

**DISCLOSURE ON THE SEGREGATION OF SECURITIES
AND RELATED COSTS
UNICREDIT BANK HUNGARY ZRT.**

1. INTRODUCTORY PROVISIONS

- 1.1 UniCredit Bank Hungary Zrt. (registered office: Szabadság tér 5-6., H-1054 Budapest, Court of Registration of the Metropolitan Tribunal, company registration number: 1-10-041348, hereinafter “**UniCredit**”) is a direct participant in the central securities depository KELER Központi Értéktár Zrt. (registered office: Rákóczi út 70-72., HU-1074 Budapest, Court of Registration of the Metropolitan Tribunal, company registration number: 01-10-042346 (“**CSD**”).
- 1.2 In accordance with Article 38 (6) of the Central Securities Depositories Regulation¹ (“**CSDR**”), UniCredit hereby discloses the levels of protection and the costs associated with the different levels of segregation that UniCredit provides to its clients when holding securities in the CSD on their behalf.

2. TYPES OF CSD ACCOUNTS AND THE MAIN LEGAL IMPLICATIONS OF THE RESPECTIVE LEVELS OF SEGREGATION OFFERED

Under the Hungarian law² and CS DR, the CSD provides the segregation of the account holder’s (hereinafter referred to as the “**Account Holder**”) securities accounts. Hence, the following types of securities accounts are available for CSD participants as Account Holders, in which book-entry securities may be held in the CSD³:

- (a) Type “A” (own) central securities account (Clause 2.1); and
- (b) Type “B” (client) central securities account (Clause 2.2).

2.1 **Own Account** - Securities account for Account Holder’s own holdings

Pursuant to Hungarian law⁴, all securities recorded in an owner’s account are legally presumed to be owned by the person for whom the owner’s account has been established (*i.e.*, the person named as the account holder). In the CSD, the Account Holder must segregate its own holdings of securities in a central securities account of type ‘A’ as referred to in point 2. (a). Only the securities owned by the Account Holder can be kept in this type of securities account.

2.2 **Client Account** - Securities account with segregation by the Account Holder for its client’s holdings

The CSD shall enable its Account Holders to segregate the securities of the Account Holder from those of its clients’. A Client Account is a securities account opened by the CSD for the Account Holder for holding securities belonging to its clients and entrusted by the clients to the Account Holder.

Under Hungarian law⁵, investment firms like UniCredit must keep their records and accounts as are necessary to enable them at any time and without delay to distinguish financial instruments of a client from financial instruments held for or belonging to any other client, and from the investment firm’s own assets, and to ensure the safeguarding of clients’ rights in relation to financial instruments and funds belonging to them. Thus, UniCredit is required to establish - in its own records, securities accounts for its clients to record their legal entitlement to securities held by UniCredit on their behalf in the CSD (such securities accounts maintained by UniCredit in its books and records shall hereinafter be referred to as the “**Sub-register**”).

¹ Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

² Section 336 (1), (2) of the Act CXX of 2001 on the Capital Market

³ KELER Depository Announcement - No. 9-22 on the Detailed Rules for Account Management

⁴ Section 138 (2) of the Act CXX of 2001 on the Capital Market

⁵ Section 18 (1) a) of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (the Investment Firms Act).

3. LEVELS OF SEGREGATION

UniCredit offers its clients the following levels of segregation in relation to securities issued in (or deposited with) the CSD:

- (a) individual client segregation; or
- (b) omnibus client segregation.

In all cases, UniCredit holds its own assets separately from clients' assets, regardless of the type of account offered.

3.1 Individual client segregation

3.1.1 The term "individual client segregation" is defined in Article 38 (4) of the CSDR. If individual client segregation is requested by a client, UniCredit will establish a separate securities account for that client in the CSD (an "**Individual Account**").

3.1.2 Securities held in an Individual Account are segregated from UniCredit's own proprietary securities and also segregated from securities of UniCredit's other clients. The client for whom an Individual Account is set up may be the end-investor or an intermediary holding securities on behalf of other investors.

3.1.2.1 End-investor segregation involves the highest degree of segregation. It requires the opening of a separate securities account for each end-investor. The final beneficial owner may be identified based on the details of the individual client segregated account named after the end-investor.

3.2 Omnibus client segregation

3.2.1 The term "omnibus client segregation" is defined in Article 38 (3) of the CSDR.

3.2.2 If "omnibus client segregation" is used by UniCredit, UniCredit will hold securities belonging to multiple clients in one securities account established in the CSD (an "**Omnibus Account**"). This means that an Omnibus Account will be used by UniCredit for holding securities of a number of clients on a collective basis. UniCredit will not, however, hold its own proprietary securities in the same Omnibus Account. UniCredit maintains a Sub-register in which it will establish securities accounts for its clients to record their legal entitlement to securities held in the Omnibus Account.

