



## **Announcement on compliance with certain provisions of the EMIR**

– IN RESPECT OF INVESTMENT SERVICES –<sup>1</sup>

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<sup>1</sup>The amended provisions of this Announcement, highlighted in italics and grey, indicate changes compared to the Announcement that entered into force on 21 January 2022.

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## **Announcement on compliance with certain provisions of the EMIR – in respect of investment services –**

### **A. Sources of legislation**

1. OTP Bank Plc. provides investment services to its clients in compliance with the legislation and EU legislative acts in effect at the time when the services are used. [Regulation No. 648/2012/EU of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories](#) contains provisions in respect of both OTP Bank Plc. and its contracting partners, compliance with which and cooperation in this respect are the obligations of both parties given that EMIR becomes directly operative in all Member States of the European Union. The European Commission published the following regulations on the implementation of the EMIR:
  - a. [COMMISSION DELEGATED REGULATION No 876/2013/EU](#) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on colleges for central counterparties
  - b. [COMMISSION DELEGATED REGULATION No 153/2013/EU](#) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to the regulatory technical standards on requirements for central counterparties
  - c. [COMMISSION DELEGATED REGULATION No 152/2013/EU](#) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to the regulatory technical standards on capital requirements for central counterparties
  - d. [COMMISSION DELEGATED REGULATION No 151/2013/EU](#) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, with regard to regulatory technical standards specifying the data to be published and made available by trade repositories and operational standards for aggregating, comparing and accessing the data
  - e. [COMMISSION DELEGATED REGULATION No 150/2013/EU](#) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards specifying the details of the application for registration as a trade repository
  - f. [COMMISSION DELEGATED REGULATION No 149/2013/EU](#) supplementing Regulation No 648/2012/EU of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements, the clearing obligation, the public register, access to a trading venue, non-financial counterparties, and risk mitigation techniques for OTC derivatives contracts not cleared by a CCP
  - g. [COMMISSION DELEGATED REGULATION No 148/2013/EU](#) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards on the minimum details of the data to be reported to trade repositories
  - h. [COMMISSION IMPLEMENTING REGULATION No 1249/2012/EU](#) laying down implementing technical standards with regard to the format of the records to be maintained by central counterparties according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories
  - i. [COMMISSION IMPLEMENTING REGULATION No 1248/2012/EU](#) laying down implementing technical standards with regard to the format of applications for registration of trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories
  - j. [COMMISSION IMPLEMENTING REGULATION No 1247/2012/EU](#) laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories
  - k. [COMMISSION DELEGATED REGULATION NO 285/2014/EU](#) of 13 February 2014 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on direct, substantial and foreseeable effect of contracts within the Union and to prevent the evasion of rules and obligations

- l. [COMMISSION DELEGATED REGULATION 2015/2205/EU](#) of 6 August 2015 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation
- m. [COMMISSION DELEGATED REGULATION 2016/592/EU](#) of 1 March 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation
- n. [COMMISSION DELEGATED REGULATION 2016/2251/EU](#) of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty
- o. [COMMISSION DELEGATED REGULATION 2016/1178/EU](#) of 10 June 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation
- p. [COMMISSION DELEGATED REGULATION 2021/1456/EU](#) of 2 June 2021 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council by specifying the conditions under which the commercial terms for clearing services for OTC derivatives are to be considered to be fair, reasonable, non-discriminatory and transparent
- q. [COMMISSION DELEGATED REGULATION 2022/1855/EU](#) of 10 June 2022 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards specifying the minimum details of the data to be reported to trade repositories and the type of reports to be used
- r. [COMMISSION DELEGATED REGULATION 2022/1858/EU](#) of 10 June 2022 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards specifying the procedures for the reconciliation of data between trade repositories and the procedures to be applied by the trade repository to verify the compliance by the reporting counterparty or submitting entity with the reporting requirements and to verify the completeness and correctness of the data reported
- s. [COMMISSION IMPLEMENTING REGULATION 2022/1860/EU](#) of 10 June 2022 laying down implementing technical standards for the application of Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to the standards, formats, frequency and methods and arrangements for reporting

2. For the purposes of this Announcement, EMIR means all legislative acts listed herein, including their effective amendments.
3. This Announcement is published with a view to ensuring the compliance of OTP Bank Plc. and facilitating the compliance of its clients with the provisions set forth in the legislative acts listed herein and regulated by this Announcement.

