

**Information document
concerning
the terms of services
provided by
UniCredit Bank
Hungary Zrt. in a
systematic
internaliser capacity**

**Valid from
1 January 2022**

Information document

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1. Purpose of present Commercial Policy

In the present information document (hereinafter referred to as Commercial Policy) UniCredit Hungary Bank Zrt. (hereinafter referred to as Bank) sets out the terms that it applies in the course of its operation in the capacity of systematic internaliser (SI). Thus the present document also provides details of the way in which the Bank ensures access to its individual quotes in the course of its operation in an SI capacity.

The statutory basis of the present regulation is Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their. Activities (hereinafter referred to as Bszt.), and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (hereinafter: MiFIR). In the Commercial Policy the NBH's 17/2021. (XII.8.) Recommendation on pre-trade and post-trade market data transparency is also taken into account, therefore it qualifies as a market data policy under the Recommendation. Thus all issues not regulated in this Commercial Policy shall be subject to the provisions of the Bszt., and MiFIR.

2. The scope of application of the Commercial Policy

The Commercial Policy shall be applied to transactions in respect of financial instruments for which the Bank acts in a systematic internaliser capacity.

In the meaning of the Bszt. and the MiFIR the Bank acts as systematic internaliser if

- it executes client orders to the debit of its own instruments (its own account), unless such transactions are executed off-venue, occasionally, on an ad hoc basis, unsystematically, and
- if it executes client orders off-venue (regulated market, MTF, OTF), in an organized manner, frequently, systematically, in significant amounts, trading on its own account in accordance with the provisions of Commission Delegated Regulation (EU) 2017/565.

This Commercial Policy shall be applied to transactions with reference to financial instruments traded at locations listed in the MiFIR assuming that the Bank acts as systematic internaliser in the event of such trading deals.

The European Securities and Markets Authority's (hereinafter: ESMA) Register provides up-to-date information on the financial instruments in which the Bank qualifies as a regular internaliser

(https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg).

The Commercial Policy shall not apply to the primary market activities such as issuance and allocations.

3. Basic principles observed in systematic internalisation

The Bank ensures access to quotes in an objective, and non-discriminatory manner in its Commercial Policy.

Quotes provided by the Bank must ensure compliance by the Bank also with its obligations pursuant to its Execution Policy. Such compliance includes observance by the Bank of price trends of deals concluded at a trading venue for identical or similar financial instruments.

The Bank is entitled to refuse entering in a business relation or may terminate an already active business relation with clients for commercial considerations including credit rating, partner risk, and final execution of the transaction.

4. Terms applied by the Bank in a systematic internalizer capacity

In the meaning of the MiFIR the Bank distinguishes between so-called liquid, and illiquid instruments. That is based on analytic data published by the ESMA.

- For liquid financial instruments the Bank publishes the parameters of its legally binding quotes.
- For illiquid financial instruments the Bank is under no obligations to publish its quotes and is not even obliged to ensure legally binding quotes. For illiquid financial instruments the Bank shall communicate its offer to the client upon request.

5. Terms applied by the Bank in mandatory quotation

Quote requests serving as a basis of quotes shall be subject to the provisions of the business regulations applicable to trading through the various trading channels, and the provisions of the contract concluded with the client.

The Bank shall issue quotes within the framework set in the Commercial Policy, but at least for the amount specified by the client unless that amount significantly exceeds the amount described as the so-called usual amount for the given client.

Quotes must contain at least the following details:

- name of financial instrument, details required for identification,
- direction of transaction (sale/purchase),
- price,
- quotable amount, volume (minimum, maximum),
- time of registering quote

The Bank issues quotes during usual trading hours (business hours, client service hours at the branch).

The Bank's mandatory quote shall be subject to the following terms:

- the Bank shall provide access to its quotes to all client groups in the same way
- the legally binding quote provided by the Bank shall be valid for 1 minute following publication;
- the quote applies only to the maximum total amount, i.e. the highest amount for which the Bank is obliged to quote a price regardless of the validity period of the quote;
- the Bank may conclude no more than one transaction during the validity of the quote that contains also the transaction concluded by the requesting or initiating client;
- settlement of the transaction concluded in respect of the amount quoted shall take place by the end of the 2nd trading day (T+2) following conclusion of the transaction;
- the Bank complies with its quotation obligation for Bloomberg MOSB (Source: BBG APA EU PreTrade) for all customer groups;
- the quotations are available to clients independently of the Bank's other services and data services.