4. LEVELS OF PROTECTION AND APPLICABLE INSOLVENCY LAW

4.1 In the case of insolvency of UniCredit, securities held in a Client Account would not form part of the estate of UniCredit and would not be available for satisfaction of UniCredit's creditors. Upon the consent of the insolvency administrator ("felszámoló" in Hungarian), the insolvent service provider shall take immediate action, to release such assets provided, that there are no discrepancies between the service providers' records and investors' claims to transfer the assets. If financial instruments cannot be released to all clients at the same time because of there are discrepancies between such records, or for any other reason, and subject to further rules, the insolvency administrator may (i) release the financial instruments to the actual depositor or owner, or (ii) release the financial instruments proportionately or (iii) settle the claim of the clients in the insolvency procedure right after the settlement of the insolvency costs⁶. However, Hungarian law does not stipulate any concrete timeframe for the release of clients' assets. Therefore, the timing will depend on circumstances of each particular case as evaluated by the insolvency administrator.

⁶ Section 136 of the Investment Firms Act

- 4.2 If securities are held in a CSD in an Omnibus Account and/or in an Individual Account established as a client account in the name of UniCredit, the securities will have to be transferred from the Client Account to a new securities account established for the client by another CSD participant.
- 4.3 In this case, however, the Client Account may (in case of Omnibus Account) also comprise securities of other UniCredit's clients. In accordance with the principles described in Clause 4.1, each client will be treated by UniCredit's insolvency administrator as the owner of securities that were allocated to the owner's securities account maintained by UniCredit for each client in its Sub-register.

5. COSTS: INDIVIDUAL CLIENT SEGREGATION VS. OMNIBUS CLIENT SEGREGATION

5.1 This Clause 5. outlines costs that may be associated with individual client segregation and omnibus client segregation and how they may vary between the two types of asset segregation.

5.2 While this disclosure provides an overview of the costs associated with the different levels of segregation, this disclosure does not purport to contain all the information a client would need to decide which type of account he should choose in the CSD.

5.3 This costs disclosure is provided for information only and is not intended to constitute legal, regulatory, tax, investment, accounting, financial or other advice by UniCredit. This costs disclosure should not be used or relied upon by any person for the purpose of making any legal, regulatory, tax, investment, accounting, financial or other decision or to provide advice on such matters to any other person. Recipients of this costs disclosure should obtain guidance and/or advice, based on their own particular circumstances, from their own legal, tax or other appropriate advisor. UniCredit has no responsibility for any loss suffered as a result of the use of information in this costs disclosure.

5.4 UniCredit costs

5.4.1 UniCredit fees are stipulated in the particular agreement between the client and UniCredit, based on the scope of investment services provided, based on the scope of the investment instrument serviced and based on the scope of responsibility on the side of UniCredit. Therefore, UniCredit fees can vary depending on whether the client chooses to hold its securities in accordance with individual client segregation or omnibus client segregation at the CSD and depending on the type of account the client may choose to have in a relevant CSD, in particular due to additional operational complexity and monitoring.

5.4.2 There are a number of costs, charges or fees associated with holding securities, which would not vary depending on the account structure. These include for example:

- (a) safekeeping/registration fee;
- (b) asset servicing fee;
- (c) account keeping fee;
- (d) transaction fees (including cancellation, amendment and repair fees);
- (e) out of pocket expense (e.g. recharge of notary or translation fee);
- (f) tax reclaim fees and quick refund fees; and
- (g) any other fee.

5.5 CSD costs and other third-party costs

5.5.1 This costs disclosure is based on the CSD charging structure as of the date of this disclosure. The CSD may change its charging structure from time to time and potentially when the CSD are duly authorized

under CSDR. For up to date CSD fees and charges, clients can visit the website of the CSD, which is for convenience provided below in Clause 6..

5.5.2 CSD account fees may vary depending on the type of account chosen due to additional operational complexity and monitoring. However, for specific market CSD charging structures clients are encouraged to review the CSD fee schedule published on the applicable CSD website.

5.5.3 The manner in which fees are applied to clients is likely to vary.

5.5.4 There may be other costs/charges levied by a CSD (or a third party) from time to time, which would be passed to the client at cost. These costs would not however vary depending on whether the client chooses to have end-investor segregation, individual client segregation or omnibus client segregation.

6. Set out below are links to the CSD website in which UniCredit is a participant:

CSD
KELER

Link to CSD website
<https://www.keler.hu>