OTP Bank Plc. calls the attention of its clients that in their efforts to meet the requirements of the EMIR they should not rely solely on this Announcement, but are required to ensure their compliance independently, in their own name, through the appropriate interpretation of the applicable legislative acts and the expert opinions they obtain. *In relation to the provisions of this Announcement:*

- *Investment Services Business Regulation (hereinafter: Business Regulation),*

- *Annex A to the Investment Services Business Regulations: Global Markets Services General Terms and Conditions*

*may also contain(s) additional information.*

## **B. Transactions governed by the EMIR**

4. The EMIR lays down clearing and bilateral risk management requirements for over-the-counter (OTC) derivative contracts, reporting requirements for derivative contracts and uniform requirements for the performance of activities of central counterparties and trade repositories.
5. **OTC derivative** means a derivative contract, the execution of which takes place not in a regulated market within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC or in a third country market considered as equivalent to a regulated market in accordance with Article 2a of Regulation (EU) 648/2012. Derivative contract means a financial instrument as set out in paragraphs (4) to (10) of Section C of Annex I to Directive 2004/39/EC (MiFID), executed in accordance with Articles 38

and 39 of Regulation No 1287/2006/EC (MiFIR). This Announcement is to be applied only in the case of the OTC derivative contracts defined herein, concluded between OTP Bank Plc. and its clients.

6. This Announcement may not be applied to OTC derivative contracts concluded between the Parties, if another agreement between the Parties, drawn up on paper or on another durable medium,
  - a. contains explicit provisions excluding its application, or
  - b. contains provisions on the relevant subject complying with the EMIR, or the EMIR is applicable to that subject (thus, especially if the Parties have entered into an ISDA Master Agreement and related collateral agreement (ISDA Credit Support Annex), or if the Parties have joined the EMIR protocol published by the ISDA with respect to contracts constituting the subject matter of this Announcement, in which case OTP Bank Plc. shall apply the documentation published by the ISDA).

### C. Financial Counterparties and Non-Financial Counterparties

7. The personal scope of EMIR covers enterprises qualifying as Financial Counterparties (hereinafter: "**FC**") and Non-Financial Counterparties (hereinafter: "**NFC**"). The necessity and the extent of the compliance with the provisions of the EMIR depends on whether the client qualifies as an FC or an NFC, and, within this, whether it qualifies as a Non-Financial Counterparty subject to Central clearing obligation (the Financial Counterparty not subject to Central clearing obligation is hereinafter referred to as "**FC-**"; the Non-Financial Counterparty not subject to Central clearing obligation hereinafter referred to as "**NFC-**"; whereas the Financial Counterparty subject to Central clearing obligation is hereinafter referred to as "**FC+**", and the Non-Financial Counterparty subject to Central clearing obligation is hereinafter referred to as "**NFC+**").

OTP Bank Plc. determines the client's EMIR status (FC/NFC/other and, within the FC category: FC+ or FC-, or, within the NFC category: NFC+ or NFC-) based on the client's declaration and fulfils its obligations under EMIR with respect to the client until such time as the client informs OTP Bank Plc. about an EMIR client status other than the one applied by OTP Bank Plc. The client is obliged to inform OTP Bank Plc. forthwith, in the event of any change occurred in his EMIR client status. Persons not having a registered office in the EU (third country entities) may also fall within the EMIR, the client status of which must be determined as if they had their registered office in the EU.

8. The following clients shall qualify as FCs: (i) investment firms authorised in accordance with Directive 2014/65/EU of the European Parliament and of the Council, (ii) credit institutions authorised in accordance with Directive 2013/36/EU of the European Parliament and of the Council, (iii) insurance and reinsurance companies authorised in accordance with Directive 2009/138/EC of the European Parliament and of the Council, (iv) UCITS companies authorised in accordance with Directive 2009/65/EU of the European Parliament and of the Council, or the fund management company managing them, as the case may be, unless the UCITS concerned was established exclusively for the purpose of serving one or more employee share purchase program, (v) institutions for occupational retirement provision defined in Article 6(1) of Directive (EU) 2016/2341 of the European Parliament and of the Council, (vi) alternative investment funds (AIFs) managed by alternative investment fund managers (AIFMs) that are defined in Article 4(1)(a) of Directive 2011/61/EU of the European Parliament and of the Council, or established in the Union, or authorised or registered in accordance with the said directive, unless the AIF concerned was established exclusively for the purpose of serving one or more employee share purchase program, or unless the AIF is a securitisation special purpose entity under Article 2(3)(g) of Directive 2011/61/EU, and, as the case may be, their AIFMs established in the Union, (vii) the central depositories authorised in accordance with Regulation (EU) No 909/2014 of the European Parliament and of the Council. OTP Bank Plc. informs its clients that for the purpose of EMIR, OTP Bank Plc. qualifies as an FC, and within that as a credit institution. All those FCs that do not qualify as FC+ under Article 4a(1), second subsection of Regulation (EU) 648/2012 qualify as **FC**.

