

## **VIG Befektetési Alapkezelő Magyarország Zrt.**

### **Terms and Conditions for Investment Services and Investment Fund Management Activities**

VALID FROM: 27.06.2025

## TABLE OF CONTENTS

1.	General provisions .....	3
2.	Interpretative provisions .....	4
3.	Establishment of a business relationship and provision of information .....	7
3.1.	Rules on client due diligence .....	7
3.2.	Refusal to conclude a contract .....	11
3.3.	Persons with disposal rights .....	13
3.4.	Client rating.....	13
3.4.1.	Rules on client rating .....	13
3.4.2.	Procedural rules on Client Rating .....	16
3.4.3.	Rules for changing client rating .....	16
3.4.4.	Essential procedural characteristics of the various client categories .....	17
3.5.	Acquisition of prior information (Portfolio management and investment consultancy).....	19
3.6.	Acquisition of prior information (Distribution services and securities account management).....	21
3.7.	General rules on the obligation to provide information.....	22
3.8.	Client information.....	24
3.8.1.	General rules on the provision of information.....	24
3.8.2.	Recipients of the information .....	26
3.8.3.	Obligation to provide prior information (portfolio management activity) .....	26
3.8.4.	Obligation to provide prior information (distribution activity) .....	28
3.8.5.	Obligation to provide subsequent information .....	29
3.9.	Method of providing information (general).....	32
3.10.	Method of providing information (portfolio management activity).....	33
3.11.	Method of provision of information (distribution activity) .....	34
3.12.	Rules of contract conclusion (portfolio management activity) .....	34
3.13.	Amendment of the contract .....	35
3.14.	Portfolio management.....	35
3.15.	Investment consultancy .....	37
3.16.	Delivery and acceptance of securities .....	38
3.17.	Payment of a cash debt.....	39
3.18.	Execution of orders.....	40
3.19.	Fees and Costs.....	40
3.19.1.	Ex-ante (preliminary) cost information .....	41
3.19.2.	Ex-post (subsequent) cost information .....	41
4.	Rules on contract conclusion (distribution activity) .....	41

4.1.	Account management.....	41
5.	Rules on the conclusion and execution of transactions .....	43
5.1.	Conclusion of a transaction .....	43
5.2.	Settlement of transactions .....	45
5.3.	Refusal to execute a Transaction .....	45
5.4.	Costs.....	45
5.5.	Confirmation of executed Transactions .....	47
6.	Placement of a Financial Instrument without a commitment to purchase the instrument (financial instrument) .....	48
7.	Regular purchase agreement.....	48
8.	Other provisions .....	49
8.1.	Confidentiality .....	49
8.2.	Liability rules .....	50
8.3.	Cases of serious breach of contract .....	51
8.4.	Settlement of disputes .....	52
8.5.	Termination of contract.....	53
9.	Rules of investor protection.....	54
10.	Fight against money laundering .....	56
11.	Activity restrictions and portfolio transfers.....	57
11.1.	Restriction, suspension or withdrawal of the right to conduct an activity .....	57
11.2.	General rules on portfolio transfer .....	57
12.	Termination of activity .....	58
13.	Final provisions .....	58

## 1. GENERAL PROVISIONS

- [1] These Terms and Conditions set out the general terms of contract of the legal relationships established between VIG Befektetési Alapkezelő Magyarország Zrt. (registered office: 1091 Budapest, Üllői u. 1., hereinafter: **Fund Manager**) and its Clients within the framework of the activity defined in section [7].
- [2] The Terms and Conditions, including any subsequent amendments thereof, shall be effective as of 2 May 2016 and apply to the contracts between the Fund Manager and the Client as defined in section [1].
- [3] The Terms and Conditions have been drawn up taking into account the provisions of Government Decree 22/2008 (II. 7.) on the mandatory content of the business terms and conditions of entities engaged in investment service activities, services ancillary to investment service activities and commodity exchange services.
- [4] The Fund Manager shall be entitled to unilaterally amend or supplement the Terms and Conditions at any time. The provisions of the amended Terms and Conditions shall also apply to contracts concluded between existing clients and the Fund Manager prior to the entry into force of the amended Terms and Conditions. The Fund Manager shall publish the fact of the amendment of the Terms and Conditions on its official places of publication ([www.vigam.hu](http://www.vigam.hu)) no later than the date on which the amendment enters into force. In this way, it shall inform its Clients of the material content of the amended Terms and Conditions and of the place where the amended provision of the Terms and Conditions can be viewed.
- [5] The Fund Manager shall make the latest effective version of the Terms and Conditions available at its business premises and on its website.
- [6] The Fund Manager is an investment fund management limited liability company incorporated under the laws of Hungary and registered in the Metropolitan Court of Registration under company reg. no. Cg. 01-10-044261, which carries out its activities on the basis of the following licences issued by the National Bank of Hungary:
- a) Decision No. H-EN-III-6/2015 dated 30 January 2015 (AIFM licence);
  - b) Decision No. H-EN-III-101/2016 of 4 April 2016 (UCITS fund management licence).
- [7] Based on the decisions of the Supervisory Authority, the Fund Manager is authorised to carry out the following activities:
- a) investment management (making and implementing investment, strategic and asset allocation decisions related to the implementation of the investment policy);
  - b) performing all or part of the administrative tasks related to collective portfolio management;
  - c) placing and distribution of collective investment securities (AIFs, UCITS) managed by the Fund Manager;
  - d) portfolio management, including the management of the portfolio of occupational pension institution;
  - e) risk management;
  - f) investment consultancy;
  - g) holding in safekeeping and custody of collective investment securities, including, in the case of dematerialised securities, the management of securities accounts and, depending

on the nature of the activity carried out, the management of client accounts, and furthermore, providing administrative services related to collective investment securities.

## 2. INTERPRETATIVE PROVISIONS

- [8] **Investment service activity:** for the purposes of these Terms and Conditions, the services provided by the Fund Manager, including investment consultancy, portfolio management services, and, with respect to dematerialized securities, securities account management and client account management services, and the related distribution services.
- [9] **Securities secret:** any information available to the Fund Manager about an individual Client that relates to the Client's personal identity, data, financial position, business investment activities, business management, ownership and business relationships, its contracts with the Fund Manager, and its account balances and turnover.
- [10] **Appropriation as security:** an operation where the Fund Manager appropriates the consideration for a transaction of the Client in the Client's account in cash or securities as security, in order to be able to settle the transaction subsequently.
- [11] **Close relative:** pursuant to Section 8:1 (1) of the Ptk., close relatives are understood to include the spouse, the registered partner, the next of kin, the adopted, step and foster child, the adoptive, step and foster parent, the siblings, the relatives, as well as the life partner, the spouse or registered partner of a next of kin, the fiancé(e), the next of kin and siblings of the spouse or registered partner, as well as the spouse or registered partner of a brother or sister.
- [12] **Politically Exposed Person:** a natural person who performs important public duties or who had performed important public duties for at least one year prior to the completion of the client due diligence measures.
- [13] **The following are considered to be persons performing important public duties:**
- a) the Head of State, the Prime Minister, the Minister, the Deputy Minister, the State Secretary, in Hungary: the Head of State, the Prime Minister, the Minister and the State Secretary;
  - b) a Member of the Parliament or a member of a similar legislative body, in Hungary: a Member of the Parliament and a nationality advocate;
  - c) a member of the governing body of a political party, in Hungary: a member and officer of the governing body of a political party;
  - d) a member of the Supreme Court, the Constitutional Court and a member of a high-ranking judicial body against whose decisions there is no right of appeal, in Hungary: a member of the Constitutional Court, the panel of judges and the Curia;
  - e) a member of the board of the audit office and the central bank, in Hungary: the president and vice-president of the State Audit Office, a member of the Monetary Council and the Financial Stability Council;
  - f) the ambassador, the charge d'affaires and a high-ranking official of the armed forces, in Hungary: the head of the central body of the body performing law enforcement tasks and his/her deputy, the Director General of the Civic National Security Service and his/her deputy, and the Chief and Deputy Chiefs of the Armed Forces General Staff;
  - g) a member of the administrative, management or supervisory body of a majority state-owned company, in Hungary: the managing director, a member of the management body of a majority state-owned business with management or supervisory powers;

- h) the head, deputy head, or a member of the governing body of an international organisation, or a person fulfilling equivalent duties.
- [14] **Close relationship:** any of the following persons with a close relationship to a Politically Exposed Person:
- a) any natural person who, together with the Politically Exposed Person, is a beneficial owner of a legal person or organisation without legal personality, or is in a close business relationship with such person;
  - b) any natural person who is the sole owner of a legal person or organisation without legal personality established for the benefit of the Politically Exposed Person.
- [15] **Multilateral trading facility (MTF):** a facility described in Part Seven of the Bszt.
- [16] **Financial Instrument** - including in the form issued by means of distributed ledger technology - (as per Section 6 of the Bszt.):
- a) transferable securities;
  - b) money market instruments;
  - c) securities issued by a collective investment undertaking;
  - d) options, exchange-traded futures, swaps, OTC forward rate agreements as well as any other derivative contracts relating to securities, currencies, an interest rate or a yield, emission allowances or other derivatives instruments or financial indices or financial measures, which may be settled physically or in cash;
  - e) options, exchange-traded futures, swaps, OTC futures and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash, at the option of one of the parties to the transaction, unless the reason for termination is other than the expiry of the period of performance or some other cause of termination;
  - f) options, OTC futures, swaps and any other derivative contracts relating to commodities that can be settled physically, provided that they are traded on a regulated market, in a multilateral trading facility, or an organised trading facility, except for wholesale energy products traded on an organised trading facility that must be physically settled (must be actually physically delivered) in accordance with Article 5 of Commission Delegated Regulation 2017/565/EU;
  - g) options, exchange-traded and OTC futures, swaps, and any other derivative contracts relating to commodities that can be settled physically, not otherwise mentioned in point f), which have the characteristics of other derivative financial instruments and that are not for commercial purposes in accordance with the provisions of Commission Delegated Regulation 2017/565/EU;
  - h) derivative contracts for the transfer of credit risk;
  - i) financial agreements for differences;
  - j) options, exchange-traded futures, swaps, OTC forward rate agreements and any other derivative contracts relating to climatic variables, freight charges or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash, at the option of one of the parties to the transaction, unless the reason for termination is other than the expiry of the period of performance or some other cause of termination;
  - k) any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned under points a)-j), which have the characteristics of other

derivative instruments, having regard to whether, inter alia, they are traded on a regulated market or multilateral trading facility, and furthermore, the derivative contracts referred to in Article 8 of Commission Delegated Regulation 2017/565/EU;

- l) greenhouse gas emission allowance units and other rights of emission of air polluting substances consisting of any units recognised for compliance with the requirements of Act CCXVII of 2012 on Participating in the Scheme for Greenhouse Gas Emission Allowance Trading Within the Community and in the Implementation of the Decision on Effort Sharing.

[17] **Regulated market:** a stock exchange in a Member State of the European Union and any other market that meets the following conditions:

- a) it is a multilateral system operated and/or managed by a market operator;
- b) it brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments on a non-discriminatory basis, in accordance with its rules, in such a way that a contract is concluded as a result of this in respect of a Financial Instrument admitted to trading under its rules;
- c) it is authorised by the competent supervisory authority of the country of its registered office;
- d) it operates on a regular basis at specified times;
- e) it is included in the list of regulated markets published on the European Commission's website.

[18] **OTC market:** execution venues that are not classified as regulated markets or MTFs.

[19] **Durable medium:** a device that enables the Client to store data addressed personally to it permanently for a period of time adequate for the purpose for which the data were intended and to display the stored data in unchanged form and content.

[20] **Beneficial owner** according to the provisions of the Pmt.:

- a) any natural person who owns or controls at least twenty-five per cent of the shares or voting rights in a legal person or an organisation without legal personality directly or – by way of the means defined in Section 8:2 (4) of the Ptk. – indirectly, or who is able to exercise effective control over the legal person or organisation without legal personality by other means, provided that the legal person or organisation without legal personality is not listed on a regulated market and is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards;
- b) any natural person who has a dominant influence in the legal person or organisation without legal personality as defined in Section 8:2 (2) of the Ptk.;
- c) any natural person on whose behalf a transaction is being executed, or who is able to exercise effective control over the activity of a natural-person client by other means;
- d) in the case of foundations, the natural person;
  - i. who is the beneficiary of at least twenty-five per cent of the assets of the foundation, if the future beneficiaries have already been determined,
  - ii. in whose main interest the foundation is set up or operates, if the individuals benefiting from the foundation are yet to be determined,
  - iii. who exercises control in the management of the foundation or exercises control over at least twenty-five per cent of the assets of the foundation, or

- iv. in the absence of a natural person as defined in the above points who acts on behalf of the foundation;
  - e) in the case of fiduciary asset management (trust) contracts, the following persons:
    - i. the trustor(s); if the trustor is not a natural person, then its beneficial owner as per points a) or b),
    - ii. the trustee(s); if the trustee is not a natural person, then its beneficial owner as per points a) or b),
    - iii. the beneficiary or the group of beneficiaries; if the beneficiary is not a natural person, then its beneficial owner as per points a) or b),
    - iv. the natural person who in some other manner exercises control over the assets administered, and
    - v. where applicable, the person(s) controlling the asset management; if the person controlling the asset management is not a natural person, then its beneficial owner as per points a) or b), and furthermore;
  - f) in the absence of a natural person as referred to in points a) and b), the chief executive officer of the legal person or organisation without legal personality.
- [21] **Tétv.:** Act XXV of 2005 on Financial Sector Service Contracts concluded through Distance Marketing.
- [22] **Transaction:** a case-by-case legal relationship between the Client and the Fund Manager established through a contract for the provision of investment services and ancillary activities.
- [23] **Business Relationship:** a long-term legal relationship between the Client and the Fund Manager established through a written contract for the provision of investment services and ancillary activities.
- [24] **Trade Secret:** any fact, information, solution or data relating to an economic activity, the disclosure, acquisition or use of which by unauthorised persons would harm or jeopardise the legitimate financial, economic or market interests of the holder, and for which the holder has taken the necessary measures to keep confidential.

### 3. ESTABLISHMENT OF A BUSINESS RELATIONSHIP AND PROVISION OF INFORMATION

#### 3.1. Rules on client due diligence

- [25] The Fund Manager shall carry out due diligence on its clients, its representatives and the persons specified in the Pmt. (hereinafter: Client due diligence). Client Due Diligence may be carried out in person, or, in the cases defined under Sections 7 to 10 of the Pmt., via a secure, protected and previously audited electronic communications device as defined by the supervisory authority and operated by the Fund Manager (hereinafter: 'Electronic Client Due Diligence').
- [26] At the establishment of the business relationship, the Fund Manager enables Electronic Client Due Diligence if the Client is a natural person with a permanent residence in Hungary and expressly opts for this method. However, the Fund Manager reserves the right to request the Client at any time to undergo in-person Client Due Diligence. If the Client fails to comply with such request within the deadline specified by the Fund Manager, the Fund Manager is entitled to refuse the conclusion of the (online) agreement or suspend the execution of transactions initiated by the Client.

