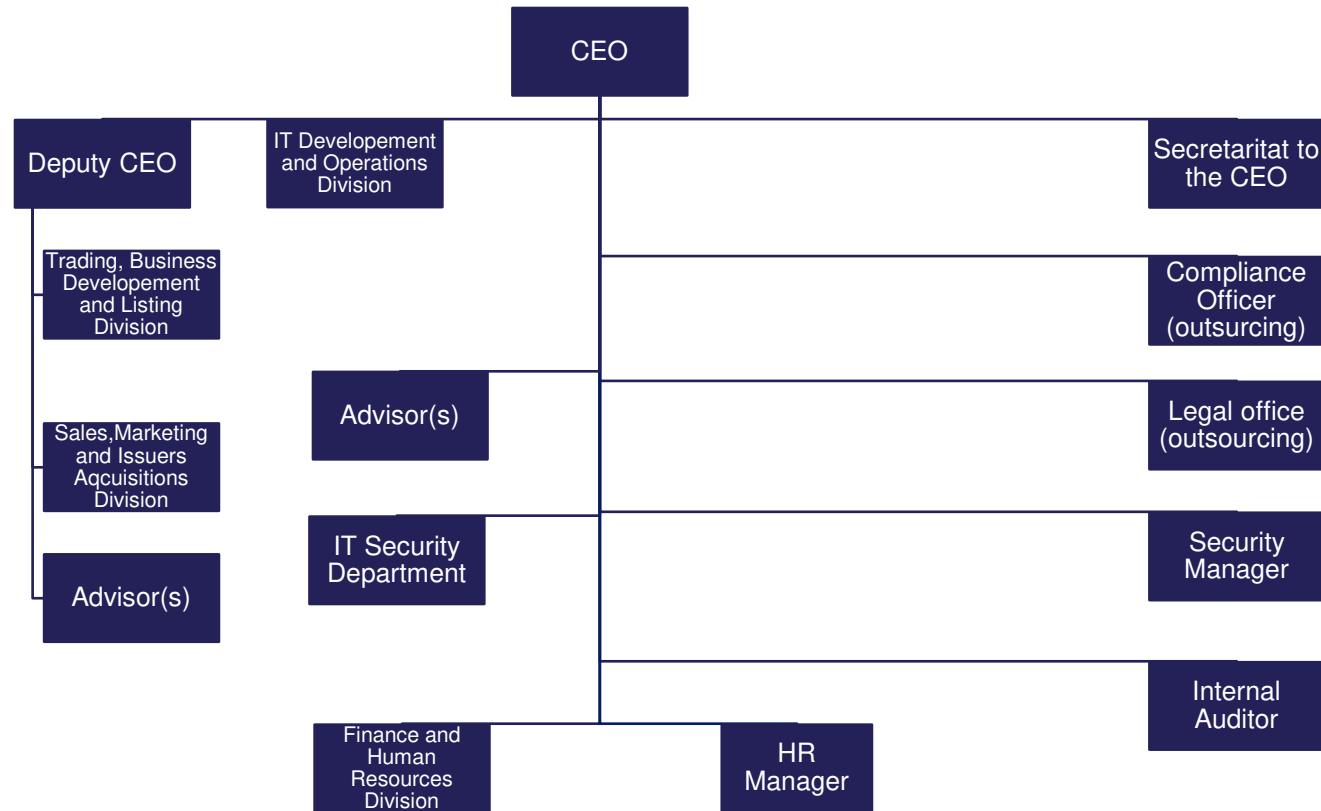
#### **XI. REVIEW, FINAL PROVISIONS**

BSE's Board of Directors shall monitor and assess the efficiency of the BSE's governance system annually, and shall take the measures that are necessary to remedy the possible deficiencies.

After the effective date of this ROO, for the purpose of existing Exchange Rules and employer's directives, references to Listing and Supervisory Department shall be construed as references to Listing Division then to Trading, Business Development and Listing Division, references to Finance and Human Resources Department shall be construed as references to Finance Division, references to Business Development Department shall be construed as references to Trading and Business Development Division then to Trading, Business Development and Listing Division, references to External Relations and Marketing Department, later Marketing, PR and Government Relations Division shall be construed as references to Sales and Marketing Division references to Trading Maintenance Department shall be construed as references to Trading and Business Development Division then to Trading, Business Development and Listing Division, IT and Maintenance Division references to IT Development and Operations Division, and references to the Managing Director's Office shall be construed as references to the Secretariat to the CEO

Annex 1.

# ORGANISATION STRUCTURE OF BUDAPEST STOCK EXCHANGE LTD.



## Annex 2

### I. Overview table of decision-making powers regarding the resolutions made by the Budapest Stock Exchange Ltd. regarding during its market operator activities

Organisational unit	Affected Market(s)	Scope	Decision-maker	Replacement in case of absence
<b>Trading, Business Development and Listing Division</b>	Regulated market BETa Market	delisting and suspending of certificates because of certificate KO	Administrator of the listing department	Deputy Director of the listing department Director of the Trading, Business Development and Listing Division The Deputy CEO responsible for the division CEO
<b>Trading, Business Development and Listing Division</b>	All BSE operated markets	amendments to the Product List which affect the reduction of nominal capital, of modification to nominal value, ISIN code, and company; name except for split	Administrator of the listing department	Deputy Director of the listing department Director of the Trading, Business Development and Listing Division The Deputy CEO responsible for the division CEO
<b>Trading, Business Development and Listing Division</b>	All BSE operated markets	change in nominal value (split, reverse split), changes regarding modification, splitting or replacement denomination units that does not affect the total face value of the securities series listed on the Product List	CEO	Deputy CEO Directors responsible for the department Deputies of the Directors responsible for the department
<b>Trading, Business Development and Listing Division</b>	Regulated market BETa Market	Making exchange resolutions on listing, tap issue, capital increase of bonds, investment notes, mortgage bonds,	Deputy Director of the listing department, independently	Director of the Trading, Business Development and Listing Division The Deputy CEO responsible for the division CEO

		certificates, government bonds		
<b>Trading, Business Development and Listing Division</b>	BSE Xtend BSE Xbond	Approval on supplementation of the Information document	Deputy Director of the listing department, independently	Director of the Trading, Business Development and Listing Division The Deputy CEO responsible for the division CEO
<b>All BSE organisational units</b>	All BSE operated markets	Every resolution beside the above	CEO	Deputy CEO Director of the respective department Deputies of the Director of the respective department

Notes:

The CEO is independently entitled to make any decision and reserves the right unlimitedly to make any decision within the competence of any employee of the BSE pursuant to these OOR or other Exchange Rules.

In the course of decision-making on issues within the competence of administrator listed above, the compliance with the “four-eyes” principle shall be ensured, therefore, the resolution, and documents and information on which it is based shall be approved and examined by at least two administrators. A member of the staff of the Legal Office with right to legal sign shall be deemed to be an administrator.

Both the director and the deputy-director of the listing department are entitled to reserve the right to make exchange resolutions in the specific issues which falls within the competence of the administrators listed above.

The decision-maker shall and entitled to sign independently the exchange/MTF resolution on behalf of BSE adopted on the basis of the decision-making powers listed above.