The FC+ and FC- statuses depend on the completion and the result of the position calculation under Article 4a of Regulation (EU) 648/2012. An FC that has a position in OTC derivatives can calculate its aggregate month-end average position with respect to the previous 12 months. The calculation method is primarily based on Article 4a(3) of Regulation (EU) No 648/2012. If the FC does not calculate its positions or if the result of this calculation exceeds the clearing threshold<sup>1</sup> for any of the OTC derivative categories, it shall be obliged to immediately inform the European Securities and

Markets Authority (hereinafter referred to as **ESMA**) and the competent national authority of this fact and to establish appropriate clearing arrangements within 4 months of such notification, and it shall become subject to the clearing obligation in respect of all OTC derivative contracts concluded or renewed after the date determined in Article 4a(1)(c) of Regulation (EU) No 648/2012 that belong to an asset class subject to the clearing obligation.

9. All undertakings that are not FCs or central counterparties qualify as **NFC**. All persons or organisations (including natural persons or municipalities) that pursue business activity (offer services or products in the market) qualify as an undertaking.
10. All NFCs for which the conditions set out in Article 10(1), second subsection of Regulation (EU) 648/2012 are fulfilled, shall qualify as **NFC+**. The NFC+ and NFC- statuses depend on the completion and the result of the position calculation under Article 10 of Regulation (EU) 648/2012. An NFC that has a position in OTC derivatives can calculate its aggregate month-end average position with respect to the previous 12 months. The calculation method is primarily based on Article 10(3) of Regulation (EU) No 648/2012. If the NFC does not calculate its positions or if the result of this calculation exceeds the clearing threshold for one or more OTC derivative categories<sup>2</sup>, it shall be obliged to immediately notify the ESMA and the competent national authority of this fact and to establish appropriate clearing arrangements within 4 months of such notification, and it shall become subject to the clearing obligation (i) in respect of all those OTC derivative contracts concluded or renewed after the date determined in Article 10(1)(c) of Regulation (EU) No 648/2012 that belong to an asset class, subject to the clearing obligation, for which the result of the calculation exceeds the clearing thresholds, or (ii) if it did not complete the calculation, then in respect of all OTC derivative contracts concluded or renewed after the date determined in Article 10(1)(c) of Regulation (EU) No 648/2012 that belong to an asset class subject to the clearing obligation.
11. The EMIR does not apply to:
  - a. the members of the ESCB and other member state agencies performing similar functions and other European Union public institutions responsible for or participating in public debt management;
  - b. the Bank for International Settlements,
  - c. central banks commissioned with or participating in the management of government debt and EU public institutions in the following countries: Japan, the United States of America, Australia, Canada, Hong Kong, Mexico, Singapore and Switzerland.

Accordingly, this Announcement does not apply to the OTC derivative contracts concluded between OTP Bank Plc. and its clients defined herein.

12. With the exception of the reporting obligation to the trade repository, the EMIR does not apply to:
  - a. multilateral development banks, as listed in Section 4.2 of Part 1 of Annex VI to Directive 2006/48/EC;
  - b. public sector entities within the meaning of paragraph (18) of Article 4 of Directive 2006/48/EC, where they are owned by central governments and have separate guarantee arrangements provided by central governments;
  - c. the European Financial Stability Facility and the European Stability Mechanism.

Consequently, this Announcement will only be applicable to OTC derivative contracts concluded between OTP Bank Plc. and its clients specified herein inasmuch as the reporting obligation to the trade repository is concerned.

## **D. Portfolio reconciliation procedure**

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<sup>2</sup> The clearing thresholds relevant to the establishment of the clearing obligations are as follows:

- a) OTC credit derivative contracts: EUR 1 billion gross notional value;
- b) OTC equity derivative contracts: EUR 1 billion gross notional value;
- c) OTC interest derivative contracts: EUR 3 billion gross notional value;
- d) OTC foreign exchange derivative contracts: EUR 3 billion gross notional value;
- e) OTC commodity derivative contracts and other contracts not specified in items a) to d) above: EUR 3 billion gross notional value.

13. The purpose of this Section D. is to establish a well-founded, flexible, and auditable standard procedure for the Portfolio Reconciliation to be performed by OTP Bank Plc. and its client.
14. "**Portfolio**" means the entirety of the OTC derivative contracts outstanding between OTP Bank Plc. and its client on the last working day of the period specified on the basis of the frequency of Portfolio reconciliation (e.g. in the case of quarterly frequency, on the last working day of the respective quarter). "**Working day**", for the purposes of this Announcement, shall refer to those working days that are considered as working days at OTP Bank Plc.
15. Depending on the status of the client under the EMIR, OTP Bank Plc. will perform Portfolio Reconciliation with the client at the following frequency:

Status of the client	Number of outstanding OTC derivative contracts (pcs)	Frequency of Portfolio Reconciliation	Day of Portfolio Reconciliation/ forwarding
FC	at least 500	each working day	next working day
	at least 51 and maximum 499 during the week	once a week	by the 2 <sup>nd</sup> working day of the week after
	not more than 50 during the quarter	once per quarter	by the 5 <sup>th</sup> working day of the next quarter
NFC+	at least 500	each working day	next working day
	at least 51 and not more than 499	once a week	by the 2 <sup>nd</sup> working day of the week after
	not more than 50	once per quarter	by the 5 <sup>th</sup> working day of the next quarter
NFC-	more than 100 at any time during the quarter	once per quarter	by the 5 <sup>th</sup> working day of the next quarter
	not more than 100	once a year	by the 5 <sup>th</sup> working day of the following year