- [27] Electronic Client Due Diligence is conducted indirectly, i.e. a photograph is taken of the Client during the customer due diligence process, and such photograph is then compared to the image contained in the identification document submitted for verification; such comparison must clearly establish, beyond reasonable doubt, that the person on the identification document is identical to the person in the photograph. During the indirect Electronic Client Due Diligence process, the entire session between the Client and the company conducting the Electronic Client Due Diligence is recorded in a retrievable manner, including detailed information provided to the Client about the process and the Client's explicit consent thereto.
- [28] For the indirect Electronic Client Due Diligence of its (prospective) Clients, the Fund Manager uses the ComnicalD service platform provided by Comnica Kft. The Electronic Client Due Diligence is performed by designated employees of the Fund Manager, based on the data, statements, and photographs recorded by the ComnicalD system, and the results of the Electronic Due Diligence are stored within the same system. The ComnicalD service is a remote, electronic communication channel that meets the preliminary audit requirements defined by the Hungarian National Bank, which is suitable for conducting Customer Due Diligence and identification related to the conclusion of a securities account agreement, collecting and verifying certain declarations made by the (prospective) Client, all in compliance with anti-money laundering and terrorist financing regulations. Based on the individual risk rating of the Client as required under the Pmt., and considering all Client Due Diligence measures performed by the Fund Manager's designated staff, the Fund Manager sends the Client a notification regarding the outcome of the Electronic Client Due Diligence within 2 banking days following the recording of data.
- [29] In order to carry out Electronic Client Due Diligence, the Client or the intermediary acting on behalf of the Client must initiate the agreement conclusion process via the Fund Manager's online platform.
- [30] The Fund Manager may refuse to conduct Client Due Diligence via the pre-audited electronic communications device if:
- a) the Fund Manager does not use a secure, protected and previously audited electronic communications device as defined by the supervisory authority;
  - b) the Client falls under the scope of Section 16(1)(a) of the Pmt., i.e. the Client originates from a high-risk third country identified as a country with strategic deficiencies;
  - c) the Client falls under the scope of Section 16(1)(f) of the Pmt., i.e. the Fund Manager is required to apply enhanced client due diligence measures in accordance with supervisory guidelines concerning the Client concerned;
  - d) in relation to the Client, a higher client or geographical risk factor, as defined in Annex 2 of Decree No. 21/2017 (VIII.3.) of the Minister for National Economy on mandatory content elements of internal policies, is identified.
- [31] The Fund Manager will not carry out the Electronic Client Due Diligence if:
- a) the Client fails to provide their consent or withdraw their consent to data recording or the performance of indirect electronic client due diligence during the Client Due Diligence process;
  - b) the official identification document presented by the Client does not meet the physical and data content requirements set out in Section 30(3) of MNB Decree No. 29/2024 (VI.24.), i.e. if:

- i. certain elements of the official document suitable for personal identification and the positioning of such elements do not comply with the specifications of the authority having issued the official identification document, and
    - ii. certain security features, including in particular the hologram, kinegram or other similar elements, are not identifiable or are damaged;
  - c) the conditions for visual identification of the personal identification document presented by the Client are not met;
  - d) an image cannot be recorded (or the Client's face is not clearly visible and identifiable), or the session cannot be logged;
  - e) any contradiction or uncertainty arises during the Client Due Diligence process;
  - f) the identification process cannot proceed due to technical deficiencies or unexpected connection issues, or other technical obstacles to carrying out client due diligence arise, or
  - g) if, during the due diligence process, any doubt arises concerning the authenticity of the official identification document or the data extracted from such official identification document, or if, based on the extracted data, the service provider is unable to identify the Client beyond doubt.
- [32] If the Fund Manager refuses or fails to conduct the Electronic Client Due Diligence procedure, the data that has been previously recorded will be processed in accordance with the conditions and retention periods specified in the relevant data processing policy.
- [33] The Fund Manager shall set out in these Terms and Conditions the list of documents, including their format and content, that are required during Client due diligence for the business relationship between the Fund Manager and the Client as defined in the Pmt. and other legislation and for the execution of the Transaction concluded with the Client (hereinafter: **Client data**).
- [34] At the Client's request, the Fund Manager may – within its own discretion – accept the results of the Client Due Diligence provided by other service providers as defined in the Pmt.
- [35] In the course of Client Due Diligence, the Fund Manager will request the following information:
- a) Client data;
  - b) Declaration on beneficial ownership;
  - c) a declaration as to whether the Client is classed as a Politically Exposed Person, or a Close Relative or life partner of such a person or is in a close relationship with such person.
- [36] The Fund Manager will record the following Client data in its record-keeping system:
- a) for natural persons:
    - i. surname and given name,
    - ii. surname and given name at birth,
    - iii. citizenship,
    - iv. place and date of birth,
    - v. mother's name at birth,
    - vi. permanent address or, if there is none, the temporary place of residence,
    - vii. the type and number of his/her identification document;

- b) for legal persons or organisations without legal personality:
- i. name, abbreviated name,
  - ii. the address of its registered office or, in the case of a business with its registered office abroad, the address of its branch in Hungary, if it has one,
  - iii. its principal activity,
  - iv. the names and positions of its authorised representatives,
  - v. the particulars of its agent for service of documents, if any, as referred to in points (i) and (vi) above for natural persons,
  - vi. in the case of a legal person entered in the register of companies, its company registration number, while in the case of other legal persons, the file number or registration number of the resolution on its establishment (admission into the register, registration),
  - vii. its tax number.

[37] During the term of a business relationship, the Client, its authorised representative, the person with disposal rights acting vis-a-vis the Fund Manager and the representative acting on behalf of the Fund Manager shall notify the Fund Manager within 5 (five) working days of becoming aware of any change in the data provided during the Client due diligence or any change in the identity of the beneficial owner.

[38] When identifying the Client, the authorised representative, the Client's representative and the person entitled to dispose over the Client's accounts, the Fund Manager shall record the data specified for natural-person Clients. The Fund Manager shall request the following documents as evidence of the veracity of the data obtained during Client due diligence:

- a) for natural persons:
- i. in the case of Hungarian citizens, their official document suitable for personal identification and the official address card, the latter only in the case that their place of domicile or residence is in Hungary,
  - ii. in the case of foreign citizens, their travel document or personal identity card, provided that it entitles them to reside in Hungary, their document certifying their right of residence or document entitling them to reside, their official Hungarian address card, if their place of domicile or residence is in Hungary;
- b) in the case of a legal person or an organisation without legal personality, the person authorised to act on its behalf or as its agent, in addition to the documents specified in the above point for natural persons, documentary evidence – not older than thirty days – that the company has been admitted into the register by the court of registration or that the company has submitted its application for registration, or, in the case of sole traders, that the commencement of the sole trader's activity has been reported or the sole trader has been registered;
- c) in the case of a domestic legal person other than a domestic legal person falling under point b) ba), if its establishment requires registration with a public authority or court, proof of admission into the register;
- d) in the case of a foreign legal person or organisation without legal personality, proof of registration or admission into the register under the law of its home country;

- e) prior to the submission of the application for admission into the register of a court or authority to the relevant court or authority, the deed of foundation of the legal person or organisation without legal personality.
- [39] The Fund Manager is entitled to reject the Client's request to establish a Business Relationship in the following cases:
- a) the Client fails to provide the information and supporting documents necessary for the Client due diligence and the necessary declarations;
  - b) the documents provided do not meet the formal or substantive requirements;
  - c) the Fund Manager is entitled or obliged to reject an application for the establishment of a Business Relationship on the basis of a legal provision.
- [40] The Fund Manager is entitled to refuse to execute a Transaction with a Client in the following cases:
- a) the validity of the documents certifying the Client data has expired or there are doubts as to their authenticity;
  - b) the Client did not conclude a contract with the Fund Manager for the execution of a Transaction within the 2 years preceding the repeat Client due diligence and despite the request of the Fund Manager, the repeat Client due diligence does not take place, or
  - c) the Fund Manager is entitled or obliged to suspend the execution of the Transaction on the basis of a legal provision.
- [41] The Fund Manager draws the attention of its Clients to the fact that it will only open an account for a minor if this is necessary in order to credit to an account the minor's assets acquired through inheritance. The minor's account will then be blocked and the block will be lifted on the day the minor reaches the age of 18. In justified cases, the account may be unblocked earlier with the consent of the guardianship authority. In such a case, the minor's legal representative shall have the right to dispose over the account, subject to the condition that his/her right of representation does not extend to the use of the internet services available through the online client service facility for the purpose of executing orders. In the case of a transaction exceeding the value of the minor's account as defined by the legislation in force, the validity of the legal representative's declaration of rights requires the approval of the guardianship authority, which the Fund Manager is entitled to verify.
- [42] The Fund Manager excludes its liability for any damages resulting from the rejection of a request for establishing a business relationship or from the suspension of the execution of a Transaction.
- [43] If the Fund Manager is unable to establish contact with the Client via the communication channels provided by the Client, despite the Client initiating transactions, the Fund Manager shall, based on a risk-sensitive approach, attempt to reach the Client at least twice within three months via verifiable electronic means or, in the absence of electronic contact details, by postal mail, in writing; such notices must include a warning regarding the potential legal consequences. If the second notice fails, the Fund Manager shall refuse to carry out any transaction initiated by the Client with a value equal to or exceeding HUF 4,500,000, until the Client or their authorized representative re-establishes contact with the Fund Manager.

### **3.2. Refusal to conclude a contract**

- [44] The Fund Manager is not obliged to accept the Client's offer to enter into a contract.

- [45] The Fund Manager is entitled to refuse entering into an online agreement with the Client if:
- a) the Client is a legal person or an entity without legal personality;
  - b) the Client is under the age of 18;
  - c) the Client does not understand or speak Hungarian;
  - d) the Client is acting on behalf and in the interest of a third party;
  - e) if the Client is not a Hungarian citizen;
  - f) the Client qualifies as a person/entity to be reported under the FATCA rules;
  - g) the Client does not possess a valid, undamaged, Hungarian personal identification document in card format;
  - h) the Client does not possess an official document proving a residential address in Hungary;
  - i) any of the documents presented by the Client is unsuitable for performing indirect Electronic Client Due Diligence;
  - j) complete identification data cannot be obtained;
  - k) following the opening of the account, the Client is unable maintain contact with the Fund Manager online;
  - l) any other risk factor arises, as determined by the Fund Manager's internal risk assessment.
- [46] If the conclusion of the contract is refused, the data already recorded shall be processed by the Fund Manager in accordance with the terms and retention periods set out in the applicable data protection policy.
- [47] The Fund Manager shall refuse to enter into a contract or to execute an order received under a framework contract in force if:
- a) doing so would constitute insider dealing or market manipulation;
  - b) it would violate a provision of the law or the regulations of a regulated market or a third-country stock exchange, clearing house, organisation engaged in clearing house activities, central contracting party or central depository which complies with the conditions of a regulated market;
  - c) the Client has refused to provide proof of personal identity or identification, or if certification of personal identity or identification has failed for any other reason;
  - d) the information required for the Suitability Test was not available to the Fund Manager, or
  - e) or the result of the Suitability Test is not sufficient for ascertaining whether the provision of the requested service in respect of the relevant Financial Instrument is suitable for the Client;
  - f) any other risk factor arises, as determined by the Fund Manager's internal risk assessment;
  - g) entering into a contract or executing the order would violate any sanctions or measure under any UN resolution, or a regulation of the United Nations Organization, or any commercial or financial embargo or economic sanction of the European Union, Hungary, the UK, or the USA.

- [48] The Fund Manager shall be entitled to refuse to conclude a contract:
- a) if the Client fails to provide, at the request of the Fund Manager, the data and information required to fulfil its obligations under the Terms and Conditions and the law in the specified format;
  - b) if the Client has acted in breach of contract in a previous relationship with the Fund Manager or has caused the Fund Manager financial or non-financial damage;
  - c) if the Fund Manager does not consider the Client's business reputation, financial position, business intentions or financial background to be acceptable;
  - d) if it has doubts as to the legality of the Client's intentions in relation to the order or transaction in question or as to the lawful origin of the Client's funds or other assets and the Client does not dispel such doubts at the Fund Manager's request.
- [49] The Fund Manager may, based on a risk-sensitive approach, require the approval of its responsible manager, appointed pursuant to the applicable provisions of the Pmt., prior to the establishing of business relations. In such cases, the Fund Manager may refuse to enter into business relations if such approval by its competent responsible manager is not available.

### **3.3. Persons with disposal rights**

- [50] For each contract, the Client may designate one or more persons who, on behalf of the Client, may give instructions to the Fund Manager in relation to the contract.
- [51] The Client may be represented by an authorised representative who holds an authorisation in the form of a notarial deed or a private document of full probative force. The Fund Manager shall not be obliged to verify the authenticity of the authorisation and excludes its liability in respect of claims arising from non-genuine authorisations. Unless otherwise specified, the authorisation shall remain in effect until revoked. The revocation of the authorisation shall not be effective vis-a-vis the Fund Manager unless it has been communicated to it in writing. The right of revocation may not be validly waived. The same documents are required for the disposition of the authorised representative as if the Client were acting on its own behalf.
- [52] The Fund Manager may refuse to execute an instruction that does not comply with the above rules and shall inform the Client of this fact.

### **3.4. Client rating**

- [53] The Fund Manager shall, upon entering into a contractual relationship with a Client, carry out a rating according to the categories set out in the Bszt.
- [54] The significance of the rating lies in the varying degree of application of investor protection provisions under applicable laws.
- [55] Following the conclusion of the agreement, the Fund Manager shall treat the Client in accordance with their rating when performing activities related to the distribution and offering of collective investment securities and during the provision of investment services.

#### ***3.4.1. Rules on client rating***

- [56] The Fund Manager has internal rules on Client Rating. The most important criteria for client rating are published in these Terms and Conditions and in the document entitled Information for Retail Clients available to the public on the website.

[57] Clients are classified into three categories for the purpose of client rating according to the applicable provisions of the Bszt.:

- a) Retail Clients;
- b) Professional Clients, or
- c) Eligible Counterparties.

[58] Retail Client means a Client who is not a Professional Client or an Eligible Counterparty.

[59] The following are classed as Professional Clients:

- a) an investment firm;
- b) a commodity dealer;
- c) a credit institution;
- d) a financial firm;
- e) an insurance company;
- f) an investment fund and investment fund manager, and collective investment company;
- g) a venture capital fund and venture capital fund manager;
- h) private pension funds and voluntary mutual insurance funds;
- i) a local business, which
  - i. in relation to a financial instrument as defined in Section 6 l) of the Bszt. or the derivative financial instrument applicable to it – as defined in Section 6 of the Bszt. – is the person who/that trades in such financial instrument for the purpose of or in connection with the fulfilment of its obligations under Act CCXVII of 2012 on the Participation in the Scheme for Greenhouse Gas Emission Allowance Trading within the Community and in the Implementation of the Effort Sharing Decision,
  - ii. in relation to the derivative energy transaction defined in Section 6 e) to g), j) and k), a person who/that trades in natural gas or electricity pursuant to Act XL of 2008 on Natural Gas Supply (hereinafter: **Get.**) or Act LXXXVI of 2007 on Electricity (hereinafter **Vet.**);
- j) the central depository;
- k) the institution providing occupational pension services;
- l) the stock exchange;
- m) the central contracting party;
- n) any other undertaking recognised as such by the State in which it is established;
- o) a priority enterprise;
- p) a priority institution, and
- q) any other person or organisation whose principal activity is investment activity, including special purpose business entities.

[60] **A priority enterprise** is an enterprise that meets at least two of the following conditions: according to its last audited, standalone financial statements, and calculated according to the official MNB exchange rate in effect on the balance sheet date,

- a) its balance sheet total is at least twenty million euros;

- b) its annual net sales revenue is at least forty million euros;
- c) its equity capital is at least two million euros.

[61] A **Priority institution** is

- a) the government of an EEA State;
- b) a regional self-government entity of an EEA State;
- c) the Hungarian debt management agency (ÁKK Zrt.) or any public debt management agency of another EEA State;
- d) the MNB, the central bank of another EEA State or the European Central Bank;
- e) the World Bank;
- f) the International Monetary Fund;
- g) the European Investment Bank;
- h) any other institution of an international financial nature established by an international agreement or an intergovernmental treaty.

[62] The following are classed as **Eligible Counterparties** (Section 51 of the Bszt.):

- a) an investment firm;
- b) a commodity dealer;
- c) a credit institution;
- d) a financial firm;
- e) an insurance company;
- f) an investment fund and investment fund manager, and collective investment company;
- g) a venture capital fund and venture capital fund manager;
- h) private pension funds and voluntary mutual insurance funds;
- i) a local business, which
  - i. in relation to a financial instrument as defined in Section 6 l) of the Bszt. or the derivative financial instrument applicable to it – as defined in Section 6 of the Bszt. – is the person who/that trades in such financial instrument for the purpose of or in connection with the fulfilment of its obligations under Act CCXVII of 2012 on the Participation in the Scheme for Greenhouse Gas Emission Allowance Trading within the Community and in the Implementation of the Effort Sharing Decision,
  - ii. in the context of a derivative energy transaction as defined in Section 6 e) to g), j) and k) of the Bszt., a person who carries out trading in natural gas or electricity as per the Get. or the Vet;
- j) the central depository;
- k) the institution providing occupational pension services;
- l) the stock exchange;
- m) the central contracting party;
- n) a priority enterprise;

- o) a priority institution;
- p) any other undertaking recognised as such by the State in which it is established.

#### **3.4.2. Procedural rules on Client Rating**

- [63] The rating does not need to be carried out if:
- a) the contract is concluded based on a framework contract in force and a rating has already been carried out in respect of the transaction or Financial Instrument constituting the subject-matter of the contract, or
  - b) the prospective contracting party will, after the conclusion of the contract, qualify as an eligible counterparty in respect of the transaction that is the subject-matter of the contract.
- [64] The Fund Manager shall notify the Client in writing:
- a) of its rating;
  - b) of any change that may have occurred in its rating.
- [65] The Fund Manager shall keep the documents and data generated in the course of the Client Rating for a period of 8 (eight) calendar years.

