RULES OF PROCEDURE

FOR THE NON-COMPETITIVE PLACEMENT OF GOVERNMENT BOND SERIES IN THE SECONDARY MARKET, SUBSEQUENT TO THE AUCTION, WITHIN THE FRAMEWORK OF OTC TRANSACTIONS

Date of entry into force: 1 January 2025

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Preamble

These rules of procedure (hereinafter as: Rules of Procedure) set out the terms and conditions of the non-competitive trading of Government Bonds (as defined in the Primary Dealer Contract) to be held on the day of the auction for the placement of the given Government Bond series or part of the series, after the auction, organized by the Government Debt Management Agency Private Company Limited by Shares (hereinafter as: ÁKK).

1. General provisions

1.1. The non-competitive secondary market trading of Government Bonds by ÁKK is carried out on the day of the auction, in accordance with these Rules of Procedure. Bids may be submitted directly only by the dealer(s) (hereinafter as: Primary Dealer(s)) having entered into a Primary Dealer Contract with ÁKK on the placement and trading of Government Securities issued by the Hungarian State (hereinafter as: Contract).

1.2. By submitting a bid for the Government Bond(s), the bidders accept the provisions of these Rules of Procedure as binding on themselves.

1.3. The capitalized terms in these Rules of Procedure, unless expressly defined otherwise herein, shall have the meaning specified in the currently effective version of the offering circular on the public issuance of Government Bonds (hereinafter as: Offering Circular) as well as in the Contract.

1.4. ÁKK shall publish the series and ISIN identifier of Government Bonds to be traded under these Rules of Procedure as well as the announced amount for trading and the deadline for the financial settlement on the Bloomberg GDMA 6/4, 6/5 and 6/6 as well as on the LSEG (previously: Refinitiv Eikon) HUAUCTION03, HUAUCTION04 and HUAUCTION05 pages, until 12.00 noon CET on the day of the auction. The announced amount for trading may not exceed 30% of the total face value of the competitive bids accepted at the given auction.

1.5. Within the framework of the trading under these Rules of Procedure, a sale and purchase contract - not qualifying as a stock exchange transaction - shall be concluded between the Primary Dealers having accepted bids at the given auction and ÁKK, for the Government Bonds concerned.

1.6. For issues not regulated under these Rules of Procedure the relevant provisions of Hungarian laws shall prevail.

2. Rules for the submission of bids

2.1. The submission of bids and the confirmation of accepted bids can be made on the following platforms: on Bloomberg, on LSEG FX Trading, or by e-mail. The primary platform of the transaction is Bloomberg, otherwise ÁKK will notify Primary Dealers about the platform used by e-mail until 12.00 noon CET on the day of the auction.

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2.2. Within the framework of the trading under these Rules of Procedure, bids may be submitted on the system specified in Section 2.1. Bids may be submitted for a total face value of at least HUF 1,000,000, namely One million Hungarian Forints (100 pieces for a face value of HUF 10,000). The bids must contain the series code of the Government Bond series concerned and the amount wished to be purchased. Bids must be submitted for pieces or face value, taking into account the HUF 10,000 face value. Bids may be submitted to ÁKK between 1.00 and 1.30 p.m. CET on the day of the auction of the given Government Bond series/part of the series (separately for each series, but included in one bid for all the Government Bonds of the same series).

2.3. Each Primary Dealer may submit a bid for all series of Government Bonds issued at the given auction, up to the percentage of the total face value of the bids validly submitted by the Primary Dealer and accepted by ÁKK, within the framework of the competitive phase of the auction as determined by the percentage of the total face value of the competitive bids accepted in the auction in relation to the volume of the announced amount for trading published in accordance with Section 1.4 of these Rules of Procedure. (For the avoidance of doubt, i.e. if the announced amount for trading pursuant to Section 1.4. of these Rules of Procedure does not reach the percentage of the total face value of the competitive bids accepted at the given auction as determined by ÁKK, then the ratio of the bids of each Primary Dealer to the total face value of their bids accepted at the auction shall not exceed the ratio of the announced amount for trading to the total face value of the competitive bids accepted at the auction.) The part of the bid exceeding the amount specified herein, shall not be taken into account by ÁKK.

2.4. Bids submitted incompletely or incorrectly, as well as bids received outside the input time period, will not be accepted by ÁKK.

2.5. Within the framework of the trading under these Rules of Procedure, transactions will be concluded at a predetermined price, at the volume-weighted average price of the competitive bids accepted at the given auction.

2.6. If, in the framework of the given non-competitive trading, a preliminary price, amount or other similar restriction is applied in addition to or in deviation from those specified in these Rules of Procedure, then ÁKK will publish such change and inform the Primary Dealers about it, prior to the given trading.

3. Evaluation of the bids

3.1. During the bid input period, bids may be modified or withdrawn, after which the bidder remains bound to his bid until his bid is rejected or partially or wholly accepted by ÁKK.

3.2. Bids may be accepted up to the maximum of the announced amount for trading pursuant to Section 1.4. of these Rules of Procedure, and per Primary Dealer up to the percentage of the total face value of the bid validly submitted by the given Primary Dealer in the framework of the competitive phase of the auction and accepted by ÁKK as determined by the percentage of the total face value of the competitive bids accepted at the auction in relation to the announced amount for trading pursuant to Section 1.4. of these Rules of Procedure

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4. Announcement of the results, settlement

4.1. Primary Dealers having accepted bids in the course of the trading under these Rules of Procedure will receive confirmation of their accepted bids, the amount, the price and the settlement date through the system specified in Section 2.1. until 1.40 p.m. CET on the day of the auction.

4.2. ÁKK will publish the total face value of the submitted and accepted bids at 1.45 p.m. CET on the day of the auction on his own website (www.akk.hu), on the Bloomberg GDMA 6/4, 6/5 and 6/6, as well as on the LSEG HUAUCTION03, HUAUCTION04 and HUAUCTION05 pages.

4.3. The sale shall be settled in the framework of one transaction per Government Bond of the same series, with the provision that at the expressed request of the given Primary Dealer the transaction may be divided into two lots as maximum.

4.4. Within the framework of the trading under these Rules of Procedure, the settlement date of the transaction between the Primary Dealers having accepted bids and ÁKK shall be the same as the settlement date of the given auction. Otherwise, on the basis of the accepted bids, ÁKK as seller and Primary Dealer(s) as buyer(s) shall fulfil cash and securities settlements related to the transaction in accordance with the currently effective General Business Rules of KELER Zrt. and the provisions of these Rules applicable to OTC transactions.

5. Validity of the Rules of Procedure

5.1. The provisions of these Rules of Procedure shall apply from 1 January 2025 until the withdrawal by ÁKK.

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