



Resolution No. 67/2018 of the CEO of the Budapest Stock Exchange

Budapest, 19 February, 2018.

The Chief Executive Officer of the Budapest Stock Exchange Ltd., in accordance with Section 3.2. of Chapter 3 of Part I of the Fifth Book – Trading Rules of the General Terms Service of the Budapest Stock Exchange Ltd., hereby amends its Resolution No. 451/2017 of the Budapest Stock Exchange on the detailed rules and regulations of the market making activity and the market making agreement on the regulated market of the Budapest Stock Exchange effective as of 21 February 2018 in accordance with the attached consolidated text.

Richárd Végh
Chairman and CEO



**RESOLUTION No. 451/2017 OF THE CEO
OF THE BUDAPEST STOCK EXCHANGE**

**ON THE DETAILED RULES AND REGULATIONS OF THE MARKET
MAKING ACTIVITY AND THE MARKET MAKING AGREEMENT**

**ON THE REGULATED MARKET OF THE BUDAPEST STOCK
EXCHANGE**

(consolidated text integrating the amendments as per Resolution 67/2018 of the
CEO of the Budapest Stock Exchange Ltd.)

Effective as of 21 February 2018

1 The Purpose and Scope of this Regulation

1.1 Introduction

- 1.1.1 The Budapest Stock Exchange Ltd. (hereinafter referred to as: **Exchange**) has developed incentive schemes regarding the market making for specified instruments in certain circumstances and market making agreements in order to improve and ensure the secondary market liquidity and the predictable and continuous trading of the financial instruments traded on the spot and derivative regulated markets.
- 1.1.2 The Exchange Members providing market making activity under the Market Making Agreement (hereinafter referred to as: **Market Makers**) undertake to perform and maintain bids and asks orders or quotes in accordance with the Market Making Agreement and this Regulation, by increasing the liquidity of the order book and the market as well.
- 1.1.3 The basis of the rules included in this Regulation are as follows: the Act CXX of 2001 on the Capital Market (hereinafter referred to as: **CMA**) and the Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers (hereinafter referred to as: **ISA**) which are the Hungarian implemented rules of the Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments (hereinafter referred to as: **MiFID II**), which amended Directive 2002/92/EC And Directive 2011/61/EU and the Commission Delegated Regulation (EU) 2017/578 on supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying the requirements on market making agreements and schemes (hereinafter referred to as: **MiFID Regulation**).
- 1.1.4 This Regulation is an inseparable part of the Market Making Agreement concluded by and between the Exchange Member and the Exchange and it serves as general terms and conditions.
- 1.1.5 The terms not defined in this document and indicated with capital letters shall bear the meaning specified in the General Terms of Service of the Budapest Stock Exchange Ltd.

1.2 The Purpose of this Regulation

- 1.2.1 The purpose of this Regulation is to define the terms and conditions of the market making activity on the spot and derivative regulated markets of the Exchange (MIC: XBUD), the obligation of the Exchange Members regarding the conclusion of the Market Making Agreement, the specific circumstances of market making, the various incentives and their conditions which may be provided to the Market Makers in order to improve liquidity and the sanctions applicable if the Market Making Agreement is breached.
- 1.2.2 The Exchange is entitled to apply different rules regarding the market making activities, which are not regulated under the laws specified in Section 1.1.3.

1.3 The Scope of this Regulation

- 1.3.1 This Regulation is applicable solely to the market making activity pursued through the trading systems of the regulated markets of the Exchange (hereinafter referred to as: **Market Making Activity**).
- 1.3.2 The scope of this Regulation applies to the Exchange Members and the Exchange.