#### **3.4.3. Rules for changing client rating**

- [66] Clients have the opportunity to request a reclassification of their client rating by an express written declaration, provided that the conditions set forth in the applicable laws and regulations are met.
- [67] Such reclassification is possible between the following client categories:
- a) granting to a Professional Client the conditions available to Retail Clients;
  - b) an Eligible Counterparty to a Professional Client or Retail Client, or, subject to specific conditions being met;
  - c) granting the Professional Client status to a Retail Client.
- [68] The Fund Manager shall notify the Client in writing or on another durable medium:
- a) of the fact that, under certain conditions, the Client may request a change in rating among the categories listed above, and
  - b) of the consequences of such reclassification, particularly the changes in the rights afforded to the Client.
- [69] The Client must confirm in writing that they have understood and acknowledged the information provided.
- [70] The Fund Manager shall grant to Professional Clients the same terms and conditions as to Retail Clients, if this is expressly requested by the Client or if reclassification to Professional Client is initiated by the Fund Manager and the Client expressly agrees to the reclassification. In such case, the resulting agreement must be in writing and must include:
- a) a statement that the Client is classified as a Professional Client and that the rules applicable to Retail Clients will be applied at the Client's own request;
  - b) a specification of the Financial Instrument or transaction affected by the application of the rules applied to Retail Clients.

- [71] A Retail Client may request to be classified as a Professional Client in relation to a specific financial instrument or transaction by submitting an express written request. In the event of such a request, the Fund Manager shall provide the Client with a written explanation of the differences between the rules applicable to the various client categories and the consequences thereof. The Client must confirm in writing that they have understood and acknowledged the information provided, and this document shall be attached to the agreement entered into between the Client and the Fund Manager.
- [72] The Fund Manager may, at the express written request of a Retail Client, grant it a Professional Client rating, if the Client meets at least two of the following conditions:
- a) in the year prior to the date of the request, the Client has carried out, on average, at least ten transactions per quarter in a value of forty thousand euros each or a total value of four hundred thousand euros during the given year, calculated at the official exchange rate published by the MNB valid on the day of the transaction;
  - b) The size of the Client's portfolio of financial instruments and the volume of its deposits together exceeds five hundred thousand euros calculated based on the official exchange rate published by the MNB and valid on the day preceding the day of submission of the request;
  - c) the Client works or has worked in the financial sector under a contract of employment or any other legal relationship involving the performance of work for at least one year continuously, or for at least one year during the five years preceding the date of assessment of the conditions at one of the institutions defined by Section 49(1)(c) of the Bszt. in a professional position or function that requires knowledge of the financial instruments and investment service activity specified in the contract to be concluded between the Fund Manager and the Client.
- [73] In such a case, the resulting agreement must be set forth in writing and must contain the differences between the rules applicable to Professional Clients and Retail clients and the consequences thereof. The Fund Manager shall annex to the agreement, as a separate document, the Client's request and the Client's written declaration confirming that it understands and acknowledges the information specified in the foregoing.
- [74] The Fund Manager shall revoke the Professional Client rating granted at the request of a Retail Client if:
- a) the Client withdraws their prior request in writing;
  - b) the Client notifies the Fund Manager of a change due to which the conditions for Professional Client rating are no longer met;
  - c) the Fund Manager becomes aware of a change as a result of which the conditions for Professional Client rating are no longer fulfilled.
- [75] For a Client whose Professional Client rating has been revoked by the Fund Manager, the rules applicable to Retail Clients shall apply thereafter.

#### ***3.4.4. Essential procedural characteristics of the various client categories***

- [76] On the basis of statutory authorisation, the Fund Manager may assume that a Professional Client has the necessary experience and information to understand the risks associated with the investment services, transactions, or types of transactions or products for which they are classified as a Professional Client; therefore, the Fund Manager is not obliged to collect further information in that regard.

- [77] If the Fund Manager provides investment advisory or portfolio management services to a Professional Client, it may assume with good reason that the Professional Client is capable of bearing the investment risks associated with their investment objectives and, therefore, the Fund Manager is generally not required to collect information about the Client's financial situation. The above rule, however, does not apply to Professional Clients who have been classified as such upon request. For Professional Clients, information regarding their financial situation must also be obtained where the investment objectives of such Professional Client so necessitate.
- [78] If a Client is classified as a Professional Client:
- a) in the case of portfolio management and/or investment consultancy services, a suitability test is required;
  - b) the information to be provided prior to the transaction is less detailed than for Retail Clients;
  - c) aggregation of transactions and application of allocation rules may take place without the explicit consent of the Client;
  - d) the information to be provided after the transaction is less detailed than for Retail Clients;
  - e) it is not a requirement that separate information be provided on the costs incurred in relation to the execution of transactions in accordance with the principle of best execution.
- [79] The following requirements shall not apply to services provided to Professional Clients:
- a) In the case of investment advice or portfolio management involving switching between financial instruments, the Fund Manager is not required to obtain information on the Client's investment or analyse the costs and benefits of switching between financial instruments.
  - b) For services offered as part of the Fund Manager's investment advisory activities, the Fund Manager is not required to issue a suitability statement on a durable medium prior to the execution of the transaction; such statement would normally describe the advice given and the way it meets the Client's preferences, objectives and other specific needs.
  - c) Following the execution of a transaction as part of its investment services (other than portfolio management services), the Fund Manager shall immediately inform the Client on a durable medium about the execution of the order and related details as provided for in Article 59 of Commission Delegated Regulation (EU) 2017/565.
  - d) The Fund Manager shall prepare a report for the Client on the financial instruments and funds owned by or due to the Client and managed by the Fund Manager as part of its investment services, with the frequency and including the information provided for in Article 63 of Commission Delegated Regulation (EU) 2017/565, for the last day of the reporting period, and provide it to the Client by the 10th business day of the month following the reporting period.
  - e) With the exception of portfolio management, the Fund Manager shall prepare monthly reports on the Financial Instruments and cash funds owned by or due to the Client and managed in the context of its investment service activities, with respect to the last day of the month, with the information set out in Section 69/A of the Bszt., and shall make it available to the Client in writing or on another durable medium.
- [80] The requirements set out in the previous paragraph shall nonetheless apply to Professional Clients if the Professional Client notifies the Fund Manager in writing or by electronic means that they wish to exercise the rights detailed in the previous paragraph.

- [81] A Retail Client has the greatest protection under the Bszt., which is reflected in particular in the Fund Manager's obligation to provide information. If a Retail Client requests to be reclassified as a Professional Client, the Fund Manager will inform the Client of the differences between the two classifications.
- [82] An additional requirement applicable to Retail Clients is that the Fund Manager shall not establish any mechanism, whether through remuneration, sales targets, or any other means, that would encourage its employees to recommend a particular financial instrument to a Retail Client when the Fund Manager can offer another financial instrument that would better meet the Client's needs.
- [83] Pursuant to Article 51(2) of the Bszt., in respect of Eligible Counterparties the Fund Manager is burdened by a more limited obligation of acquisition and provision of prior information.
- [84] A priority enterprise or priority institution that qualifies as an Eligible Counterparty may request the Fund Manager not to apply the rules set out in the previous point to it, either in respect of individual transactions or more generally. In such a case – unless the Eligible Counterparty expressly states otherwise – it shall be subject to the provisions applicable to Professional Clients.
- [85] The Fund Manager shall grant to Eligible Counterparties the same conditions as to Retail Clients if this is expressly requested by the Client.
- [86] The agreement concluded in accordance with the preceding points shall be made in writing.

### 3.5. Acquisition of prior information (Portfolio management and investment consultancy)

- [87] In order to recommend a transaction or financial instrument that is suited to the Client's circumstances, aligned with their risk-bearing capacity, and appropriate for achieving their investment expectations, prior to concluding the agreement or, in the case of a framework agreement, prior to executing the order, the Fund Manager shall, as part of its portfolio management and investment advisory services:
  - a) ascertain that the prospective contracting party or the Client has the knowledge, experience, and risk tolerance required to make a well-informed investment decision concerning the financial instrument or transaction subject to the agreement or order, and
  - b) to the extent necessary for fulfilling the agreement, gather relevant information on the prospective contracting party's or the Client's income situation and investment objectives (hereinafter: **Suitability Test**).
- [88] The methodology used for the assessment of the Suitability Test shall be developed by the Fund Manager, and in the course of such assessment the Fund Manager shall act independently, within its own discretion. As part of the Suitability Test, the Fund Manager shall assess whether the service offered in the context of its investment consultancy or portfolio management activity:
  - a) is suitable for achieving the investment objectives specified by the prospective contracting party or the Client;
  - b) whether the level of risk associated with it, which is otherwise consistent with the prospective contracting party's or the Client's investment objectives, is appropriate given the Client's financial capacity to bear risk, and
  - c) whether the prospective contracting party or Client has sufficient experience and knowledge to understand and assess the nature of the service offered and the risks involved, including, in relation to the portfolio management activity, the risks that may arise from such activity.

- [89] If the Fund Manager provides services to a Professional Client in the context of its portfolio management services, it shall regard the Suitability Test as having been passed.
- [90] In the course of assessing the investment objectives, the Fund Manager will consider at least:
  - a) the period over which the prospective contracting party or Client intends to hold its investment;
  - b) the risk appetite and risk-bearing capacity of the prospective contracting party or the Client, and
  - c) the purpose desired to be achieved through the investment.
- [91] In the course of assessing the financial capacity to bear risk, the Fund Manager shall examine at least:
  - a) the amount and source of the prospective contracting party's or Client's regular income;
  - b) the amount of assets in the possession of the prospective contracting party or the Client, in particular liquid assets, invested assets and property holdings, and
  - c) the amount and source of the prospective contracting party's or Client's regular financial obligations.
- [92] In the course of assessing the knowledge and experience of the Client, the Fund Manager shall:
  - a) identify the services, transactions and Financial Instruments known by the prospective contracting party or the Client;
  - b) examine the nature, size and frequency of the prospective contracting party's or Client's transactions in Financial Instruments and the time horizon over which such transactions have been effected, and
  - c) examine the education, current occupation or previous occupation of the prospective contracting party or the Client relevant to the assessment.
- [93] In the course of preparing the Suitability Test, the Fund Manager may not rely on information provided by the Client if it recognises or should have recognised that the information is manifestly out of date, incorrect or incomplete.
- [94] Within the framework of the Suitability Test, the Fund Manager may request a written declaration of the Client's assets and income, the presentation of relevant supporting documents or the disclosure of the Client's agreements with other investment firms or commodity dealers.
- [95] The Fund Manager will refuse to conclude a portfolio management contract or to provide investment consultancy if it has not obtained the information specified in the Suitability Test or if, on the basis of the Fund Manager's own assessment methodology, the Suitability Test yields a result that does not allow the inclusion of the relevant Financial Instrument or transaction in the portfolio or the provision of investment consultancy in relation to it.
- [96] The Fund Manager may use the data and information obtained in the context of the Suitability Test only for the purposes of fulfilling its obligations under the law, in particular those set out in this section. Data and information obtained in this way shall be treated confidentially by the Fund Manager, in accordance with the rules on the protection of personal data. The data may be used for other purposes (such as marketing) only with the express consent of the Client.
- [97] If the Client is a legal person or a group of two or more natural persons, or where one or more natural persons are represented by another natural person, the Fund Manager will, in the course

of the suitability assessment, examine the financial position and investment objectives of the legal person or, in the case of a natural person, of the underlying Client, and not of the representative.

- [98] The knowledge and experience shall relate to the representative of the natural person or the person authorised to execute transactions on behalf of the underlying Client. In this case, the information on knowledge and experience, financial position and investment objectives in respect of the represented legal person or group of natural persons must be requested from the natural person who is present as the representative of such parties. In the case of this type of declaration, it must be indicated as a note on the completed document that the completion was made on behalf of a legal person / group of two or more natural persons / multiple natural persons or another natural person.
- [99] If the suitability assessment relates to a natural person represented by another natural person or a legal person requesting to be treated as a Professional Client, then the financial position and investment objectives of the legal person or, in the case of a natural person, of the underlying Client – and not of the representative – must be assessed. The knowledge and experience shall relate to the representative of the natural person or the person authorised to execute transactions on behalf of the underlying Client.
- [100] If the Client is a legal person or a business entity without legal personality or if one or more natural persons are represented by another natural person, in these cases the knowledge of the person who completed the Suitability Test must be assessed, with reference to the person who completed the test / made the decision / is the most relevant person. If there is no single designated representative, for example in the case of a company with or without legal personality, or in the case of spouses, it is necessary to agree in advance on the party for which the assessment must be conducted. If no agreement can be reached, the Fund Manager will consider the most relevant person.

### 3.6. Acquisition of prior information (Distribution services and securities account management)

- [101] By conducting the so-called Appropriateness Test, the Fund Manager determines whether the Client has sufficient experience and information required for understanding the risks related to the product or investment service concerned.
- [102] Prior to the conclusion of a contract or, in the case of a framework contract, prior to the execution of the relevant Transaction, the Fund Manager shall request information from the prospective contracting party or the Client by having them complete an appropriateness questionnaire (hereinafter: **Appropriateness Test**) regarding their knowledge and experience related to:
- a) the substance of the transaction covered by the contract;
  - b) the characteristics of the collective investment securities involved in the transaction, and
  - c) in particular, the risks associated with these
  - d) and, to the extent necessary for the performance of the contract, the income situation and investment objectives of the contracting party or the Client, in order to assess whether the Fund Manager is providing a transaction or financial instrument that is appropriate for the Client.
- [103] The Appropriateness Test shall be valid for 3 years, after which the Client will be required to complete a new Appropriateness Test.

- [104] In the course of assessing knowledge and experience, the Fund Manager:
- a) identify the services, transactions and Financial Instruments known by the prospective contracting party or the Client;
  - b) examine the nature, size and frequency of the prospective contracting party's or Client's transactions in Financial Instruments and the time horizon over which such transactions have been effected, and
  - c) examine the education, current occupation or previous occupation of the prospective contracting party or the Client relevant to the assessment.
- [105] The Client may refuse to complete the Appropriateness Test, acknowledging that by refusing to complete the questionnaire, the transaction for the investment unit will be concluded at the Client's sole risk, and thus the Fund Manager will execute the transaction without assessing its appropriateness.
- [106] The rules on acquisition of prior information set out above shall not apply if the Client qualifies as an Eligible Counterparty.
- [107] If the Fund Manager provides a service to a Professional Client, it will consider the prior acquisition of information and the subsequent Appropriateness Test to have been fulfilled, with the proviso that if the classification as a Professional Client is based on the provisions of Section 49 (1) of the Bszt., then this must be applied in respect of the Financial Instrument and transaction indicated in the Client's request as per Section 49 (2) of the Bszt.
- [108] In the course of conducting the Appropriateness Test, the Fund Manager shall not rely on information provided by a prospective contracting party or the Client if it recognises or should have recognised that the information is manifestly out of date, incorrect or incomplete.
- [109] If the Fund Manager considers, on the basis of the information obtained in fulfilling its obligation to request information, that the Financial Instrument or the transaction covered by the contract is not suitable for the prospective contracting party or the Client, it shall draw the attention of the prospective contracting party or the Client to this.
- [110] The Fund Manager may use the data and information obtained under the Appropriateness Test only for the purposes of fulfilling its obligations stipulated by the law, in particular those set out in this section. Data and information obtained in this way shall be treated confidentially by the Fund Manager, in accordance with the rules on the protection of personal data. The data may be used for other purposes (such as marketing) only with the express consent of the Client.
- [111] If the prospective contracting party or the Client fails to provide the information required to fulfil the obligation of acquisition of prior information set out above, or if the Fund Manager considers the information provided to be insufficient, the latter shall draw the attention of the prospective contracting party or the Client to the fact that in this case it is not in a position to determine the appropriateness of the Financial Instrument or the transaction covered by the contract.

### **3.7. General rules on the obligation to provide information**

- [112] As part of its investment services or ancillary services, the Fund Manager shall inform the prospective contracting party, no later than before the conclusion of the contract, if it will qualify as a Retail Client after the conclusion of the contract, as well as the Retail Client, of
- a) the full name, registered office and other contact details of the Fund Manager;
  - b) the languages that the Client may use when communicating with the Fund Manager;

- c) the means of communication with the Client, including the manner and means of entering into and executing the Transaction;
- d) the number of its license authorising it to carry on investment service and ancillary investment service activity, and the name and address for correspondence of the supervisory authority that issued that licence;
- e) the terms of the contract;
- f) in the case that a tied agent is used, this fact and the name of the EEA State in which the tied agent is registered;
- g) the frequency, timing and nature of the report on the investment service activity or ancillary service performed for or provided to the Client;
- h) a summary of the measures taken to safeguard the Client's Financial Instruments or funds, if managed for the Client, including information on the investor protection scheme available to the Client and on its operation;
- i) information on the investor's conflict of interest policy as defined in Section 110 (2) of the Bszt. (on its availability on the Fund Manager's website), and
- j) in relation to the management of the Financial Instruments owned by or due to the Client;
  - i. if the Financial Instruments or funds owned by or due to a Retail Client may be managed by a third party acting on behalf of the Fund Manager, it shall provide information on this possibility, on the liability of the Fund Manager for the activities of such third party under the law of the country of its registered office, and on the consequences for the Client of the third party's possible insolvency,
  - ii. if under the law of the State of its registered office or the State of the third party's registered office, the Financial Instruments or funds held by or due to a Retail Client may be placed on a collective account managed by a third party, it shall inform the Client of this possibility and draw the Client's attention, in an explicit and clearly understandable manner, to the risks associated with this,
  - iii. if the law of the State of its registered office or the State of the registered office of the third party acting on its behalf does not provide an option for the Financial Instruments held by or due to the Retail Client to be managed separately from the assets of the Fund Manager or of the third party acting on its behalf, it shall inform the Retail Client of this fact and draw its attention, in an explicit and clearly understandable manner, to the risks associated with this,
  - iv. if the Financial Instruments or funds held by or due to the Client are placed in an account governed by a law other than the law governing the contract concluded between the Fund Manager and the Client, it shall inform the Client of the resulting differences in the rules governing the Client's rights and obligations,
  - v. it shall inform the Client of any collateral-related obligations or rights of set-off in respect of the Financial Instruments or funds held by or due to the Client or of any similar obligations or rights of the custodian – if any – in respect of the same Financial Instrument or funds,
  - vi. prior to a securities-based financing transaction involving a Financial Instrument held by or due to a Retail Client, or prior to any other transaction involving the same Financial Instrument and executed for the account of the Fund Manager or for the account of another Client, it shall provide the Client with full, clear and accurate

information on its obligations and responsibilities in relation to the use of such Financial Instrument, including the rules for the return of the instrument and the risks involved.