16. OTP Bank Plc. will send to the client the following details of the Portfolio, valid on the last working day of the reconciliation period specified on the basis of the frequency, for reconciliation: Contract identifier (K+); Transaction Date, Value Date, Maturity Date, Face Value, Currency, Instrument, Asset Class, Underlying Instrument, Position Value (the value established by the Bank with the mark-to-market method, or, if allowed under the EMIR, with the mark-to-model method), currency of the Position Value, date of calculating the Position Value.
17. For the purposes of Portfolio Reconciliation, OTP Bank Plc. will be the sending party, and the client will be the recipient party of the portfolio details, unless the Parties mutually agree otherwise in writing. Pursuant to the foregoing, on the **Portfolio Reconciliation Day** OTP Bank Plc. will forward the details of the Portfolio to the client using the communications channel specified by the Parties.
18. If OTP Bank Plc receives no Notice specified in Section 17 from its FC or NFC+ clients within 2 working days and from its NFC- clients within 3 working days after sending the notification under Section 22, OTP Bank Plc. will deem that the Portfolio Reconciliation between the Parties was successful and no Dispute has arisen in connection therewith.
19. The statements, notifications and the contents thereof sent by OTP Bank Plc. to its client in the framework of the Portfolio Reconciliation shall not be construed as a full or partial waiver of the rights and claims OTP Bank Plc. has acquired under its existing contracts with the client, nor may they be construed as an acknowledgement of any obligation, receivable or claim on the part of OTP Bank Plc., or the amendment, termination or cancellation of any existing contract. After sending the notification under Section 17, OTP Bank Plc may, in a notification addressed to the client, correct errors and omissions in Section 17; in such a case the client will be entitled to send a Notice under Section 18 after the amended notification has been sent.
20. The Parties may agree to conduct the Portfolio Reconciliation procedure with the involvement of a third party to be designated by mutual consent; in this case the detailed applicable conditions will be included in the contract signed by the Parties to this effect and the contract terms and conditions of that third party.

## E. Settlement of disputes related to Portfolio Reconciliation

21. The purpose of this Section E. is to establish a well-founded, flexible and auditable standard procedure for the early recognition and settlement of disputes that may arise between OTP Bank Plc. and its client in relation to the Portfolio Reconciliation.
22. In order to fulfil its obligation under the EMIR and other legislation, the client must keep a register on its OTC derivative contracts concluded with OTP Bank Plc. The client will reconcile the data contained in this register with the details of the Portfolio received from OTP Bank Plc. in line with Section D., checking especially the data stated by OTP Bank Plc. regarding the valuation of OTC derivative contracts. Should the client discover any discrepancy between the details of the Portfolio it received from OTP Bank Plc. in line with Section D. and its own records, (for the purpose of this Section: "**Dispute**") it may notify OTP Bank Plc. thereof via the communication channel designated by OTP Bank Plc. in the notification on the Portfolio Reconciliation within the deadline specified in subsection 18 following the identification of such discrepancy (for the purposes of this Section: "**Notice**"), and simultaneously with this the dispute resolution procedure relating to the Portfolio Reconciliation will commence between the Parties.
23. Within 2 working days after the communication of the Notice, OTP Bank Plc. will send a reply (for the purpose of this Section: "**Reply**") to the client, informing the client of the outcome of the procedure conducted in respect of the objection or discrepancy in data specified in the Notice. If the client makes no further comments or objections within 2 working days after the communication of the Reply, OTP Bank Plc. will consider the Dispute resolved. The client may examine the Reply and inform OTP Bank Plc. of any further objections (for the purpose of this Section: "**Objection**") within 2 working days.
24. In the event that the Parties are unable to resolve their Dispute in conformity with Section 23, within 5 working days following the communication of the Objection, they will attempt to settle the Dispute through personal consultation (for the purpose of this Section: "**Consultation**"). In the course of the Consultation, the Parties examine the information and contracts recorded in respect of the transaction, reconcile the data in their records, and also assess the market information and standards related to the relevant OTC derivative contracts, and furthermore, they may employ any mutually agreed method or tool that could facilitate the resolution of the Dispute. If the Parties come to an agreement as to the resolution of their Dispute during the Consultation, OTP Bank Plc. will regard the Dispute as one resolved by agreement. If the efforts of the Parties to resolve the Dispute by way of Consultation fail, the Parties may refer their Dispute to a mutually selected expert or expert committee. If the Consultation yields no result within 15 working days following the communication of the Notice, no expert or expert committee is designated, or the Parties are unable to resolve the Dispute by mutual agreement, either Party may apply to the forum designated in the relevant contract and by the laws for dispute resolution (e.g. ordinary court, complaint handling procedures of OTP Bank Plc.).
25. OTP Bank Plc. keeps records on the Dispute, the period for which the Dispute has been unresolved, the person of the client and the disputed amount. OTP Bank Plc will report to the Magyar Nemzeti Bank any disputes between the contracting parties, relating to OTC derivative contracts, its valuation, or the collateral exchange where the amount or value involved reaches EUR 15,000,000 and unresolved for at least 15 working days.