2 General terms and minimum conditions regarding the Market Making Activities

2.1 The minimum conditions of the Market Making Activity and the Market Making Agreement

- 2.1.1 The Exchange Member pursues Market Making Activity, if it maintains
- a) limit price orders or quotes,
 - b) as two-way quotes,
 - c) with comparable order quantities both in bids and asks
 - d) which are simultaneous and binding,
 - e) in the trading systems of the Exchange
 - f) at least during 50% of the daily trading hours which takes place in continuous trading¹ - excluding the opening and closing periods – calculated for each trading day on more than half of the trading days of the given month
 - g) in the public order book regarding at least one tradable financial instrument on the Exchange
 - h) by dealing on its own account (not client account) of the minimum size stipulated in Annex I. “The Parameters of Market Making” and with competitive price.
- 2.1.2 The market making orders or quotes (hereinafter referred to as: **Quotes**) shall be deemed to have competitive prices under Article 1 of the MiFID Regulation, if they are posted or maintained within the maximum spread determined by the Exchange in column Max. spread² (bp) – „S” of the Mandatory Market Making Agreement of Annex I.
- 2.1.3 The Quotes shall be deemed binding, if they consist of orders or quotes which are executable without any restrictions and when the whole order quantity is visible at any given moment after posting under the trading rules of the Exchange.
- 2.1.4 The Quotes shall be deemed simultaneous and two-way quotes if both the bid and the ask-price are disclosed in the order book at the same time.
- 2.1.5 The bid and ask orders shall be deemed to have comparable sizes, if their sizes do not differ from each other with more than 50%³.
- 2.1.6 Market Making Activity based on orders of clients is prohibited.

2.2 Mandatory Market Making Agreement

- 2.2.1 In order to predictably ensure and follow the liquidity of the market, in case an Exchange Member is pursuing Market Making Activity regarding any financial instrument tradable on any trading venue operated by the Exchange as a regulated market, the Exchange Member shall notify the Exchange without delay about the fact and conclude a market making agreement (hereinafter referred to as **Market Making Agreement**) with the Exchange according to which it is obliged to pursue its Market Making Activity.
- 2.2.2 The Exchange Member is obliged to notify the Exchange on the Market Making Activity and to initiate the conclusion of the Market Making Agreement. The Exchange cannot be held liable in case the Exchange Member does not comply with this obligation. In the event of the Exchange recognizes that an Exchange Member is pursuing Market Making Activity without a Market Making Agreement, the Exchange will call upon the Exchange Member to conclude the Market

¹ Continuous Trading (Spot Market, Continuous Trading with Auctions Trading Model), Auction phases (Spot Market, Auction Trading Model), Continuous Auction Phase (Spot Market, Continuous Auction Model), Free Trading phase (Derivatives Market)

² Spread (bps) = the ratio of the difference between ask and bid price and the average of ask and bid price expressed in basis points (1 basis point (bp) = 0.01%)

³ If X = bid quantity and Y = ask quantity, then $0,5 \leq X/Y \leq 1,5$ or $0,5 \leq Y/X \leq 1,5$ relation is true at any moment.

Making Agreement within 8 days from the receipt of its notice or to suspend its Market Making Activity. If the Exchange Member continuously fails to comply with its obligations specified in the notice, the Exchange reserves the right to apply sanctions defined in the General Terms of Service.

- 2.2.3 The obligation relating to the conclusion of the Market Making Agreement under Section 2.2.1 shall be applied only to the Exchange Members who are qualified as investment service providers (investment firm). However, in order to ensure the liquidity or upon request the Exchange reserves the right to grant opportunity to other participants of the trading to conclude other kind of market making agreements with the Exchange.
- 2.2.4 If the Market Maker fulfils solely the minimum requirements specified in the columns of Annex I of the Mandatory Market Making Agreement, the Exchange will not grant incentives regarding this activity, with the exception of Market Making during Stressed Market Conditions defined under Section 3.2, where the Exchange will refund transaction fees to each Market Maker complying with the minimal requirements set out in the columns of Annex I of the Mandatory Market Making Agreement – as specified and detailed in Section 4 – as an incentive of Market Making Activity pursued regarding the financial instruments indicated as liquid in Annex I.
- 2.2.5 The Exchange grants the incentives defined in Section 4 regarding the obligation of market making, if the special conditions of the Market Making Incentive Scheme under Section 3 are performed. The fact of the participation in the Market Making Incentive Scheme and the obligation relating to this shall be indicated in the Market Making Agreement.
- 2.2.6 The Market Maker shall promptly notify the Exchange, if it ceases its Market Making Activity under Section 2.1 regarding any financial instrument. If the Market Maker ceases its Market Making Activity in all financial instruments, the notice sent by the Market Maker will be considered as a termination notice of the Market Making Agreement. In this case the Market Making Agreement will be terminated on the day specified by the Market Maker, which will be the same as the date of the ceasing of the Market Making Activity. If the Market Making Activity was ceased to continue in some instruments, but not all of them, the parties shall amend the Market Making Agreement accordingly upon the notice.
- 2.2.7 If the Market Maker intends to pursue Market Making Activity in additional financial instruments that are not stipulated in the Market Making Agreement, the Market Maker shall notify the Exchange of this fact without delay and the parties shall amend the Market Making Agreement accordingly upon the notice.
- 2.2.8 The commencement date of the Market Making Activity regarding the respective financial instrument is the date when the Exchange receives the notice regardless the date of the aforementioned amendment of the Market Making Agreement.
- 2.2.9 The Exchange shall notify the Supervision of the conclusion and the termination of the Market Making Agreement.
- 2.2.10 The Exchange shall disclose on the Website the name of the Market Makers who concluded Market Making Agreements with the Exchange, the financial instruments under the Market Making Agreements and whether the Market Maker participates in the incentive scheme or not.
- 2.2.11 In its sole discretion, the Exchange is entitled to determine – by the decision of the CEO of the Exchange, with a 1 (one) month notice period – particular fees or to impose other sanctions (particularly, but not limited to reduced fee refund etc.) regarding the quantity of the orders or the transactions which exceed the simultaneous order or transaction limits defined by the Exchange.