### 3.8. Client information

#### 3.8.1. General rules on the provision of information

- [113] With regard to its clients, the Fund Manager has a three-stage obligation to provide information: prior to providing the investment service, during the investment service activity, and subsequent thereto.
- [114] All information must be clear, balanced and accurate. The information shall be provided using terms and grammatical structures appropriate to the Client's financial and investment knowledge. The information provided to non-Retail Clients must also be comprehensible to Retail Clients in the event that such information is accessible to Retail Clients, regardless of whether the Fund Manager performs the activity or provides the service exclusively to Professional Clients or Eligible Counterparties.
- [115] If the information provided by the Fund Manager contains a comparison between investment firms, investment service activities, ancillary services or Financial Instruments, then
- the comparison must be communicated in an objective, fair and balanced manner;
  - the source of the data and information used for the comparison must be indicated; and
  - the assumptions used to make the comparison must be presented separately from the facts.
- [116] If the information provided by the Fund Manager contains any data or information regarding a past yield of or change in a Financial Instrument or a financial index or indicator derived from Financial Instruments, or the past performance of the investment service activity, then
- such information shall not be the most prominent element of the information;
  - the information must include at least the yield of or change in the Financial Instrument or the financial index or indicator derived from Financial Instruments as measured in at least the last five calendar years, and the performance of the investment service activity measured in at least the last five calendar years;
  - the Fund Manager shall specify the reference period on which the valuation is based, as well as the source of the information and data used;
  - the information must prominently draw attention to the fact that the data and information relate to the past, and that it is not possible to draw reliable conclusions about future yields, changes or performance from past data and information;
  - if this information is based on other data or information that is denominated in a currency or foreign exchange other than the official currency or foreign exchange of the State of the prospective contracting party's or the Client's registered office or domicile, the Fund Manager shall clearly indicate the currency or foreign exchange of the data or information and draw attention to the fact that the switch between the various currencies will affect the result that can be obtained;
  - if this information is based on data and information calculated including fees, commissions and other costs, the Fund Manager must disclose the effect of these fees, commissions and other costs on the result.

- [117] If, in the case of a specific Financial Instrument or a financial index or indicator derived from Financial Instruments no information is available on any yield or change measured in the last five years or, in the case of an investment service activity, on the performance measured in the last five years, but information is available for at least one year, then the yield, change and performance for the full twelve-month periods for which information is available must be communicated, and if no information is available for at least one full twelve-month period, no comparison may be applied with respect to the relevant Financial Instrument, index or indicator derived from Financial Instruments or to the investment service activity.
- [118] If the information provided by the Fund Manager contains an estimate of or reference to a past yield of or change in a Financial Instrument or a financial index or indicator derived from the Financial Instruments, then the information provided must also refer to the Financial Instrument or financial index or indicator derived from the Financial Instruments that constitutes the basis of the relevant Financial Instrument or financial index or indicator derived from Financial Instruments, and
- a) the estimate of the past yield or change must be based on the actual past yield of or change in the Financial Instrument or financial index or indicator derived from the Financial Instruments constituting the basis of the relevant Financial Instrument or financial index or indicator derived from the Financial Instruments;
  - b) when presenting the actual past yield or change in the base product as set out in point a), the requirements in point 90 shall also be met;
  - c) the information must prominently draw attention to the fact that the data and information relate to estimated past yields or changes, and that it is not possible to draw reliable conclusions about future yields or changes from past data and information.
- [119] If the information provided by the Fund Manager contains any information regarding a future yield of or change in a Financial Instrument or a financial index or indicator derived from the Financial Instruments, or a future performance of the investment service activity, then
- a) such information may not be based on, or refer to, the estimated past yield of or change in a Financial Instrument or a financial index or indicator derived from the Financial Instruments, or a past performance of the investment service activity;
  - b) it must be based on reasonable and objective assumptions that need to be supported by factual data,
  - c) if this information is based on data and information calculated including fees, commissions and other costs, the Fund Manager must disclose the effect of these fees, commissions and other costs on the result,
  - d) the information must prominently draw attention to the fact that the data and information are based on an estimate, and that it is not possible to draw reliable conclusions about actual future yields, changes or performance from such estimate.
- [120] If the information provided by the Fund Manager includes information on tax accounting or tax consequences, the information provided must prominently draw attention to the fact that this can only be accurately assessed on the basis of the Client's individual circumstances and that it may change in the future. The Fund Manager shall act in accordance with the tax legislation in force at the time.
- [121] The information provided by the Fund Manager may not contain the name of a supervisory authority in a context from which it could be inferred that such supervisory authority expressly recommends or recognises the Fund Manager, its activity or the relevant Financial Instrument.

### **3.8.2. Recipients of the information**

- [122] Prior to the conclusion of a contract, the Fund Manager is required to rate the prospective contracting party as a Retail or Professional Client or as an Eligible Counterparty, in accordance with the rules on Client Rating. The obligation to provide information described in these Terms and Conditions applies to both Retail and Professional Clients, except where the Terms and Conditions specifically mention a Retail Client.

### **3.8.3. Obligation to provide prior information (portfolio management activity)**

- [123] The Fund Manager shall provide its clients with the information specified in this section by no later than the day of conclusion of the contract.
- [124] The Fund Manager shall provide the Client with information on its authorised activities, the nature of the transactions it carries out and the relative proportions of the various individual activities within the scope of its activity, as well as on all matters that are subject to the obligations of the Fund Manager under these Terms and Conditions and the applicable law.
- [125] With regard to the basic information concerning the Fund Manager, the Fund Manager shall inform the prospective contracting party – qualifying as a Retail Client – of the following:
- a) the Fund Manager's name, address and contact details;
  - b) language(s) used for communication between the parties;
  - c) the address and contact details of the competent authority(-ies) and the number(s) of the Fund Manager's licence(s), and
  - d) the name and contact details of the Fund Manager's contact person.
- [126] In relation to portfolio management, the Fund Manager shall inform the prospective contracting party – qualifying as a Retail Client – of the following:
- a) the method and frequency of valuation of the assets in the managed portfolio;
  - b) details of the portfolio manager's discretionary powers;
  - c) the reference value against which the yield of the Financial Instruments in the Client's portfolio is to be determined;
  - d) the assets that may be held in the Client's portfolio, the range of transactions that may be executed and the related restrictions; and
  - e) the objectives to be pursued in the management of the portfolio, the level of risk to be taken into account during the portfolio manager's discretionary consideration and the limits on the portfolio manager's discretionary powers.
- [127] With regard to the Fund Manager's operating and activity rules, the Fund Manager shall inform the prospective contracting party – qualifying as a Retail Client – of the following:
- a) the frequency, timing and nature of the reporting of the portfolio management activity to the Client;
  - b) a summary of the measures taken to safeguard the Client's Financial Instruments or funds, if managed for the Client, including information on the investor protection scheme available to the Client and its operation, as well as the capital or yield guarantee provided by the Fund Manager;
  - c) a summary description of the conflict of interest policy, and

d) relevant sections of the Best Execution Policy.

[128] The Fund Manager shall inform the Client of the rules on the management of the Financial Instruments and funds held by or due to the Client as set out in section [119].

[129] In relation to the Financial Instrument and the transaction covered by the contract, the Fund Manager shall inform the Client as follows:

- a) providing information on the risk of the Financial Instrument, including information on the substance and effects of leverage and a warning regarding the risk of possible loss of the total amount invested;
- b) the market situation of the Financial Instrument;
- c) the volatility in the price of the Financial Instrument and possible limitations in accessing the market;
- d) changes in the price of the Financial Instrument in the period preceding the date of conclusion of the contract, in accordance with Commission Regulation (EC) No 1287/2006<sup>1</sup>;
- e) the fact that, as a result of the transaction, financial commitment and other related obligations – including contingent liabilities – relating to the relevant Financial Instrument, the Client may incur additional payment obligations in addition to the cost of acquiring the Financial Instrument;
- f) the enforcement of any deposit requirements or similar obligations in relation to the Financial Instrument;
- g) for contracting parties that will qualify as Retail Clients after the conclusion of the contract and for Retail Clients, the place of publication of the prospectus pursuant to Regulation (EU) 2017/1129 in the case of the public offering of the Financial Instrument;
- h) the substance of the interaction that may result in the risk of a Financial Instrument consisting of more than one component potentially exceeding the sum of the risks of the individual components;
- i) a description of each of the components of a Financial Instrument with more than one component, and
- j) in the case of a Financial Instrument that includes a guarantee, a detailed description of the nature of the guarantee in such a way that both the guarantor and the obligee institution may be identified and the substance of the guarantee may be understood by the Retail Client.

---

<sup>1</sup> Commission Regulation (EC) No 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive (hereinafter: **Regulation 1287/2006/EC**).

[130] With regard to the costs and fees to be borne by the Client in connection with the conclusion of the contract and certain transactions, the Fund Manager shall inform the prospective contracting party – qualifying as a Retail Client – of the following:

- a) it shall provide information on all costs, including any fees, commissions (per Financial Instrument and per transaction), contributions and taxes to be borne by the Client in connection with the acquisition and maintenance of the Financial Instrument and the conclusion, maintenance and performance of the contract for the services provided to it by the Fund Manager as part of its activity – including in connection with any order placed under the Framework Contract – that will be deducted or charged by the Fund Manager (hereinafter: **Total Price**);
- b) it shall provide information on the name of the foreign exchange or foreign currency, the exchange rate applied and the cost of conversion, if the Total Price or part of it is payable in foreign currency or foreign exchange;
- c) it shall draw its attention to the fact that a transaction in a Financial Instrument specified in the contract may give rise to cost or tax payment liabilities that are not paid through the Fund Manager, and
- d) it shall provide information on any other rules applicable to the payment or the method of settlement.

#### ***3.8.4. Obligation to provide prior information (distribution activity)***

[131] The Fund Manager shall, prior to the conclusion of the contract with the Client, draw the Client's attention to

- a) changes in the price of the Financial Instrument in the period preceding the date of conclusion of the contract, in accordance with Commission Regulation (EC) No 1287/2006, and
- b) the fact that, as a result of the transaction, financial commitment and other related obligations – including contingent liabilities – relating to the relevant Financial Instrument, the Client may incur additional payment obligations in addition to the cost of acquiring the Financial Instrument.

[132] The Fund Manager may provide the above information to a prospective contracting party that will qualify as a Retail Client after the conclusion of the contract or to a Retail Client after the conclusion of the contract or immediately after commencing the provision of the service, if

- a) the Fund Manager meets the requirements set out in Section 4 of the Tétv. vis-à-vis the prospective contracting party or the Client, regardless of whether the Tétv. is applicable in the particular case, or
- b) in other cases, it is unable to comply with the obligation to provide information in a timely manner prior to the conclusion of the contract or the provision of the service because, at the express request of the prospective contracting party or the Client, the contract is concluded via a means of distance communication that does not allow for the provision of prior information.

[133] The Fund Manager is obliged to provide the contracting party that will qualify as a Retail Client after the conclusion of the contract or to a Retail Client with information on the costs and fees related to the conclusion of the contract and – in the case of the establishment of a previously concluded and still effective contract (hereinafter: **Framework Contract**) – the costs and fees

related to the conclusion of each transaction payable by the Client. In the context of this obligation to provide information, the Fund Manager shall

- a) provide information on all costs, including any fees, commissions (per Financial Instrument and per transaction), contributions and taxes to be borne by the Client in connection with the acquisition and maintenance of the Financial Instrument and the conclusion, maintenance and performance of the contract for the services provided to it by the investment firm as part of its investment service activity or ancillary services – including in connection with any individual Transactions concluded under the Framework Contract – that will be deducted or charged by the investment firm (hereinafter: total price);
- b) provide information on the denomination of the foreign exchange or foreign currency, the exchange rate applied and the cost of conversion, if the total price determined in point a) or part of it is payable in foreign currency or foreign exchange;
- c) draw its attention to the fact that a transaction in a Financial Instrument specified in the contract may give rise to cost or tax payment liabilities that are not paid through the Fund Manager;
- d) it shall provide information on any other rules applicable to the payment or the method of settlement.

[134] In the case of Professional Clients and Eligible Counterparties, the Provision of General Information shall include a summary description of the Conflict of Interest Policy and the relevant sections of the Best Execution Policy.

[135] In the event of a change in the information covered by the scope of the provision of prior information set out in this section, the Fund Manager shall notify the clients in accordance with the rules of provision of information applicable to the relevant Client.

### ***3.8.5. Obligation to provide subsequent information***

[136] The Fund Manager shall be obliged to fulfil its obligation to provide the Client with information as specified in this section, although the asset management or portfolio management contract between the Fund Manager and the Client may stipulate a different frequency and content of information to be provided.

[137] The Fund Manager shall provide the Client with a report on a regular basis, but at least semi-annually, with the content detailed in this section. In this context, the Client may request that the Fund Manager provide information on executed transactions on a per-transaction basis. The data content of this information is also set out in this section.

[138] If the Retail Client has not opted for the provision of information on a per-transaction basis, the periodic report must contain the following information:

- a) the Asset Manager's name;
- b) the Client's name or other identifier;
- c) the composition and valuation of the portfolio for the period covered by the report, including the market value of all Financial Instruments held by the Fund Manager and the opening and closing balances of the funds, and the portfolio's yield for the period covered by the report;
- d) the total amount of the commissions, fees and other costs charged by the Fund Manager to the Client during the period covered by the report, with at least the items relating to the

management and execution of the Transaction separated or, at the Client's express request, with the details specified by the Client;

- e) a comparison of the yield for the period covered by the report against the benchmark specified in the agreement concluded between the Fund Manager and the Client;
- f) the amount of dividends, interest, payments treated as interest or other payments similar to a yield realised on the Financial Instruments in the Client's portfolio during the period covered by the report, broken down by title;
- g) any corporate events that occurred during the period covered by the report which resulted in the creation of any right or entitlement in respect of the Financial Instrument in the Client's portfolio, and
- h) in relation to each transaction carried out during the period covered by the report:
  - i. the Fund Manager's name or other identifier,
  - ii. the Client's name or other identifier,
  - iii. the trading day,
  - iv. the date of execution of the Transaction,
  - v. the type of Transaction,
  - vi. the name or and identifier of the trading venue,
  - vii. the name and identifier of the Financial Instrument,
  - viii. the indication of the sale/purchase,
  - ix. the nature of the Transaction (if it cannot be classified as a sale or purchase),
  - x. the quantity of the Financial Instrument,
  - xi. the price of the trading unit of the Financial Instrument, indicating also the trading unit,
  - xii. the total amount of the commission, fees and other costs charged by the Fund Manager to the Client and – at the express request of a Retail Client – a breakdown thereof by title, and
  - xiii. the obligations of the Client in relation to the performance of the transaction, including the time limit for settlement by physical delivery or in cash, and the account numbers and other information required for settlement.

[139] If the Client has opted for notification on a per-transaction basis, the Fund Manager shall comply with its obligation to provide information for each transaction separately, in writing or on another durable medium, no later than the first trading day following the day on which the transaction was executed or, if the Fund Manager executed the transaction with the assistance of a third party, the trading day following the day of receipt of such third party's confirmation, with the following content:

- a) the Fund Manager's or the third party's name or other identifier;
- b) the Client's name or other identifier;
- c) the trading day;
- d) the date of execution of the Transaction;

- e) the type of Transaction;
- f) the name or and identifier of the trading venue;
- g) the name and identifier of the Financial Instrument;
- h) the indication of the sale/purchase;
- i) the nature of the Transaction (if it cannot be classified as a sale or purchase);
- j) the quantity of the Financial Instrument;
- k) the price of the trading unit of the Financial Instrument, indicating also the trading unit;
- l) the total cost;
- m) the total amount of the commission, fees and other costs charged by the Fund Manager to the Client and – at the express request of a Retail Client – a breakdown thereof by title;
- n) the obligations of the Client in relation to the performance of the transaction, including the time limit for settlement by physical delivery or in cash, and the account numbers and other information required for settlement;
- o) if the counterparty to the Client in the transaction was the Fund Manager itself, a person belonging to the same company group as the Fund Manager or another client of the Fund Manager, the fact of this, unless the order was executed through a trading system where trading rules do not allow this.