## F. Portfolio compression

26. Twice a year, OTP Bank Plc will – or if it is not required to do so under the EMIR, may – examine the option of conducting a portfolio compression exercise in order to reduce the counterparty credit risk, and if it deems it appropriate it will execute such portfolio compression based on the agreement concluded with the client to this effect.
27. OTP Bank Plc. may request the client to participate in this portfolio compression exercise and cooperate with OTP Bank Plc. in good faith in the performance thereof. In the event that OTP Bank Plc. is required under the EMIR to provide a reasonable and valid explanation to the Magyar Nemzeti Bank at the latter's request why the parties found the portfolio compression inappropriate,



the client shall cooperate with OTP Bank Plc. in good faith in delivering and obtaining information to support the explanation, and also agree to OTP Bank Plc's disclosing such information to the Magyar Nemzeti Bank.

## **G. Reporting obligation to the trade repository**

28. Pursuant to Article 9 (1) of EMIR, counterparties and central counterparties must fulfil their Reporting Obligation to the Trade Repository. Counterparties classified as FC or NFC are directly bound by the Reporting Obligation, with the following deviations:
- a. Effective from 18 June 2020, OTP Bank Plc. as financial counterparty shall bear sole responsibility for reporting the data of over-the-counter derivative contracts with an NFC-Client on behalf of both parties and for ensuring the accuracy of the reported data, in accordance with Article 9 (1a) of EMIR. Pursuant to the same paragraph in EMIR and for the purpose of ensuring that OTP Bank Plc. as financial counterparty has all the data necessary for fulfilling its reporting obligation, the NFC- Client shall hand over to OTP Bank Plc. those data of their over-the-counter derivative contracts about which it cannot be reasonably assumed that OTP Bank Plc. is in possession of. The NFC- Client is responsible for the accuracy of these data.
  - b. In deviation from the section above, NFC- Clients that have already invested in a reporting system may decide pursuant to Article 9 (1a) of EMIR that they will themselves report to a trade repository the data of their over-the-counter derivative contracts with OTP Bank Plc. as financial counterparty. In such a case, the NFC- Client shall notify OTP Bank Plc. of its decision prior to reporting the data. Pursuant to Article 9 (1a) of EMIR, in such a case the NFC- Clients shall have the responsibility and legal liability for reporting such data and ensuring their accuracy.

Unless otherwise agreed upon by the Parties, the NFC- Client may inform OTP Bank Plc. of its decision as per the above in the *Global Markets Framework Agreement* or, in the case of an *International Master Agreement (ISDA or GMRA)*, in the *Master Regulatory Reporting Agreement (MRR)*. Further rules are set out in the *Business Regulation*.

29. As part of the reporting obligation, OTP Bank Plc. must also report the transactions, concluded with its natural person clients not qualifying as legal entities, falling within the Reporting Obligation, but the scope of EMIR does not cover such clients.
30. Data to be reported to the Trade Repository in accordance with the Reporting Obligation shall be reported no later than on the working day following the conclusion, modification, or termination of the contract, in compliance with Article 9 (1) of EMIR. The Reporting Obligation applies to derivative contracts as per Article 9 (1) of the EMIR where
- a. were concluded before 12 February 2014, and still outstanding on that date;
  - b. were concluded on or after 12 February 2014.
- The Reporting Obligation is applicable to both exchange-traded and OTC derivative contracts.
31. Counterparties, hence OTP Bank Plc. and the Client, shall keep a record of any derivative contract they have concluded and any modification thereof for a period of at least five years following the termination of the contract in accordance with Article 9 (2) of EMIR.
32. Pursuant to Article 9 (4) of EMIR, when OTP Bank Plc. reports the details of a derivative contract in accordance with EMIR to a Trade Repository or to ESMA – whether on behalf of a Client (based on arrangements to that effect) or in order to fulfil OTP Bank Plc's own obligation –, it shall not be considered to be in breach of any restriction on disclosure of information imposed by that contract or by any legislative, regulatory or administrative provision (regulations related to securities and bank secret). The reporting and disclosure of the data under EMIR does not originate any liability in respect of OTP Bank Plc., its executive officers or employees.
33. A counterparty subject to the Reporting Obligation may delegate the reporting of the details of the derivative contract pursuant to Article 9 (1f) of EMIR. The Client may engage OTP Bank Plc. in the Master Agreement to participate in the fulfilment of the Client's Reporting Obligation. Further rules are set out in the *Business Regulation*.