6. Rules applicable to client group specification:

MiFIR further offers the option to the Bank of specifying a variety of client groups, and applying different rules to such groups. That option is subject to ensuring that access to quotes is determined in an objective manner free of discrimination.

By the rule of principal the Bank applies the following client groups for which the Bank specifies the same rules of access to the quotes. The Bank reserves the right to use a client group definition different from the following list for the different instrument groups. In that case the attachment shall contain such different definitions as related to the individual instrument groups.

Client groups:

1.) Treasury:

Treasury Trading and Institutional Sales – credit institutions, investment firms, other financial institutions -and in case of securities clients covered by Treasury Corporate Sales
Treasury Corporate Sales – in case of financial instruments other than securities, legal entities and other institutions other than credit institutions, investment firms, other financial institutions;
Treasury Private Individuals – persons not belonging to either of the above client groups (Treasury Trading and Institutional Sales or Treasury Corporate Sales)

2.) Private banking segment

3.) Retail segment:

- Premium Banking
- Branch network

When defining client groups, the Bank does not take into account how customers belonging to the given category use the data.

7. Terms and conditions of different regulations that the Bank may apply:

The Bank is entitled to differentiate from the terms described above as follows, and to apply special terms and conditions to each asset class.

The Bank reserves the right to:

- specify minimum and maximum quote amounts for one person per client group, and/or financial instrument
- use client groups for each asset class different from those specified in the Commercial Policy;
- apply different pricing depending on quote size, and client group;
- perform more than one quote during the same trading day, in the course of which quotes may apply to different quote sizes;
- charge a fee for granting access to the quote for the various financial instruments;
- set other terms and conditions in respect of each asset class, e.g. under which terms it ensures quotes for a given group of clients including the channel through which such quotes are available, the validity period of quotes, minimum and maximum magnitude of quotes, and the specification of client groups for which such quotes are available, etc.

8. Revoking, and updating quotes

The Bank shall be entitled to revoke or update already published quotes during their validity period. However, the Bank shall only be entitled to revoke or update an effective, accessible quote if a market event qualified as exceptional in the Bank's best judgment (e.g. change of liquidity of the market of the given financial instrument, change of trading terms/conditions, significant change of rates, or if trading at the quoted price would

have a major effect on market prices, suspension of trading of the financial instrument behind the quote at the relevant trading venue, suspension of quoting in respect of the same financial instruments etc.) emerges.

9. Publication of quotes

If the Bank qualifies as systematic internaliser in respect of a financial instrument that has a liquid market, it shall publish its quotes as follows:

- publication may take place by means of different electronic links for different financial instrument groups, and client groups as given in the attachment. In lack of regulation of a different meaning legally binding quotes are available at the following location: Bloomberg APA (MOSB / Source: BBG APA EU PreTrade)
- the Bank shall be entitled to publish its quotes in a regularly updated document, which contains quotes for that day along with their respective validity deadlines.
- the Bank shall provide historic data and quotes in respect of illiquid financial instruments upon request specifically addressed to the Bank. The Bank shall store such historic data until the applicable statutory deadline (5 years).

Regardless of client group classification, if transaction-related communication between the bank and the client takes place through Bloomberg, the Bank shall be entitled to communicate its quotes to such clients through Bloomberg's system, and in that case these quotes shall be the reference quotes for such clients in dealing with the Bank.

10. Reviewing the Commercial Policy

The Bank reviews each asset class, and liquid markets based on data of financial instruments published by ESMA once in each quarter. On top of the above the Commercial Policy is reviewed on an annual basis. Also, such review may be performed each time the Bank finds any change in respect of the policy that justifies an amendment to the Commercial Policy.

If the present document is amended, such amendment will be published at the Bank's website at www.unicreditbank.hu indicating the effective date of such changes. Amended provisions must be applied to the quotes given by the Bank in its capacity as systematic internaliser as from their effective date.

Budapest, 23 December 2021

Enters into force: 1 January 2022