[140] If the Client also receives this information from a third party without delay, the information need not be provided by the Fund Manager on the first trading day following the day of execution.

[141] If the Client has opted for per-transaction reporting, the periodic report must be submitted:

- a) at the Client's express request, quarterly;
- b) unless the Client expressly requests otherwise, annually;
- c) in the case of a contract allowing the creation of a leveraged portfolio, at least monthly.

[142] The provision allowing for annual reporting shall not apply if the report relates to securities giving the right to acquire or sell any transferable securities or is based on a change in any transferable securities, foreign exchange, interest rate or yield indicator, commodity, index or other similar measure that can be interpreted as a benchmark and is to be settled in cash, and the report relates to the following instruments:

- a) options, futures, swaps, forward rate agreements as well as any other derivative contracts, instruments, financial indices or financial measures relating to securities, currencies, interest rate or yield, which may be settled physically or in cash;
- b) options, futures, swaps, forward rate agreements and any other derivative contracts or instruments relating to commodities that must be settled in cash or may be settled in cash, at the option of one of the parties to the transaction, unless the reason for termination is the expiry of the period of performance or other termination event;
- c) options, futures, swaps and any other derivative contracts or instruments relating to commodities that can be settled physically, provided that they are traded on a regulated market, in a multilateral trading facility;
- d) options, exchange-traded and OTC futures, swaps, and any other derivative contracts relating to commodities that can be settled physically, not otherwise mentioned in point a), which have the characteristics of other derivative Financial Instruments and that are not for

commercial purposes, provided that they are settled through a recognised clearing house or are subject to a periodic replenishment obligation;

- e) derivative contracts for the transfer of credit risk;
- f) financial agreements for differences;
- g) options, futures, swaps, forward rate agreements and any other derivative contracts or instruments relating to climatic variables, freight rates, air polluting or greenhouse gas emissions, inflation rates or other official economic statistics that must be settled in cash or may be settled in cash, at the option of one of the parties to the transaction, unless the reason for termination is non-performance;
- h) any other derivative contracts or instruments relating to assets, rights, obligations, indices and measures not otherwise mentioned under points a)-j), which have the characteristics of other derivatives instruments, having regard to whether, inter alia, they are traded on a regulated market or multilateral trading facility, are settled through a recognised clearing house or are subject to a periodic replenishment obligation, furthermore, the derivative contracts referred to in Article 39 of Commission Delegated Regulation 1287/2006/EC.

[143] The Fund Manager shall, at least annually, prepare a report on the Financial Instruments and funds held by or due to the Client and managed in the context of its portfolio management activities and shall make it available to the Client in writing or on another durable medium. The report must contain the following:

- a) the volume and breakdown of the Financial Instruments and funds held by or due to the Client at the end of the period covered by the report;
- b) the volume of Financial Instruments and funds held by or due to the Client which have been the subject of a securities financing transaction during the period covered by the report, and
- c) the profit or loss realised on the Financial Instruments and funds owned by or due to the Client constituting the subject of the securities financing transaction and the basis for the calculation of the profit or loss.

[144] If the Client's portfolio includes any Financial Instruments or funds for which settlement has not yet taken place, the provision of information under point a) of the preceding paragraph shall be based either on the date of the contract or on the date of settlement, provided that the same basis applies to all information in the statement.

[145] Information and reports sent to the Client shall be archived by the Fund Manager for the period specified in the portfolio management contracts or by law.

[146] The Fund Manager also publishes on its website ([www.vigam.hu](http://www.vigam.hu)) market analyses, monthly newsletters containing the performance assessment of its investment funds and its net asset values.

### **3.9. Method of providing information (general)**

[147] The Fund Manager shall provide information in writing or on another durable medium. The language of communication shall be Hungarian. The Fund Manager and the Client may, on the basis of an individual agreement, deviate from this and specify a different language for communication.

[148] The Fund Manager shall fulfil its obligations to provide information under the Bszt., other laws and these Terms and Conditions in accordance with the agreement between the Fund Manager and the Client on the manner of providing information. The information may be provided:

- a) by post;
- b) by courier;
- c) on a durable medium, on the Fund Manager's website ([www.vigam.hu](http://www.vigam.hu));
- d) by electronic mail (e-mail), or
- e) by a recorded telephone call.

[149] Recorded telephone conversations will be kept by the Fund Manager for 5 years.

### **3.10. Method of providing information (portfolio management activity)**

[150] The Fund Manager will only use other durable mediums for providing information if this does not run counter to the asset management or portfolio management contract concluded with the Client. A durable medium is any solution that enables the Client to be informed by reproducing the data in the same form and content for the prescribed period.

[151] The information shall be deemed to have been provided in accordance with the following rules:

- a) for postal items, on the third calendar day following the date of dispatch;
- b) in the case of information provided by electronic mail (e-mail), the day on which the information was sent, provided that it was sent before 14:00, Budapest time. Information received after 14:00 shall be deemed received on the next working day;
- c) where a courier is used, the calendar day indicated on the receipt shall be definitive.

[152] The date of receipt and dispatch of mail received or sent by the Fund Manager shall be as shown in the Fund Manager's post book. In the case of notifications on a durable medium or by electronic mail, the time stamps stored on the Fund Manager's server shall be definitive.

[153] In the case of notification by durable medium, the Fund Manager shall ensure that

- a) the Client is also informed electronically of the precise internet address of the information available by that means or of the precise location of the information concerned on the Fund Manager's website;
- b) any superseded notices or disclosures (including the Schedule of Fees) shall also be available retrospectively, and
- c) in the case of information containing personal data or securities secrets, such information will only appear on secure pages where the IT system guarantees that only the Client has access to the data.

[154] The Client may request information, without limitation, on its contracts concluded with the Fund Manager and on any data or knowledge classified as personal data or securities secrets recorded by the Fund Manager about the Client, which is stipulated for the Fund Manager by a contract concluded between the Client and the Fund Manager or by law.

[155] The Fund Manager shall charge a fee as set out in the Schedule of Fees for the provision of any subsequent information provided for in these Terms and Conditions.

[156] If the Client does not provide the Fund Manager with a specific notification address or indicates the Fund Manager as the place of receipt or does not accept delivery at the address provided,

the Client shall be liable for any damages resulting from non-receipt of the notifications. Even in these cases, the Fund Manager will still allow the Client to receive the notices addressed to it at its business premises open for Clients, either in person or by an authorised representative, within 3 (three) working days after the date of dispatch. In this case, the consignment shall be deemed to have been received on the 3<sup>rd</sup> (third) working day (objective deadline) following the date of the notification, and the date of receipt shall be the last day of the period for receipt. If the Client fails to take delivery of a consignment delivered in the above manner, the Client shall be solely liable for any resulting damage.

- [157] The Client shall have the right to lodge an objection with the Fund Manager within 5 (five) days of receipt of the documents delivered to it by the Fund Manager, in particular written contracts and reports sent. If the Client does not object to the content of the document delivered to it within the above deadline, it shall be deemed to have been accepted by the Client without any further dispute in this respect.

### 3.11. Method of provision of information (distribution activity)

- [158] The Fund Manager shall promptly inform the Client or the persons with disposal rights about:
- a) the Client's accounts managed by the Fund Manager and the transactions settled therein;
  - b) the Client's Transactions and their status, and
  - c) any data or information that is stipulated for the Fund Manager by a contract concluded between the Client and the Fund Manager or by law.

### 3.12. Rules of contract conclusion (portfolio management activity)

- [159] The contract between the Fund Manager and the Client is concluded in writing. The contract is usually drawn up in writing using a sample contract prepared by the Fund Manager. In the case of orders where the sample contract is not applicable due to the nature of the case or for any other reason, they shall conclude a contract within the framework of the laws governing the activities of the Client and the Fund Manager, in full compliance with the relevant provisions of the Terms and Conditions, and in accordance with the sample contracts annexed to the Terms and Conditions.
- [160] An agreement (order) to execute a transaction in a Financial Instrument in the context of the performance of portfolio management activities need not be in writing, if it is concluded on the basis of a written framework contract in force and the order is recorded electronically by the Fund Manager. In order to perform its portfolio management activities, the Fund Manager shall enter into a portfolio management agreement (hereinafter: **Portfolio Management Contract**) and a securities lending framework contract (hereinafter: **Framework Contract**) with Clients.
- [161] The contract shall contain the following:
- a) the Client's data required by law or otherwise necessary;
  - b) the subject matter and duration of the contract;
  - c) the Fund Manager's services used and their fee;
  - d) any other conditions that the Parties consider relevant or that are stipulated by law or by these Terms and Conditions.
- [162] The Portfolio Management Contract shall specify:
- a) the conditions necessary for the commencement of the portfolio management;

- b) the manner and conditions of termination of the contract concluded in the context of the portfolio management activity;
- c) the investment policy;
- d) all costs associated with the portfolio management;
- e) the method of payment and settlement of the costs referred to in point d);
- f) the rules governing the management of the Financial Instruments and funds held by or due to the Client.

[163] The contract may be concluded for a fixed or an indefinite period.

[164] The Client is aware of the risks involved in the use of telephone and electronic data transmission devices and methods, and the Fund Manager therefore excludes its liability for any damage or loss resulting from the falsification of instructions given by telephone, e-mail or other electronic means, from any access thereto or from any technical problems that occur during transmission, unless such damage may be traced back to the fault or negligence of the Fund Manager.

[165] The Fund Manager shall deliver 1 (one) original copy of the contract to the Client after the contract has been put in writing. The Client may request the Fund Manager to provide a copy subject to presenting proof of his/her identity or authorisation. The Fund Manager may charge for the issue of the copy at the cost set out in the Schedule of Fees annexed to these Terms and Conditions.

### **3.13. Amendment of the contract**

[166] The Fund Manager and the Client may amend the contract by mutual intent.

[167] When amending the contract, the rules applicable to the conclusion of the contract shall apply mutatis mutandis.

[168] Unless otherwise provided for in these Terms and Conditions or in the case-by-case contract, the Client may terminate the contract at any time by giving written notice to the Fund Manager.

[169] Except in the case of breach of contract by the Client and unless otherwise provided for in these Terms and Conditions or the case-by-case contract, the Fund Manager may terminate the contracts with a notice period of 30 (thirty) days which is appropriate for the settlement of the Client's affairs.

[170] In the event of termination of the contract, the Party terminating the contract shall reimburse the other Party for the costs incurred and the obligations assumed under the contract.

### **3.14. Portfolio management**

[171] Under a Portfolio Management Contract, the Fund Manager undertakes, on the basis of a general mandate given in an individual contract, to purchase or take over investment portfolios of securities or other financial instruments, to sell or purchase individual elements of the portfolio, to collect the income generated from them or to reinvest them, in order to preserve and increase the value of the assets taken over and to achieve the best possible yield for the Client.

[172] The risk for the Client of the portfolio management activity is that the Client determines the principles (investment guidelines) for the construction of the portfolio, but the decision on individual investments is taken by the Fund Manager without any specific instruction from the Client. In the course of the activity, the Client's assets are invested and managed in financial instruments for the benefit of the Client, in accordance with predefined investment guidelines,

based on the Client's instructions, with the proviso that the Client shall bear directly the risk and yield, i.e. the loss and the profit, on the financial instrument acquired.

- [173] The Fund Manager shall at all times carry out its activities in the interest of the Client and in accordance with the law, its operating regulations and the contract for portfolio management.
- [174] The Fund Manager shall in all cases act in its own name but for the benefit and at the expense of the Clients in respect of the assets included in the portfolios it manages. The assets in the portfolios managed by the Fund Manager are not owned by the Fund Manager.
- [175] The Client shall be obliged to transfer securities or funds eligible for consignment for the purpose of portfolio management.
- [176] The Fund Manager shall be entitled to determine the duration and the limit of the amount for which it accepts a portfolio management mandate.
- [177] The Fund Manager may also manage several separate portfolios. The Fund Manager shall manage and record separately the portfolios it manages. In the case of multiple portfolios, the Fund Manager shall act on the basis of the principle of equal treatment of the managed portfolios and of the Clients. The Fund Manager may act for the benefit of Clients either collectively or separately in relation to the purchase and sale of investment instruments.
- [178] The Fund Manager's portfolio management shall not include a guarantee in respect of yield or capital or the preservation of yield or capital, unless otherwise agreed. The Fund Manager may, on the basis of a written agreement with the Client, make a promise to preserve the capital (i.e. undertake capital protection) and a promise to protect the yield (i.e. undertake yield protection) in the context of its portfolio management activities, with the proviso that a promise to protect the yield also includes a promise to preserve the capital.
- [179] The Client is entitled to stipulate that the Fund Manager use a specific custodian for portfolio management.
- [180] The Fund Manager shall ensure a clear separation of portfolio management and other business activities within the Fund Manager's organisation, both at the level of management and at the level of execution.
- [181] In the course of its portfolio management activities, the Fund Manager shall not – unless the Client expressly provides otherwise – acquire, at the expense of the portfolio managed for the Client;
- a) any Financial Instruments placed by itself;
  - b) any Financial Instrument placed by the Fund Manager, with the exception of securities admitted to trading on a regulated market or on a Multilateral Trading Facility, and
  - c) any influence that gives rise to a public purchase offer obligation under the Tpt.
- [182] The Fund Manager may not, in the context of its portfolio management activities, enter into a transaction with respect to securities not admitted for trading on a regulated market or not traded on a Multilateral Trading Facility with a person or organisation in which the Fund Manager holds a qualifying interest or which holds a qualifying interest in the Fund Manager, at the expense of the portfolio managed for the Client.
- [183] The Fund Manager may not place securities it owns into the portfolio it manages or purchase securities that are part of the portfolio it manages.
- [184] The Fund Manager may not enter into transactions for the benefit of the portfolio it manages – except for government securities with a maturity of less than six months and public open-ended

investment units – with respect to investment instruments not admitted for trading on a regulated market with an undertaking in which it holds a qualifying interest.

- [185] In carrying out its portfolio management activity, the Fund Manager shall not be held financially liable for any loss in the value of the assets entrusted to it, as long as it acts in accordance with the law, with the Client's investment policy and with the due professional care expected of it.
- [186] The amount of the portfolio management fee is subject to an agreement on a case-by-case basis and consists of the following elements:
- a) a general management fee;
  - b) a variable fee calculated on the basis of price gains.
- [187] The Fund Manager is entitled to charge the Client for the intermediary fee and the costs incurred (in particular, charges for transferring securities, debiting and crediting accounts, and custody fees) in the course of portfolio management.
- [188] The Portfolio Management Contract may be terminated by the Client with immediate effect in the event of the assumption of the constituents of the portfolio, with thirty (30) days' notice in the event of the liquidation of the portfolio, and with thirty (30) days' notice by the Fund Manager.
- [189] The Fund Manager may transfer portfolio management contracts only to an organisation authorised to carry out portfolio management activities. The transfer of portfolio management contracts shall be subject to the rules of the Civil Code on the assumption of debts.
- [190] The Fund Manager may, subject to the Client's express consent, subcontract the portfolio management activity. A subcontractor may only be a portfolio manager licensed to perform portfolio management activities in accordance with the Tpt. or a foreign undertaking entitled to do so under the laws of its own country.