34. OTP Bank Plc. performs the reporting obligation to REGIS-TR S.A (Luxembourg) European Trade Repository with the cooperation of Központi Elszámolóház és Értéktár (Budapest) Zártkörűen Működő Részvénytársaság (Central Clearing House and Depository Private Limited Company)(1075 Budapest, Asbóth u. 9-11, company registration number: 01-10-042346, activity licence number: 33.001/1994; KELER Zrt.) (as Reporting Contributor). The Client may obtain information about the acceptance of the Reportable Details by the Trade Repository via the information system operated by the Reporting Contributor, if any, once the relevant contracts are concluded and the applicable fees and costs are paid.
35. Pursuant to EMIR, COMMISSION IMPLEMENTING REGULATION No 1247/2012/EU of 19 December 2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, and COMMISSION DELEGATED REGULATION No 148/2013/EU supplementing Regulation (EU) No 648/2012 of 19 December 2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards on the minimum details of the data to be reported to trade repositories Clients that are not private individuals shall be assigned a Legal Entity Identifier (LEI code) when fulfilling the Reporting Obligation. OTP Bank Plc. LEI code: 529900W3MOO00A18X956. For the purposes of the Reporting Obligation, OTP Bank Plc. may only accept a LEI code from the Client that:
- applies to the Client concerned,
  - has a status that complies with the effective regulatory requirements (currently: 'issued', 'pending transfer' or 'pending archival'),
  - is included in the global LEI database maintained by the central operating unit (GLEIF) appointed by the Legal Entity Identifier Regulatory Oversight Committee.
36. Partner Data to be supplied by the Client to OTP Bank Plc. to facilitate compliance with the Reporting Obligation:
- Partner identifier (LEI code)
  - Country of registered seat to identify the partner country code
  - Sector code
  - Type of counterparty (FC or NFC)
  - Above/below the clearing threshold (whether the counterparty is subject to a central clearing obligation, i.e. + or -)
37. *The scope of the Reporting Obligation data to be reported to the Trade Repository will be extended from 29 April for EU EMIR Refit (amending regulation for the revision of EMIR) 2024 and from 30 September for UK EMIR Refit 2024. Market participants, including OTP Bank Plc, will be required to re-report by 29 October 2024, with the new reportable data, for all transactions that existed on 29 April 2024. OTP Bank Plc hereby informs the clients on whose behalf it fulfils the reporting obligation that it will carry out the re-reporting by the indicated deadline.*

## H. Settlement obligation

38. The settlement obligation means that the OTC transactions subject to mandatory settlement must be cleared at a central counterparty (CCP), which
- holds an EMIR licence for the clearing of the OTC transactions subject to mandatory settlement (e.g. interest rate swap) ("Authorised Clearing CCP"), or
  - was recognised on the basis of EMIR, and it is included in the list of the European Securities and Markets Authority ("ESMA").
39. For the purpose of the settlement obligation, the contracting party must become a clearing member or client or establish indirect settlement agreements with a clearing member.
40. The settlement obligation applies to the respective instrument category from the date established by the EU Commission in its regulatory technical standard specifying the settlement obligation. In respect of the intra-group transactions, exemption from the settlement obligation may be applied for at the competent authorities.

41. The clearing obligation shall affect "FC+" and "NFC+" clients, in the case of these latter ones either in all or only in specific asset classes subject to the clearing obligation (depending on whether they did or did not complete the calculation described in Article 10 of the EMIR).
42. In order for OTP Bank Plc to establish in respect of the instrument categories subject to settlement obligation whether the transaction concluded with the Client is subject to settlement obligation, the Parties mutually inform each other on their status in terms of the settlement obligation.  
OTP Bank Plc is subject to the clearing obligation. The Client shall be obliged to immediately inform OTP Bank Plc of its status related to the clearing obligation or of any changes thereto. On 7 June 2019, ISDA published the Master Regulatory Disclosure Letter, which helps the parties applying the ISDA documentation confirm their EMIR settlement obligation category, as specified above, to the parties concluding a contract with them. OTP Bank Plc. recommends the use of either this Letter, or the *EMIR clearing obligation status notification letter* applied by OTP Bank Plc. itself.  
All consequences arising from the Client's failed, delayed or false reporting concerning its status related to the clearing obligation (including any damage caused to or incurred by OTP Bank Plc) shall be borne by the Client.
43. If based on the reporting there is such transaction in force or such transaction would be concluded between the Parties that is subject to settlement obligation, the Parties will make efforts to conclude an ISDA Master Agreement with the addenda necessary for the fulfilment of the settlement obligation.

