

General Terms and Conditions for Clearing Services of Exchange Traded Derivatives (ETD) offered by Erste Group Bank AG (EGB)

Introduction

Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MiFIR) requires the operators of regulated markets to ensure that all transactions in derivatives that are concluded on the regulated markets operated by them are cleared by a central counterparty ("EU CCP"), i.e. a clearing obligation for exchange traded derivatives (ETDs).

In order to clear these derivatives, counterparties may become a clearing member, the client of a clearing member or establish indirect clearing arrangements with a clearing member, i.e. become client of a direct client of a clearing member. According to Article 30(1) of MiFIR indirect clearing arrangements with regard to ETDs are permissible provided that those arrangements do (i) not increase counterparty risk and (ii) ensure that the counterparty benefits from a protection with equivalent effect to the one which is guaranteed for direct clients by Articles 39 and 48 of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives central counterparties and trade repositories¹ (EMIR).

On September 22nd, 2017 the European Commission has published Commission Delegated Regulation amending Commission Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements². On November 21st, 2017 the European Commission has published Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standard on indirect clearing arrangements³ ("Indirect Clearing RTS").

We will provide you with relevant information to allow you to identify the corresponding EU CCP and the clearing member used to clear your positions. Please note that by clearing ETD Transactions through us, you will be deemed to have read and understood all risk disclosure statements with respect to your clearing activities regarding ETD Transactions that we have provided to you.

¹ EMIR: <http://eur-lex.europa.eu/legal-content/DE/ALL/?uri=celex%3A32012R0648>

² RTS on indirect clearing arrangements: <http://ec.europa.eu/transparency/regdoc/rep/3/2017/EN/C-2017-6268-F1-EN-MAIN-PART-1.PDF>

³ http://eur-lex.europa.eu/eli/reg_del/2017/2154/oj

Disclosure information concerning our costs as well as the risk disclosure for providing indirect clearing services can be found on our website: <http://www.erstegroup.com/mifid>

In accordance with the above mentioned provisions EGB disclose the following general terms & conditions.

Terms & Conditions

EGB provides clearing services for ETD as a clearing member ("CM") at Eurex Clearing AG in Germany ("Eurex") and as a direct client (DC) via its local subsidiaries Erste Befektetési Zrt. (Erste Investment Hungary) at Keler CCP Central Counterparty Ltd. ("Keler") for the Hungarian market and Erste Securities Polska at KDPW_CCP S.A. ("KDPW") for the Polish market. For all other offered markets EGB provides clearing services via UBS AG Zurich who in turn provides clearing services via affiliated or non affiliated brokers.

When providing indirect clearing services to you, we may generally require necessary information from you as well as agreement & acceptance of following corresponding terms.

Necessary Client Information

Licenses: you confirm to our satisfaction that you have obtained all registrations or licenses, if any, that you may require to conduct business and that you remain in good standing with all relevant regulatory and self-regulatory authorities.

Authority: you confirm also to our satisfaction that you have full power and authority to enter into the agreement for ETD transactions and to enter into the transactions contemplated thereby for your account or on your behalf.

Necessary information: you provide us with such information that we may request in order to verify your identity as a customer as required by law.

Financial resources: you confirm to our satisfaction that you meet our minimum financial requirements appropriate for your business, experience and the nature of the trading in which you intend to engage. You must agree to provide us with such financial information, including a current financial statement, as we may request from time to time and to notify us promptly of any material change in your financial condition.

Operational capacity: additional you provide us with information regarding your operational capacity to facilitate indirect clearing.

Experience in ETD: you confirm that you have read and understood all disclosure documents with respect to your ETD trading activities. You confirm also that you are re fully acquainted with the functional aspects of ETD transactions, the exchanges and clearing organizations on which these are traded, that orders are placed on your own initiative and based upon your assessment and that you are fully aware of the risks accompanying ETD transactions.

Compliance: you acknowledge that all ETD transactions affected for your account or on your behalf are subject to applicable law.

Collateral & Risk Management

Limits: you agree that we may, in our sole discretion, limit the size of your positions, refuse to accept any order or transaction, or require you to transfer your account to another firm.

Margins: you agree to provide initial margin (“IM”) and meet all margin calls (“MC”) for additional margin in such form and amounts and within such time as we may determine, consistent with the applicable law to the agreement as well as agree to the consequences should you fail to respond to margin calls.

Collaterals: you transfer collateral in the form accepted by us from your account/deposit as full title transfer (transfer of ownership) to our account/deposit to margin, guarantee or secure all ETD transactions that we clear for your account or on your behalf and, where applicable, authorize and agree to use such collateral.

Securities rights: you grant us a right of pledge by way of security for all additional claims which we may have against you resulting from our business relationship with you regarding ETD transactions. You grant us a right to set-off any amount owed by you to us against any amount owed by us to you in the course of the ETD business relationship, irrespective of maturity or currency.

Default management & Miscellaneous Terms

Liquidation of assets and positions: you acknowledge that, upon an event of default, as that term is defined in the clearing agreement with us, we will have certain rights as set out in the agreement, including the right, in addition to any remedy otherwise available in law, to liquidate any or all exchange-traded derivatives contracts held in your name or on your behalf by any lawful means and to realize any collateral that we may hold to meet any amounts you owe us. ETD transactions are carried out exclusively at your own risk.

Disclosure of information: you also agree to the disclosure of information where required by law to facilitate indirect clearing from exchanges, competent supervisory authority, self-regulatory organization or other third parties.

Conflict of interests: where we provide clearing services with an affiliate a conflict of interest may arise, in particular in the insolvency of either or both of us and/or our affiliate. Such potential conflicts are managed by measures and procedures which ensure that the positions and assets held by us for the account of our clients are separated from positions and assets of our affiliates. Also, the positions and assets held for our clients are recorded and may be disposed of only in accordance with the safeguarding provisions under § 38 et seq. of the Austrian Securities Supervision Act 2018 (Wertpapieraufsichtsgesetz – WAG 2018). The compliance of those procedures are maintained and controlled by independent compliance and audit functions.

Jurisdiction: you agree that the clearing agreement will be interpreted in accordance with Austrian law and submit to the jurisdiction of the courts of Vienna, Austria.

Additional requirements if EGB acts as a clearing member on Eurex

When providing indirect clearing services to your clients for which we are a clearing member at Eurex you must comply with the requirements for the provision of indirect clearing services by indirect clients according to the RTS. In such case the following additional terms apply:

- you provide us with such information as we may reasonably require in order to provide the clearing services or otherwise comply with applicable law and regulation. In connection with our clearing services at Eurex, the Indirect Clearing RTS requires that you provide us with sufficient information to identify, monitor and manage any material risks arising from the indirect clearing services being provided.
- in an event of your default, the termination of the agreement for dealing with ETD will produce one liquidation amount for your house (proprietary) transactions and another liquidation amount for your client transactions that are in each case cleared through a CCP.
- we may set-off a positive liquidation amount of your house (proprietary) transactions against a negative liquidation amount of your client transactions but not reciprocal.
- you must publicly disclose your general terms and conditions under which you provide indirect clearing services to your clients.
- you must comply with EU indirect clearing rules that apply to you as an intermediary and if these rules do not directly apply to you, you must contractually undertake to comply with them.

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