### **3.15. Investment consultancy**

- [191] The Fund Manager shall provide investment consultancy for a fee to be determined on a case-by-case basis, in accordance with the Client's requirements.
- [192] The Fund Manager shall, in the context of its investment consultancy activity, provide personal recommendations in relation to transactions in Financial Instruments, not including publicly available facts, data, circumstances, studies, reports, analyses and advertisements and the provision of prior and subsequent information by the Fund Manager to the Client in accordance with the relevant Act (Bszrt.). The Fund Manager shall provide the Client with analyses and recommendations on the Financial Instruments and movements in the securities market as part of its investment consultancy activity, for a specified fee.
- [193] The Fund Manager shall not be liable for the effectiveness of the investment advice provided by it or for the yield or value of the investment. The Client shall make any investment decision independently, on the basis of the Fund Manager's investment advice.
- [194] The Fund Manager agrees to provide, on the basis of a contract concluded with the Client, general investment consultancy services and other consultancy services related to the services provided by the Fund Manager. The Fund Manager shall provide the following services on the basis of the Client's specific needs:
- a) It shall prepare daily analyses on Hungarian and international capital market developments and send the analysis to the persons designated by the Client;

- b) It shall prepare weekly quantitative analyses of capital market opportunities, and draft recommendations with respect to the tactical investments of the Client's portfolio;
- c) Every two weeks, it shall prepare a comprehensive analysis of the Hungarian and international economic situation and trends, and of developments in the capital markets;
- d) Every quarter, it shall prepare a summary analysis of events and processes in the domestic and international economy and economic policy in the period concerned and their impact on the capital markets. By means of a fundamental and technical analysis of the capital markets, it shall make recommendations with respect to the strategic investments of the Client's portfolio;
- e) Based on the prevailing money and capital market situation, it shall make recommendations to the Client on short and medium-term investment opportunities with respect to the cash funds available in the portfolio. The recommendations shall be prepared on an ongoing basis, in line with the latest developments on the money and capital markets;
- f) Based on the Client's financial plan and maturity structure, as well as the interest rates and yields on the money market, it shall make recommendations to the Client on how to best raise the funds necessary to manage the liquidity of the portfolio. The recommendations shall be prepared on an ongoing basis, based on the latest situation in the money markets;
- g) It shall assist the Client with consultancy in taking any measures that the Fund Manager considers necessary to enable the Client to implement its investment policy in a cost-effective manner;
- h) It shall assist the Client with consultancy on how to effectively exercise the Client's rights to buy and sell its investments. When analysing the buy and sell rights, it shall give priority to volatility analysis and liquidity assessment of the Hungarian and international capital markets;
- i) It shall prepare investment materials needed for the Client's annual and other reports. The specifications of the analyses to be prepared and the deadlines for the preparation of the investment materials shall be determined by the Client on a case-by-case basis;
- j) It shall prepare a detailed investment programme for the Client's portfolio;
- k) It shall prepare the Client's foreign exchange risk management plan;
- l) It shall provide information services as required or agreed from time to time (including providing data on the investment strategy and the performance of the portfolio, and preparing promotional materials and other support). The content and timing of the information services shall be determined by the Client.

[195] The Client shall be entitled to the benefits of any transactions concluded on the basis of the advice of the Fund Manager, but the Client shall also bear the costs and risks of such.

[196] Unless otherwise agreed by the Parties, the Contract may be terminated by the Client with immediate effect and by the Fund Manager with 3 (three) days' notice.

### 3.16. Delivery and acceptance of securities

[197] The Fund Manager shall not accept securities at its business premises; the physical acceptance of securities up to a total nominal value of HUF 1 (one) million shall be effected through the branch designated by the Fund Manager's securities account manager (the custodian as defined in Section 137 of the Tpt., for the purposes of this section: **Custodian**). Securities exceeding this

total nominal value shall be accepted by the Fund Manager's Custodian exclusively by way of securities transfer. In the latter case, the date of settlement shall be the date of crediting.

- [198] If a Framework Contract is in force between the parties, or the Client does not issue any instruction to the contrary, the Fund Manager shall deposit the securities in the securities deposit account or the securities account of the Fund Manager's or the Client's Custodian.
- [199] Upon acceptance of each physical securities, the designated branch of the Fund Manager's Custodian shall verify that the securities:
  - a) fulfil all the legal requirements;
  - b) are formally complete (not damaged);
  - c) have a valid serial number according to the information available to it and are not subject to a notarial prohibition based on the information available to it;
  - d) are of full value (i.e. they include all unexpired coupons, except for listed securities received after the fifth day before the yield is due);
  - e) in the case of registered securities, the last endorsement is blank and the chain of endorsements is unbroken.
- [200] The Fund Manager's Custodian shall be entitled to deposit the securities held in custody in KELER Zrt.'s depository. Due to the omnibus record-keeping model applied, KELER Zrt., upon release of the securities, guarantees only the delivery of the number of securities determined by face value. In the event of placement with KELER Zrt., the relevant regulations of KELER Zrt. shall apply.
- [201] If the securities held in custody are delivered to the designated branch of the Fund Manager's Custodian as a sealed deposit, the designated branch of the Custodian shall be liable only for the integrity of the package sealed in compliance with the bank's rules, not for its alleged contents.
- [202] The Fund Manager shall deliver the securities to the Client at the business premises of the designated branch of its Custodian or at a mutually agreed place of deposit. Physical delivery of securities may take place at a time agreed in advance.

### **3.17. Payment of a cash debt**

- [203] In the event of late performance of the obligation to deliver securities, the Client shall pay a late-payment fee calculated on the basis of the market value of the securities, as set out in the latest effective Schedule of Fees.
- [204] All securities and funds managed by the Fund Manager for the benefit of the Client shall serve as collateral for the Fund Manager to secure its claims for fees and costs and for compensation for damages. The Fund Manager is entitled to set off any of claims regarding fees or charges against any claim that is due to the Client; moreover, it is entitled to enforce any such claim regarding fees or charges to the debit of any financial instrument recorded on the Client's account at the Fund Manager's disposal.
- [205] If the Client fails to pay any amount due to the Fund Manager, the Fund Manager reserves the right to debit such amount from the Client's funds available on their client account, to set off the Client's debt against the funds in the Client's portfolio managed by the Fund Manager, and furthermore, to sell the securities owned by the Client and managed by the Fund Manager in its portfolio at the market price, to the extent necessary to settle the debt, and to use the proceeds to settle the Client's debt outstanding to the Fund Manager. All costs, fees and damages incurred in connection with the sale or use of the securities shall be borne by the Client. The remainder of

the price of the securities sold, if any, after deduction of the Client's debt, shall be due to the Client.

### 3.18. Execution of orders

- [206] The Fund Manager shall execute its transactions under the portfolio management contract concluded with the Client at the execution venues specified in its Best Execution Policy. The Fund Manager's Best Execution Policy is set out in the Annex to these Terms and Conditions.
- [207] The Fund Manager shall execute the transaction in the manner most favourable to the Client. The most favourable execution shall be deemed to be the execution of the order in compliance with the requirements set out in the Best Execution Policy. In order to assess the most favourable execution, the Fund Manager will consider the following criteria:
- a) the price (net price) of the Financial Instrument that constitutes the object of the order;
  - b) the characteristics of the Financial Instrument that constitutes the object of the order;
  - c) the cost of the order;
  - d) the time required to execute the order;
  - e) the probability of the order's being executed and fulfilled;
  - f) the size of the order;
  - g) the nature of the order;
  - h) the rating of the Client, and
  - i) other relevant factors for the execution of the order (for example: other relevant characteristics of the execution venue).
- [208] When assessing the best execution option for the Client, if the order can be executed at more than one execution venue, the Fund Manager shall – with due regard to the provisions of Section 45 of the Bszt. as well – take into account in the comparison its own commissions and other execution-related costs incurred in relation to the individual execution venues.
- [209] The Fund Manager may not determine its own commissions and other execution-related costs incurred in relation to the individual execution venues in such a way as to result in an unjustified and unfair difference between execution venues in the course of the comparison under the previous paragraph.

### 3.19. Fees and Costs

- [210] The Fund Manager may, in respect of the investment services, ancillary and other activities performed by it – unless otherwise agreed by the Parties – charge commissions, fees, costs and interest as set out in the latest effective Schedule of Fees (hereinafter collectively: **Costs**).
- [211] The Cost may be an hourly (or daily) fee, and may be determined as a percentage of the transaction value or as otherwise specified in the Schedule of Fees.
- [212] The Fund Manager may invoice the Client for the fees, costs and interest.
- [213] The Fund Manager shall be entitled to charge interest on late payments if the Client fails to meet its obligations to pay fees, or deliver money or securities when due. The amount of the default interest is set out in the latest effective Schedule of Fees.

- [214] Retail Clients are entitled to request a breakdown of the Costs charged by the Fund Manager by title.

### **3.19.1. Ex-ante (preliminary) cost information**

- [215] Pursuant to Commission Delegated Regulation EU 2017/565, the Fund Manager shall provide the Client with information on the costs and fees to be taken into account in connection with the Portfolio Management Service during the provision of the service. In this context, the following costs are to be presented: - costs of the service:
- a) product costs;
  - b) payments by third parties;
  - c) total costs.
- [216] The Fund Manager shall report the costs listed both as a percentage and in monetary value. The Fund Manager is entitled to provide the information to Clients in a standardised format, taking into account the cost items specific to the relevant client category.

### **3.19.2. Ex-post (subsequent) cost information**

- [217] The Fund Manager shall inform its Clients annually ex-post of the fees and costs actually incurred during the portfolio management activity. The Fund Manager shall be entitled to make available the information for Clients to the Client together with other statements and notifications.

## **4. RULES ON CONTRACT CONCLUSION (DISTRIBUTION ACTIVITY)**

### **4.1. Account management**

- [218] The Fund Manager shall open a client account, a securities account and a custody account for the settlement of payments and securities deposits made for the benefit of the Client in favour of accounts held by the Fund Manager or for the settlement of transactions carried out with the assistance of the Fund Manager.
- [219] The Fund Manager shall only deal in dematerialised securities and shall not enter into any transactions for the sale of physical securities or provide any custody services for such securities. Accordingly, the Fund Manager does not accept physical securities received by it and does not operate a securities depository.
- [220] The Fund Manager is entitled to deposit Client funds and securities held by it with an external custodian applying the omnibus custody model. Omnibus custody means that the custodian partner does not keep a record of which Client of the Fund Manager owns the relevant Financial Instrument.
- [221] The Fund Manager shall manage the Client's Financial Instruments separately from its own instruments, if this is allowed by the custodian partner. The Fund Manager shall inform the Client of the custodian partners used, of the omnibus custody and of the consequences of the default of the custodian partners in the framework of the Provision of General Information.
- [222] In accordance with applicable law, the Fund Manager shall not pay interest on the amount of money deposited with it.
- [223] The Fund Manager agrees to keep the Client's Financial Instruments separate from its own and other clients' instruments and to manage them in accordance with the Client's instructions. The

Fund Manager shall inform the Retail Client, in the framework of the Provision of General Information, of

- a) the risks of an omnibus custody model;
- b) the external custodians used;
- c) the consequences of the insolvency of the external custodian used;
- d) the application of a different law;
- e) cases where segregation from one's own Financial Instruments is not possible and the risks associated with this;
- f) the Costs of the account management, and
- g) any relevant information on account management.

[224] Within the framework of account management, the Fund Manager shall:

- a) keep a record of the persons with disposal rights over the Client's account and the validity period and scope of the rights of disposal;
- b) keep a record of the Client's transactions and the related settlements;
- c) execute securities transfer orders and bank transfer orders in accordance with the Client's instructions, provided that this does not conflict with any legal provision;
- d) manage funds and securities available in the account as a deposit, unless the Client has instructed otherwise, and
- e) keep a record of all transactions and operations involving debits or credits on the Client's accounts such that are not specified above;
- f) keep record of other details listed in the relevant data processing / privacy notice.

[225] The Fund Manager shall record the transactions executed on the Client's accounts in its record-keeping system without delay, but no later than the deadline set out in the rules for the confirmation of executed transactions.

[226] The Fund Manager shall draft reports on the financial instruments and funds owned by or due to the Client and managed in the course of its investment services in the format and with the content set out in Section 69 (3) of the Bszt. and these Terms and Conditions, and shall make it available to the Client in the manner and by the deadline set out in these Terms and Conditions.

[227] The Client shall provide the Fund Manager with the average cost rate of the securities received and the documentary evidence thereof simultaneously with the transfer, failing which the Client shall be liable for any additional tax resulting from the calculation as provided for by the legislation in force at the time. In the case of incoming transfers where the Fund Manager does not receive confirmation of the cost price simultaneously with the transfer of the securities, the transferred securities will be blocked in the Fund Manager's internal system until the information is received, and thus the Client will be unable to place a redemption / switch order for the blocked investment units. The Fund Manager will release the above blocking upon receipt of the confirmation on the cost price or upon the Client's written declaration that it acknowledges the recording of the cost value at a rate of 0, as a result of which the total sale price will constitute the basis for the interest tax.

[228] Only persons reported by the account holder are authorised to dispose over the Client's account managed by the Fund Manager (hereinafter: **Persons with Disposal Rights**), which authorisation may only relate to the conclusion of individual Transactions under a framework

contract concluded by the Client and may not expressly relate to the modification of any data (e.g. bank account number), the termination of the contract or the making of any other declaration relating to the contract. Such report may only be made in the ways set out in the Annex “Methods for Executing Client Operations”.

- [229] The Client may transfer the amount to be invested to the Fund Manager’s payment account from an account managed in the name of a Person with Disposal Rights over its own securities account or a securities account managed by the Fund Manager by a service provider with its registered office in an EU Member State (or in the United Kingdom) or with a branch or business site operating in the European Union. No other means of payment – in particular cash desk deposits and cash desk withdrawals – may be accepted. If the transfer is not made from the account number previously reported and registered by the Client with the Fund Manager, the Fund Manager reserves the right to return the amount in question to the originator.
- [230] The Fund Manager shall pay the amount transferred by the Client to the account number held in the Client’s name and previously reported and registered by the Client to the Fund Manager.
- [231] In the event of late payment of a cash amount, the Client shall pay interest on late payment at the rate set out in the latest Schedule of Fees.

## **5. RULES ON THE CONCLUSION AND EXECUTION OF TRANSACTIONS**

### **5.1. Conclusion of a transaction**

- [232] A Transaction may be concluded, amended and terminated in the ways set out in the Annex to the Terms and Conditions entitled “Methods for Executing Client Operations”.
- [233] The conclusion, modification and termination of Transactions shall be governed by the rules set out in the individual condition packages. The condition packages are set out in an annex to the Terms and Conditions (Schedule of Fees).
- [234] Prior to the execution of a Transaction, the Fund Manager shall inform the Retail Client of the following (*Pre-Transaction Information*):
  - a) requirements regarding the deposit necessary for the execution of the Transaction;
  - b) the risks associated with the Financial Instrument concerned;
  - c) the market situation and any limitations on the market or the availability of the instrument;
  - d) changes in price and volatility;
  - e) the individual components of a Financial Instrument consisting of more than one component (in the case of investment units, the investment guidelines);
  - f) the settlement specifics of the transaction (including how the Client’s obligation to deliver money and/or securities is fulfilled); and
  - g) all costs related to the Transaction (total price).
- [235] The Fund Manager will carry out checks on the execution of transactions in accordance with the latest effective anti-money laundering legislation, which may result in certain transactions being ineligible or rejected on the day of the order. The Fund Manager shall not be liable for any resulting losses. Amounts transferred by the Client to and from the Fund Manager’s account and also credited on it may be subject to assessment on a risk-sensitive basis, in the course of which the Fund Manager may request additional information or documentary evidence. The processing time

for the assessment of incoming and outgoing transfer transactions is two (2) business days, starting from the date on which all of the following conditions are jointly met:

- a) for incoming transactions:
  - i. the amount has been credited to the appropriate account of the Fund Manager, and
  - ii. the source declaration form issued by the Fund Manager has been fully completed, the documents relating to the origin of the funds have been submitted, along with any other documentation required by the Fund Manager, all of which have been received in full by the Fund Manager;
- b) for outgoing transactions:
  - i. the Client has initiated the transfer from their client account, and
  - ii. any additional documentation/information required by the Fund Manager regarding the purpose of the transfer has been received by the Fund Manager.

- [236] Transactions concluded after 16:00 hrs or on a non-trading day will be deemed to have been entered into on the trading day following the day of the transaction.
- [237] A buy Transaction may be terminated up to 16:00 hrs on the day that sufficient funds are available on the account for the execution of the order.
- [238] Redemption and switch Transactions concluded before 16:00 hrs may be cancelled up to 16:00 hrs on the same day, while those concluded after 16:00 hrs may be cancelled up to 16:00 hrs on the trading day following the day of the Transaction.
- [239] Money transfers and securities transfer Transactions may not be cancelled.
- [240] An investment-unit switch Transaction consists of two legs: a redemption and a purchase Transaction.
- [241] In a Long-term Investment Account, redemption and purchase transactions may, as a rule, be initiated using a form issued for this purpose by the Fund Manager. Exceptions to this are purchase transactions concluded in the current year of the Long-term Investment Account, i.e. in the depositing year. The fees for these transactions are determined in accordance with the latest valid list of conditions.
- [242] Conclusion of securities transfer Transactions or VIBER payment Transactions via an online interface is not possible.
- [243] The Fund Manager does not provide investment consultancy services in the context of its distribution activities, and therefore, any information provided prior to the conclusion of a Transaction shall not qualify as investment consultancy.
- [244] The Fund Manager shall not enter into a Transaction in respect of any securities that it does not distribute.
- [245] The Fund Manager does not accept transfers of securities from a Pension Savings Account to the Long-term Investment Account.
- [246] The Fund Manager does not perform conversions between currencies; these conversions are always effected by the account-keeping bank. Conversions between different currencies will be settled in accordance with the latest effective list of conditions of the account-keeping bank, and therefore only the account-keeping bank can provide information to Clients in relation to these transactions.