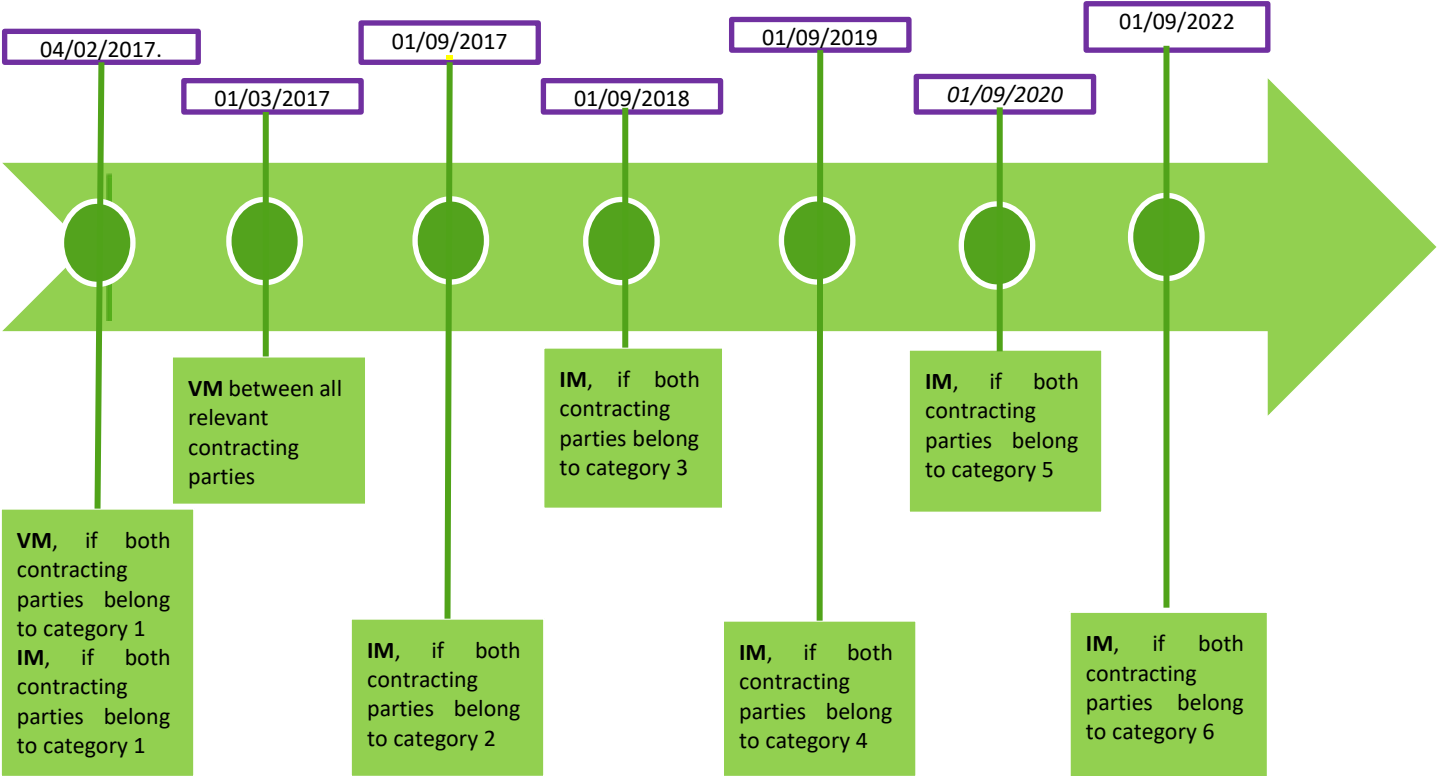
## **I. Collateral exchange obligation**

44. In respect of the risk mitigating techniques applicable to OTC derivative contracts settled with the involvement of non-central counterparties, the EMIR occasionally prescribes the obligation of mutual collateral exchange.
45. This obligation applies to the OTC derivative contracts settled with the involvement of non-central counterparties.
46. This obligation applies to the transactions of "FC" and "NFC+" contracting parties concluded with each other. If an "FC" or "NFC+" with registered office in the EU, concludes an OTC derivative contract with such a third country contracting party that would qualify as an FC or NFC+ if it had its registered office in the EU, the rules governing this obligation apply to these transactions as well. For the purpose of this Section F these persons qualify as relevant contracting party.
47. This obligation prescribes the application of the following risk mitigating techniques:
  - a. exchange of initial margin (IM) between the relevant contracting parties (with defined exceptions),
  - b. variation margin call (VM) from the other relevant contracting party (with defined exceptions),
  - c. defines the list of eligible collaterals and the credit quality of those,
  - d. contains requirements for the management of risk of negative direction; sets concentration limits (in the case of IM),
  - e. contains requirement for the collateral valuation (haircuts),
  - f. formulates requirements with regard to risk management and documentation, and
  - g. prescribes the separation of collaterals (in the case of IM).

48. The effective date of the requirements related to the variation margin call and the initial margin exchange depends on the EU aggregate month-end average notional amount (EU AANA) of the relevant contracting parties' or group of relevant contracting parties' OTC derivative contracts to be taken into consideration, calculated in accordance with Commission Regulation (EU) 2016/2251 on the risk mitigation techniques for OTC derivative contracts not cleared by a CCP:

<b>Category 1</b>	AANA > EUR 3 trillion
<b>Category 2</b>	AANA > EUR 2.25 trillion
<b>Category 3</b>	AANA > EUR 1.5 trillion
<b>Category 4</b>	AANA > EUR 0.75 trillion
<b>Category 5</b>	AANA > EUR 50 billion
<b>Category 6</b>	AANA > EUR 8 billion

49. The chart below shows the effective dates under RTS as per Commission Regulation (EU) 2016/2251:



In order to ensure that OTP Bank can determine in respect of the collateral exchange obligation whether the transactions concluded with the Client are subject to this obligation, the Parties mutually inform each other on their status under the collateral exchange obligation. For these purposes, OTP Bank Plc. recommends the use of either the ISDA Master Regulatory Disclosure Letter published by the ISDA on 7 June 2019, or the *EMIR clearing obligation status notification letter* applied by OTP Bank Plc. itself.

50. If based on the data supply there is such outstanding transaction between the Parties or such transaction would be concluded between them that is subject to the collateral exchange obligation,

the Parties will make efforts to enter into an ISDA Master Agreement with any and all addenda necessary for the fulfilment of the collateral exchange obligation.

## **J. Settlement of disputes concerning collateral amounts**

51. The purpose of this Section J. is to establish a well-founded, flexible and auditable standard procedure for the early recognition and settlement of disputes that may arise between OTP Bank Plc. and the client in relation to the collateral amounts under EMIR.
52. In order to fulfil their obligation under the EMIR and other legislation, OTP Bank Plc. and the client must keep a register on its OTC derivative contracts concluded between them and the collateral demand of such contracts. OTP Bank Plc. and the client will reconcile the data contained in their own register with the information on necessary collateral sent to it by the other Party once per banking day, and will verify them. Should either Party discover any discrepancy between the information contained in the client's own register and the information in OTP Bank Plc.'s register (for the purpose of this Section: "Dispute"), one Party may notify the other Party thereof within 1 banking day of receiving the information, via the communication channel designated by the other Party in the notification on Portfolio Reconciliation (for the purpose of this Section: "Notification"); and at the same time, the dispute resolution procedure regarding the amount of the necessary collateral will commence between the Parties.
53. Within 2 working days of the serving of the Notification received by them, the Parties will send a reply (for the purposes of this Section: "Reply") to the Party having sent the Notification, informing the Party having sent the Notification of the outcome of the procedure conducted in respect of the comments and the data mismatch specified in the Notification. If the Party having sent the Notification makes no further comments or objections within 2 working days after the communication of the Reply, the Parties will consider the Dispute resolved. The Party having sent the Notification may examine the Reply and inform the Party having sent the Reply of any further objections (for the purpose of this Section: "Objection") within 2 working days.
54. In the event that the Parties are unable to resolve their Dispute in conformity with Section 52, within 5 working days following the communication of the Objection, they will attempt to settle the Dispute through personal consultation (for the purpose of this Section: "**Consultation**"). In the course of the Consultation, the Parties examine the information recorded in respect of the amount of the collateral and the relevant contracts, reconcile the data in their records, and also assess the market information and standards related to the relevant OTC derivative contracts, and furthermore, they may employ any mutually agreed method or tool that could facilitate the resolution of the Dispute. If the Parties come to an agreement as to the resolution of their Dispute during the Consultation, the Parties will regard the Dispute as one resolved by agreement. If the efforts of the Parties to resolve the Dispute by way of a Consultation fail, the Parties may refer their Dispute to a mutually selected expert or expert committee. If the Consultation yields no result within 15 working days following the communication of the Notice, no expert or expert committee is designated, or the Parties are unable to resolve the Dispute by mutual agreement, either Party may apply to the forum designated in the relevant contract and by the laws for dispute resolution (e.g. ordinary court, complaint handling procedures of OTP Bank Plc. or the client).
55. OTP Bank Plc. keeps records on the Dispute, the period for which the Dispute has been unresolved, the person of the client and the disputed amount. For the purposes of this paragraph, a case when a discrepancy between the information contained in the registers of the two Parties is resolved by the Parties by the close of business on the day when the discrepancies are discovered and the Parties agree on the amount of the necessary collateral shall not be considered as a Dispute by OTP Bank Plc.
56. OTP Bank Plc. will report to the Magyar Nemzeti Bank any disputes between the contracting parties, relating to OTC derivative contracts, its valuation, or the collateral exchange where the amount or value involved reaches EUR 15,000,000 and unresolved for at least 15 working days.