[247] The Fund Manager shall not be liable for any loss incurred by the Client in connection with conversions between different currencies or due to the fault of the credit institution or other organisation making the payment or transfer, including exchange rate losses due to transfer delays. In all cases, the exchange rate risk of switching involving currency conversion shall be borne by the Client.

## 5.2. Settlement of transactions

[248] The Fund Manager is entitled to settle Transactions with the Client together with other clients' Transactions, provided that the Client does not suffer any loss as a result.

## 5.3. Refusal to execute a Transaction

[249] The Fund Manager shall refuse to execute a Transaction if:

- a) doing so would constitute insider dealing or market manipulation;
- b) it would violate a provision of the law or the regulations of a regulated market or a third-country stock exchange, clearing house, organisation engaged in clearing house activities, central contracting party or central depository which complies with the conditions of a regulated market;
- c) the prospective contracting party or the Client has refused to provide proof of personal identity or identification, or if certification of personal identity or identification has failed for any other reason;
- d) entering into a contract or executing the order would violate any sanctions or measure under any UN resolution, or a regulation of the United Nations Organization, or any commercial or financial embargo or economic sanction of the European Union, Hungary, the UK, or the USA.

[250] The Fund Manager will refuse to execute an order if the investment units subject to the redemption order are part of an illiquid series.

[251] The Fund Manager may, based on a risk-sensitive approach, require the approval of its responsible manager, appointed pursuant to the applicable provisions of the Pmt., prior to executing the Transaction. In such cases, the Fund Manager may refuse to execute the Transaction if such approval by its competent responsible manager is not available.

[252] The Fund Manager shall not execute any transaction involving a sanctioned individual or entity, or which would otherwise result in a breach of applicable sanctions regulations. These restrictions also aim to prevent any transaction or arrangement from having the direct or indirect purpose of circumventing or evading applicable sanctions.

[253] The Fund Manager reserves the right, at its sole discretion, to refuse the provision of any service in cases where, although the specific service or transaction is permitted under applicable sanctions laws and regulatory restrictions, the nature of the activity or the client's risk rating is not aligned with the Fund Manager's risk appetite.

## 5.4. Costs

[254] The Fund Manager may, in respect of the investment services, ancillary and other activities performed by it, charge commissions, fees, costs and interest as set out in the latest effective Schedule of Fees constituting an annex of the Terms and Conditions (hereinafter collectively: **Costs**). The Fund Manager shall also be entitled to charge the Costs in the event that the Client

cancels the Transaction after its conclusion, or the Transaction is not executed under the conditions specified by the Client or the Transaction is not executed due to the Client's failure to perform its obligations under the Contract.

- [255] The Fund Manager shall be entitled to recover the Costs by debiting the Client's client account without prior notice.
- [256] The instruments deposited by the Client in the accounts managed by the Fund Manager shall be deemed collateral for the Transaction. In the event that the Client fails to meet its obligation to effect payment or deliver securities to the Fund Manager within the specified deadline, the Fund Manager shall be entitled to sell the Financial Instruments deposited by the Client and to settle any claims that have arisen in relation to the agency agreement from the proceeds collected. The Fund Manager shall credit the remaining part of the purchase price to the Client's client account.
- [257] The Fund Manager shall be entitled to charge interest on late payments at the prevailing statutory rate, if the Client fails to meet its obligations to pay fees, or deliver money or securities when due.
- [258] Retail Clients are entitled to request a breakdown of the Costs charged by the Fund Manager by title.
- [259] The Schedule of Fees may specify different terms and conditions for each client category of the Fund Manager.
- [260] The Fund Manager's conditions for Private clients may not be applied to new Clients, nor may existing Clients switch to these conditions.
- [261] **Normal conditions** shall apply to all new Clients who are not subject to any other conditions.
- [262] **Group conditions** shall apply to the employees of a company or group of companies or to the natural persons that have an agency relationship with them as Clients, if the total number of such natural persons exceeds 400 and the Fund Manager has concluded a contract with such company or group of companies for the application of Group Conditions. The Fund Manager reserves the right to enter into a contract for the application of the Group conditions with a company or group of companies that does not meet the above conditions regarding the number of employees. Clients whose employment or agency relationship with a company or group of companies contracted with the Fund Manager is terminated shall be subject to Normal Conditions from the date of termination.
- [263] **Institutional conditions** shall apply to Clients to whom the Fund Manager grants these conditions at its discretion.
- [264] **Premium conditions** shall apply to Clients who have a Premium Account Package and to whom the Fund Manager grants these conditions. A Premium Account Package is available to Clients who deposit a minimum amount equivalent to HUF 3.5 million in their securities account upon opening or within 30 days of opening the account or switching from another account package (the amount is calculated at the MNB T-2 mid-rate for foreign currency and at the last known rate for investment units). Within the 30-day period, the Client will not be able to initiate a transaction until it has fulfilled the conditions. Within the 30-day period, once the securities account balance reaches or exceeds the required HUF 3.5 million – calculated using the above set-off methods – the securities account becomes active. An inpayment fee can only be charged for securities accounts with active status.
- [265] If the above conditions are not met within 30 days of the account opening or the account package change, the Fund Manager will return the amount transferred to the withholding bank account within 5 (five) trading days at the latest.

[266] The above conditions shall not apply to the transfer of a Long-term Investment Account (TBSZ).

[267] The Fund Manager may deviate from the conditions set out in the Schedule of Fees on the basis of an individual agreement concluded with the Client.

## 5.5. Confirmation of executed Transactions

[268] The Fund Manager shall provide the Client with written information on the execution of a Transaction (hereinafter: **Confirmation**) immediately after the execution of the Transaction in the context of its investment service activities, but no later than the Trading Day following the day of execution of the Transaction.

[269] The Confirmation shall include the following information:

- a) the Fund Manager's name or other identifier;
- b) the Client's name or other identifier;
- c) the trading day;
- d) the date of execution of the Transaction;
- e) the type of Transaction (purchase, redemption, switch);
- f) the name and identifier of the Financial Instrument;
- g) the quantity of the Financial Instrument;
- h) unit price (while also indicating the trading unit);
- i) the total cost;
- j) the total amount of the commission, fees and other costs charged by the Fund Manager to the Client and – at the express request of a Retail Client – a breakdown thereof by title, and
- k) the obligations of the Client in relation to the performance of the transaction, including the time limit for settlement by physical delivery or in cash, and the account numbers and other information required for settlement.

[270] The Fund Manager shall prepare monthly reports on the Financial Instruments and cash funds owned by or due to the Client and managed in the context of its investment service activities, with respect to the last day of the month, with the content set out in Section 69 of the Bszt., and shall make it available to the Client in writing or on another durable medium by the 10<sup>th</sup> working day of the month following the month concerned.

[271] The report shall be prepared with the following content:

- a) the volume and breakdown of the Financial Instruments and funds held by or due to the Client at the end of the period covered by the report;
- b) the volume of Financial Instruments and funds held by or due to the Client which have been the subject of a securities financing transaction during the period covered by the report, and
- c) the profit or loss realised on the Financial Instruments and funds owned by or due to the Client constituting the subject of the securities financing transaction and the basis for the calculation of the profit or loss.

## 6. PLACEMENT OF A FINANCIAL INSTRUMENT WITHOUT A COMMITMENT TO PURCHASE THE INSTRUMENT (FINANCIAL INSTRUMENT)

- [272] The placement of a financial instrument is the placing of a financial instrument on the market and offering it for sale to the public in accordance with the Tpt.
- [273] The Fund Manager shall – both in the context of placement by subscription and in the context of continuous distribution – participate in the placing of investment units issued by investment funds.
- [274] Investment units issued in dematerialised form shall be produced or withdrawn from circulation daily by the central depository in the context of continuous distribution, based on the Fund Manager's instructions.
- [275] The Fund Manager shall credit the securities to the Client's securities account in the event of a subscription or purchase transaction, and cancels the securities in the event of a redemption transaction, in accordance with the rules set out in the securities' prospectus. The Fund Manager shall debit or credit the Client's cash account with the consideration for the executed Transactions, in accordance with the rules specified in the securities' prospectus.

## 7. REGULAR PURCHASE AGREEMENT

- [276] The Client and the Fund Manager may enter into a regular investment unit purchase agreement (hereinafter: **Agreement**), which sets out:
- a) the value (amount) and the currency of the transaction;
  - b) name and ISIN of the investment unit to be purchased;
  - c) the duration of the Agreement (fixed term or until revoked).
- [277] A prerequisite for entering into an agreement is that the Client holds a securities and client account with the Fund Manager, which is subject to Normal, Group, Tempo, or Classic conditions.
- [278] The transaction currency shall be Hungarian forint or euro only, and the minimum value of each purchase transaction must be HUF 25,000 or EUR/USD 100 respectively. If an investment fund or series is terminated or merged into another fund, the Fund Manager is entitled to replace it with another investment fund or series. The duration of the Agreement may not be less than 12 months.
- [279] In the event of termination by either party, termination by mutual consent or for any other reason, the Transaction for which the Fund Manager has appropriated the financial consideration for such as security shall be executed.
- [280] During the execution of the transaction relating to a given Agreement, the Fund Manager shall credit the Client's securities to the Client's securities sub-account (hereinafter: **Programme Sub-account**) of the securities account held by the Fund Manager separated for this purpose. The Client may dispose over the securities held in the Programme Sub-account in accordance with the other provisions of these Terms and Conditions.
- [281] The Fund Manager shall commence execution of the transaction due in a given month, as set forth in the Agreement, on the 15<sup>th</sup> calendar day of the month or, if such day is not a trading day, on the first trading day thereafter, provided that the Client's cash account has at least partial coverage for the transaction in the currency of the transaction. The Fund Manager shall execute the transaction in the amount of the Client's positive cash balance in the relevant currency or in the amount equal to the value of the transaction, whichever is lower.

[282] The Agreement may be terminated

- a) by the Client in person, at the Fund Manager's premises open to clients, with immediate effect, or
- b) by the Fund Manager by giving 15 days' notice in writing.

[283] The Agreement may also be terminated by the mutual consent of the Parties. The Agreement may be terminated by the Fund Manager with immediate effect if the funds required to execute transactions have not been at least partially available for any of the transactions due in the 12 months preceding the date of termination.

## 8. OTHER PROVISIONS

### 8.1. Confidentiality

[284] Anyone who acquires a Trade or Securities Secret must retain it without time limitation, unless otherwise provided by law.

[285] Based on the obligation of confidentiality, facts, information, solutions or data belonging to the scope of Trade Secrets or Securities Secrets shall not, other than as set out in the applicable legislation, be disclosed to third parties without the Client's authorisation and shall not be used outside the scope of duties.

[286] Any person who becomes privy to a Trade Secret or a Securities Secret may not use it to obtain, directly or indirectly, an advantage for himself/herself or for another person, or to cause any disadvantage to the Fund Manager or the Fund Manager's clients.

[287] Information may not be withheld on the grounds that it constitutes a Trade Secret in the case of a data-reporting or information-provision obligation defined in a separate act of law and pertaining to the publication of data of public interest and data that is public by virtue of its benefit to the public.

[288] The Fund Manager may disclose a Securities Secret to a third party, while informing the Client, if

- a) the Client or its legal representative requests or authorises the disclosure of the information relating to it in a public or private document of full probative force, specifying the particulars of the Securities Secrets that are subject to disclosure;
- b) the interests of the Fund Manager require it for the purpose of the sale of a claim it has against the Client or the enforcement of an overdue claim, or
- c) it is exempt from the obligation to keep the Securities Secret in accordance with the provisions of Section 118 (3)-(4) and (7) of the Bszt.;
- d) in other situations as provided for by law.

[289] The Fund Manager shall, upon data requests or written enquiries by the national security service, the public prosecutor's office, the investigating authority or the body conducting preliminary proceedings, immediately provide the requested data on the transaction executed and the account managed by it, if there is information that the account or the transaction is associated with the items listed in Section 119 (1) of the Bszt.

[290] Performance of the data provision under Section 120 of the Bszt. shall not constitute a breach of Securities Secrets.

## 8.2. Liability rules

- [291] In the event that the Fund Manager, in the performance of an investment service or ancillary activity, uses a subcontractor or a contributing partner (including custodians), outsources an activity or employs an agent (hereinafter collectively: **Contributing Partner**), it shall be liable for the activities of such partner as if it had performed the activity itself.
- [292] If the Fund Manager uses a Contributing Partner, the Fund Manager shall not charge any separate fee or request any reimbursement of costs, unless otherwise agreed by the Parties. Any costs incurred by the Fund Manager in connection with the activities of the Contributing Partner appointed by the Client shall be reimbursed by the Client as incurred.
- [293] The Fund Manager shall act in the performance of each contract with the due care normally expected of an investment fund manager and in accordance with the Client's instructions, in the interest of the performance of the contract.
- [294] If, upon conclusion of the contract or during the term of the contract, the Client gives the Fund Manager instructions that appear to be inappropriate or unprofessional, the Fund Manager shall warn the Client accordingly. If the Client insists on the inappropriate or unprofessional instruction, the Client shall be liable for the resulting damages.
- [295] The Fund Manager excludes its liability:
- a) for damages resulting from dysfunctionality due to data-traffic errors, or from the use of data and information provided by external service providers;
  - b) for damages resulting from the rejection of a request to establish a business relationship or the suspension of the execution of a Transaction;
  - c) for damages that occur as a result of force majeure, foreign or domestic authority or court orders, stock exchange rules or regulations, necessary authority or court registration, or due to late submission thereof, or
  - d) for the fact that the Financial Instrument made available to the Fund Manager is free of litigation, encumbrances and claims.
- [296] The Fund Manager shall not be liable for any damages that occur as a result of force majeure, domestic or foreign authority orders, delay in obtaining, refusal to obtain or withdrawal of a public authority's authorisation, or by failure to register, or unclear instructions from the Client or for any other reason related to the Client's sphere of interest. The Fund Manager shall not be responsible for the creditworthiness or solvency of the issuers of any securities acquired under stock-exchange sale and purchase agreements. The Fund Manager shall not be liable for any loss caused by the suspension of trading in any relevant securities or exchange-traded products by the BSE or any other stock exchange.
- [297] The Fund Manager shall not be liable for damage resulting from the malfunction of a telecommunications device (telephone or fax), electronic data transmission system, computer system or telecommunications system, unless the damage is caused by the Fund Manager. The Fund Manager shall not be liable for any damage resulting from faults in the telephone lines or in the Client's telephone equipment, nor shall it be liable for any damage caused by the use of information obtained by interception of telephone equipment by unauthorised persons. The Client hereby irrevocably releases the Fund Manager from any liability associated with the interruption, repetition, unauthorised use, intentional or unintentional distortion, or cutting off for whatever reason, of any telephone conversation. The Client further acknowledges and agrees that the Fund

Manager may record incoming telephone calls and use them as evidence in respect of the transaction concerned.

- [298] The Fund Manager shall examine the documents identifying the Client with the due care that may reasonably be expected of it. The Fund Manager shall not be liable if the forged or falsified nature of a document could not be detected even after careful examination.
- [299] The Fund Manager shall not verify the authenticity of the securities' endorsements, only their format compliance. If the endorsement is not genuine and the securities are transferred to the Client as such with the assistance of the Fund Manager, the Fund Manager shall not be liable for any loss incurred by the Client as a result.
- [300] The Fund Manager shall verify the authenticity of the securities with the due care that may reasonably be expected of it. If the Client acquires or sells fake securities with the assistance of the Fund Manager, the Fund Manager shall be liable for the Client's loss resulting from this if, had it exercised reasonable care, it should have been able to determine that the securities were not genuine. The Fund Manager reserves the right to bring a claim against the person, organisation or Client providing the securities if a claim is brought against it in the cases set out in this or the preceding point on the grounds that the securities are counterfeit.
- [301] The Fund Manager does not check the rights and obligations relating to the securities that might limit the transferability of the securities. The Fund Manager shall be liable for any damages resulting from failure to observe the restriction on transferability only if the above rights are indicated in the form of printing or over stamping on the securities themselves.
- [302] If the Supervisory Authority withdraws or suspends the authorisation for the Fund Manager's activities, the Fund Manager shall only be liable to the Client for the performance of contracts already concluded up to the date of suspension. In the event of the suspension of the Fund Manager, the Fund Manager shall not be liable for any resulting damage if the suspension prevents the performance of the contract concluded with the Client.
- [303] The Fund Manager may not exclude its liability if the damage was caused by reasons attributable to the Fund Manager or if its activities did not meet the requirements that may be expected of an investment service provider. Furthermore, except as provided for in these Terms and Conditions or by law, the Fund Manager may not exclude its liability for the performance of its obligations arising from the contract or from the law.

### **8.3. Cases of serious breach of contract**

- [304] In respect of contracts entered into between the Fund Manager and the Client, the cases deemed serious breaches of contract are defined. In the case of a serious breach of contract, the aggrieved party shall be entitled to terminate the contracts between the parties with immediate effect.
- [305] A serious breach of contract by the Fund Manager shall be deemed to have occurred if the Fund Manager:
- a) repeatedly and seriously fails to comply with the rules on the management of the Client's Financial Instruments, uses the Client's Financial Instruments for its own purposes or for the purposes of another Client, or fails to execute the Client's Transaction / order or executes it incorrectly, resulting in verifiable financial loss.
- [306] It is considered a serious breach of contract by the Client if the Client:
- a) refuses to provide the information and supporting documents requested in the course of Client due diligence;

- b) fails to inform the Fund Manager in writing within 5 days of any changes to its Identification Data;
- c) fails to comply with its deposit-placement obligations related to the contract (including payment of Costs); and
- d) attempts to enter into a transaction or gives instructions in the course of entering into or executing a Transaction or giving an order or giving instructions in the course of portfolio management activities which is based on inside information or constitutes unfair exchange rate manipulation.

[307] The following shall constitute serious breaches of contract by both the Client and the Fund Manager:

- a) provision of a service or consideration that is not suitable for satisfying the essential contractual interest (provided that this is not the result of unpredictable effects of the capital market or other objective circumstances);
- b) a failure to comply with the duty to provide information and to cooperate that results in a failure to perform the contract or disproportionately prejudices the interests of the other Party;
- c) failure to fulfil other obligations under the contract, despite a written reminder from the entitled Party;
- d) failure to perform due to the wilful misconduct or gross negligence of one of the Parties, and
- e) refusal to perform without good cause.

[308] The Client or the Fund Manager may invoke a serious breach of contract within 15 days of becoming aware of such serious breach of contract.

[309] The Party responsible for the serious breach of contract shall be liable to compensate the other Party for any resulting damage.

[310] If one of the Parties becomes aware of a breach of contract by the other Party, it shall notify the other Party of this without delay. A Party that becomes aware of a breach of contract but fails to notify the other Party or is late in notifying the other Party shall be liable for the damage resulting from its failure to comply with its obligation to notify.

[311] The Parties shall treat the other Party's breach of contract as a trade secret or a securities secret and shall disclose it only to the person (body) specified in the Tpt.

#### **8.4. Settlement of disputes**

[312] In order to investigate complaints from Retail Clients in a prompt and transparent manner, the Fund Manager has established detailed rules for the investigation of complaints in its internal regulations, which ensure that the following basic principles are met:

- a) Equal treatment principle: all Clients are to be treated equally;
- b) Transparency: complaints are to be investigated by the appropriate department, within a regulated and documented framework;
- c) Impartiality: impartiality should be sought in the investigation of the complaint, and the Fund Manager's staff concerned must be involved in the investigation only to the extent necessary to clarify the circumstances.

- [313] The rules for handling client complaints are set out in the Complaints Handling Policy of the Fund Manager, which is annexed to these Terms and Conditions.
- [314] Any disputes arising between the Parties in connection with these Terms and Conditions, including their breach, validity or interpretation, shall be settled by the competent Hungarian court having jurisdiction in accordance with the relevant rules of civil procedure.
- [315] Contracts concluded between the Fund Manager and the Client within the framework of investment services and ancillary activities shall be governed by Hungarian law.

## 8.5. Termination of contract

- [316] The contract shall terminate:
- a) upon performance;
  - b) in the case of a fixed-term contract, on expiry, unless it is extended by the Parties;
  - c) by termination;
  - d) by mutual agreement;
  - e) if the Fund Manager's operating licence is withdrawn;
  - f) upon the Client's death or through the Client's incapacity or limited capacity (if the Client is a natural person) or by dissolution of a legal person without a legal successor, on the day on which the Fund Manager has received official notification of the aforementioned event or fact, or
  - g) for any other reason specified in the contract.
- [317] The legal relationship established between the Client and the Fund Manager shall enter into force on the day of execution of the agreement shall remain in force for an indefinite duration.
- [318] The contract may be terminated in writing by either party without giving any reason (**Ordinary Termination**), subject to a period of notice of 15 days by the Fund Manager, and with immediate effect by the Client, provided that the balance on the latter's account managed by the Fund Manager is zero or positive. Except if the account is depleted, termination of the Agreement by the Client shall not be valid unless another account manager is designated upon termination, or the Client has given instructions on the future of the assets in their account to allow proper settlement.
- [319] The Fund Manager shall not be held responsible if another account manager refuses to accept the securities held, and thus the Client's client account or securities account cannot be closed.
- [320] Considering that the redemption of investment units that are part of an illiquid series is not possible; therefore, if such illiquid investment units are held in the Client's securities account, this may prevent or hinder the exercise of termination rights or settlement between the Parties. The Fund Manager shall not be held liable if the Client's client account or securities account cannot be closed due to investment unit(s) that are part of an illiquid series.
- [321] In the event of a negative account balance, the Client may also terminate the contract with immediate effect if, at the same time as the termination, the Client settles the debt on its account maintained by the Fund Manager. In such case, the Parties shall not be obliged to provide any further services to each other.
- [322] If the securities account contract was concluded through distance selling, the Client, in their capacity as a consumer, is entitled to special withdrawal and termination rights as set out in the

Tétv.; such rights and terms and conditions are set out in detail in the Fund Manager's distance selling notice published on its website.

- [323] Termination with immediate effect (**Extraordinary Termination**) shall be possible in the event of a serious breach of contract.
- [324] The Fund Manager may terminate the Agreement with immediate effect if the continued performance or maintenance of the agreement entered into with the Client would violate any sanctions or measure under any UN resolution, or a regulation of the United Nations Organization, or any commercial or financial embargo or economic sanction of the European Union, Hungary, the UK, or the USA.
- [325] In the event of termination of the contract or of individual contracts concluded on the basis thereof, the Client and the Fund Manager shall be obliged to fulfil, within the time limits specified in the contract, the obligations of the Contracting Parties under the contracts concluded and performed. Upon termination of the Agreement and any contracts entered into based on the Agreement, the Parties shall settle accounts within 15 days (*unless circumstances to prevent such settlement arise, e.g. the other account manager does not accept the securities held on the account managed by the Fund Manager or where the securities held are part of an illiquid series*).
- [326] If the agreement is terminated by the Fund Manager, and provided that the account balance is positive, the Client shall designate another account manager to accept the investment units held on their securities account, or give instructions for the redemption of such investment units and for the transfer of funds from their client account.
- [327] If the settlement period expires without resolution, the Fund Manager may refuse to execute any new transactions initiated by the Client; the Fund Manager shall only be obliged to carry out instructions related to transferring funds or financial instruments currently held on the Client's account to an account with another service provider.
- [328] The Fund Manager shall be entitled to terminate the contract with immediate effect in the event that liquidation proceedings are opened against the Client.

## 9. RULES OF INVESTOR PROTECTION

- [329] The Tpt. regulates the protection of the Client's claims in the event of the insolvency of the investment service provider. Under the domestic legislation in force, any Client claims frozen with investment service providers are insured by the Investor Protection Fund (hereinafter: **Fund**).
- [330] The Fund Manager has been a member of the Fund since 19 December 2002, and therefore the investment service activity conducted by it is deemed to be an insured activity.
- [331] The insurance provided by the Fund does not cover any claims of
  - a) the state;
  - b) budgetary agencies;
  - c) local governments;
  - d) institutional investors;
  - e) compulsory or voluntary deposit insurance, institution protection funds or the Investor Protection Fund, or Pension Guarantee Funds;
  - f) extra-budgetary funds;
  - g) investment firms, members of the stock exchange and commodity dealers;

- h) financial institutions as defined in Act CCXXXVII of 2013 on Credit Institutions and Financial Firms (hereinafter: Hpt.);
- i) the National Bank of Hungary (MNB);
- j) a person holding an executive position in a member of the Fund and his/her close relatives, and
- k) a business or a natural person or a controlled company of the same, and, in the case of a natural-person owner, the close relatives of such natural-person owner which/who holds a direct or indirect participating interest or voting right of five per cent or more in a member of the Fund;
- l) the auditor of a member of the Fund

as well as claims of the foreign equivalents of those listed above.

[332] The grounds set out in points j)-l) of the preceding paragraph shall exclude compensation if they existed during the period between the conclusion of the contract giving rise to the claim for compensation and the date of submission of the claim for compensation, or during a part of such period, in the case of the Fund member in relation to which compensation proceedings were initiated.

[333] Furthermore, the insurance provided by the Fund shall not cover any claim arising out of a transaction in respect of which a court has made a final decision that the source of the investment originated from a criminal offence.

[334] Furthermore, the insurance provided by the Fund shall not cover any claims arising out of transactions in currencies other than the euro or the legal tender of a Member State of the European Union or of the OECD.

[335] The Fund shall be liable to pay compensation if

- a) the Supervisory Authority initiates liquidation proceedings against the Fund Manager, or
- b) a court orders the liquidation of the Fund Manager.

[336] Within 15 (fifteen) days of the publication of the fact of the liquidation, the Fund shall inform the Client by means of a notice on the website operated by the Supervisory Authority and on its own website of

- a) the possibility of enforcing a claim for compensation;
- b) the first day of the claim enforcement (which shall not be later than the thirtieth day after the publication of the fact of the liquidation);
- c) the means of enforcing a claim, and
- d) the name of the organisation making the payment.

[337] Compensation shall be determined on the basis of a request by the Client. The Fund may determine the form of the request. The request may be submitted by the Client within one year of the first day of the claim enforcement. If the Client was unable to submit its claim within the time limit for an excusable reason, the request may be submitted within 30 (thirty) days after the obstacle has been removed.

[338] The Fund shall pay the Investor entitled to compensation up to a maximum of one hundred thousand euros per person and per Fund member in indemnification. The rate of the compensation to be paid by the Fund is one hundred per cent up to an amount of one million

forints, and is one million forints and ninety percent of the portion above one million forints in the case of claims exceeding one million forints.

- [339] When determining the amount of compensation, all of the insured claims of the Client that have not been released by the Fund Manager are to be consolidated.
- [340] If the Fund Manager has a claim against the Client that has expired or will expire before the compensation is paid, it shall be offset against the investor's claim when determining the compensation.
- [341] The Fund shall pay the compensation in cash.
- [342] In the event that the Client's contractually supported claim is in agreement with the Fund Manager's records, the Fund shall, to the extent of such agreement, determine the amount of the compensation and shall ensure that the amount due to the claimant is paid without delay, but not later than ninety days from the date of the determination. In particularly justified cases, the payment deadline may be extended once, with the prior approval of the Supervisory Authority, up to a maximum of a further ninety days. The date of payment shall be deemed to be the date on which the investor first had access to the amount of compensation agreed.
- [343] The Fund shall also pay compensation under the conditions laid down in the Tpt. even if no compensation can be determined for the Client, but the Client proves its claim by a final court decision. In such a case, the investor may submit a claim within ninety days of the date on which the decision becomes final, accompanied by the decision substantiating the claim.
- [344] The claim shall be transferred from the Client to the Fund up to the amount of the compensation paid by the Fund.

## **10. FIGHT AGAINST MONEY LAUNDERING**

- [345] The Fund Manager shall conduct its investment services and ancillary activities in a manner that complies with the provisions of the Pmt. In this context, it shall, inter alia:
  - a) conduct full Client due diligence;
  - b) have the Client make a declaration on the beneficial owner;
  - c) have the Client make a declaration on its status as a politically exposed person;
  - d) submit a report if any information, fact or circumstance indicating money laundering or terrorist financing comes to light, and
  - e) suspend the execution of the Client's Transactions / orders or freeze the Client's accounts maintained by the Fund Manager, if required by law.
- [346] In the event that any information, fact or circumstance indicating money laundering or terrorist financing comes to light, the Fund Manager shall notify the authority acting as a financial intelligence unit, while, at the same time, the Fund Manager, the notifying person and the authority acting as a financial intelligence unit may not disclose to the Client or to any other third parties or organisations the fact that a notification has been made, information has been provided, the fact that the transaction / order has been suspended, the identity of the person making the notification, and whether criminal proceedings have been initiated against the Client, and they shall ensure that the notification, the contents thereof, and the identity of the notifying person remain confidential (Prohibition of Disclosure).
- [347] The Fund Manager shall not be liable for any damages resulting from the failure to comply with the provisions of the Pmt.

## 11. ACTIVITY RESTRICTIONS AND PORTFOLIO TRANSFERS

### 11.1. Restriction, suspension or withdrawal of the right to conduct an activity

[348] The Fund Manager shall inform its Clients without delay, if

- a) the Supervisory Authority suspends, restricts or withdraws its licence in whole or in part;
- b) a stock exchange or clearing house takes any measure affecting the execution of the Client's orders / Transactions due to the Fund Manager's failure to fulfil or delay in fulfilling its contractual obligations towards the Client;
- c) the Fund Manager decides to return the operating licence or to transfer the portfolio of Client claims;
- d) a court orders the liquidation of the Fund Manager, or
- e) a situation arises that jeopardises the ability of the Fund Manager to meet its obligations towards the Client.

[349] The Fund Manager shall provide the information referred to in the previous paragraph on its website or through the contact channel agreed upon with the Client.

### 11.2. General rules on portfolio transfer

[350] The Fund Manager may – subject to the provision of prior notice to the Clients and to approval by the Supervisory Authority – assign its claims from and liabilities to Clients to another investment firm (hereinafter: **Portfolio Transfer**).

[351] Before the Portfolio Transfer Contract enters into force, the Fund Manager will inform its Clients of the following:

- a) its intention to transfer;
- b) the name, address, website, contact details and other relevant key information of the receiving investment firm (hereinafter: **Transferee**);
- c) the availability and form of the Transferee's terms and conditions;
- d) the fact that, in the event of rejection of the Transferee's terms and conditions, the Client may designate another investment firm (hereinafter: **Transferee chosen by the Client**) (the name of the investment firm chosen and the number of the securities account, securities deposit account and the number of the account used for transacting the investment-related cash flows are required);
- e) the fact that the Client has 30 days to designate an investment firm other than the Transferee and, in the absence of a declaration in this regard, the Fund Manager will consider that the Client has accepted the Transferee's terms and conditions; or
- f) the fact that the Financial Instruments and cash funds held by or due to the Client up to the deadline specified in the previous point will be managed by the Fund Manager, and after that, by the Transferee, and will be subject to the provisions of the Transferee's terms and conditions.

[352] The transfer of the Fund Manager's contractual obligations related to the portfolio shall be governed by the rules of the Ptk. on the assumption of liabilities, while the transfer of the Fund Manager's contractual rights vis-a-vis the Client shall be governed by the rules of the Ptk. on

assignment, with the variation that the Client's consent is not required for the transfer of the portfolio.

[353] The costs of the portfolio transfer shall be borne in full by the Fund Manager.

## **12. TERMINATION OF ACTIVITY**

[354] The Fund Manager shall notify its Clients in writing without delay of any partial or total suspension or restriction, or any partial or total withdrawal of its operating licence or any individual activities performed by it, or of any final decision by the Fund Manager that results in the termination of its licence to provide investment services or ancillary activities.

[355] The winding-up of the Fund Manager may be ordered only by a decision of the Supervisory Authority, which may be taken following the withdrawal or return of the supervisory licence authorising it to conduct investment service activities.

[356] The Metropolitan Court of Budapest shall have exclusive jurisdiction in respect of the liquidation of the Fund Manager.

[357] In the event of the termination of the Fund Manager's activities for whatever reason, the Fund Manager shall, within the limits stipulated by law, ensure the right of disposal of the Clients in respect of the Financial Instruments deposited in the accounts managed by the Fund Manager.

## **13. FINAL PROVISIONS**

[358] In matters not regulated in these Terms and Conditions and in individual contracts between the Client and the Fund Manager, the provisions of the Bszt., the Kbtv., the Tpt., the Pmt. and the Ptk. shall apply.

[359] The following shall constitute an integral part of these Terms and Conditions:

- a) Annex no. 1: Forms applicable to contracts to be concluded with clients
  - a) Purchase Agreement and Redemption Agreement;
  - b) Long-term Investment Contract;
  - c) Online Registration Contract;
  - d) Portfolio Management Contract;
  - e) Investment Consultancy Contract;
  - f) Framework Contract for Securities Lending;
  - g) Premium Account Package Supplementary Agreement;
  - h) (Other) Supplementary Agreement on Intermediaries.
- b) Annex no. 2: Scope of outsourced activities and list of companies performing outsourced activities
- c) Annex no. 3: List of contributors
- d) Annex no. 4: Schedule of Fees
- e) Annex no. 5: Business hours
- f) Annex no. 6: Securities account opening agreement and general terms of contract
- g) Annex no. 7: Complaints Handling Policy
- h) Annex no. 8: Best Execution Policy
  - Annex no. 8/a – Performance Partners
- i) Annex no. 9: Conflict of Interest Policy
- j) Annex no. 10: Appropriateness questionnaire

- k) Annex no. 11: Supplement to the general terms of contract regarding the range of internet services available through the online client service facility
- l) Annex no. 12: Methods for executing client operations.

***Approved by the Fund Manager's Management Board***