2.3 Other Obligations of the Market Maker

- 2.3.1 The Market Maker shall mark their Quotes – as stipulated in the Market Making Agreement –

and clearly distinguish them from its other orders submitted to the trading system. Besides this, Market Maker is obliged to flag its Quotes as prescribed in MiFID II “order record keeping” rules (liquidity provision flag).

- 2.3.2 The Market Maker shall keep records on Quotes and the transactions related to the Market Making activity which shall be clearly distinguished from its other trading activities. The records shall be made available to the Exchange upon request.
- 2.3.3 The Market Maker shall have internal monitoring and control systems and processes which ensure that the Market Making Activity is in compliance with the effective laws and exchange trading regulations.

2.4 Relief from Obligations in Exceptional Circumstances

- 2.4.1 The Market Maker has no obligation in connection with liquidity specified in the Market Making Agreement (maintaining the Quotes), if any of the following circumstances (hereinafter referred to as **Exceptional Circumstances**) occur:
 - a. Extreme fluctuation of price (volatility): if 80% of the financial instruments traded on the spot market of the Exchange are in Extended Volatility Interruption Sub-Phase
 - b. war, industrial action, civil unrest or cyber sabotage;
 - c. disorderly trading conditions where the maintenance of fair, orderly and transparent execution of trades are compromised:
 - i. the trading system of the Exchange is being significantly affected by delays and interruptions
 - ii. multiple erroneous orders or transactions,
 - iii. the IT capacity of the Exchange is insufficient to provide services (overload);
 - d. the Market Maker’s ability to maintain prudent risk management practices is significantly limited due to any of the following circumstances:
 - i. technical problems (including dysfunctions of data feed or other systems that are essential to carry out a market making strategy),
 - ii. risk management issues in relation to regulatory capital, margining and access to clearing
 - iii. the inability to hedge a position due to a short selling ban;
 - e. in case of non-equity instruments, during the suspension period referred to in Article 9(4) of Regulation (EU) No 600/2014 of the European Parliament and of the Council.
- 2.4.2 The Exchange notifies the market participants of the Exceptional Circumstances and the ceasing of them – if technically possible – through the trading system, in the case of financial instruments that are traded on the spot market in the form of the Xetra News Message, and in case of derivative market products in the form of MMTS II. Trader Workplace working station message, and under the circumstances stipulated in Subsection b, c, and e of Section 2.4.1 via CEO Resolution as well.
- 2.4.3 The Market Maker shall disclose on its website the nature and exact start of the circumstances specified in Subsection d of Section 2.4.1, with clearly indicating the affected equities, furthermore the Market Maker shall promptly notify the Exchange (via the official contact email addresses stipulated in the Market Maker Agreement) as well. Market Maker shall do this at the end of above circumstances too unless the end time has been also published at the start of the event in question. If the Market Maker fails to comply with these obligations, the Exchange considers the particular period of time as normal trading circumstance.

2.5 Further exemptions and special cases

- 2.5.1 The Market Maker is not obliged to quote in the following cases besides the cases outlined in Section 2.4.1:

- a. when both of the (bid-ask) quotes or orders, calculated based on the agreed maximum price spread, exceed the Order Limit (Spot Market) specified by the Exchange for the given Exchange Product or exceed the price determined by the Maximum Daily Price Movement (derivative products including commodity based contracts), or
 - b. in the case of BUX index based ETF and futures contracts, if any of the securities from the BUX Basket representing at least 5% of the basket value is in volatility phase or its trading on the BSE Spot Market (Equities Section) is suspended, interrupted, furthermore if they reach the Order Limit or the Maximum Daily Price Movement determined for the securities by the Exchange persistently obstructs the transactions for these securities, or
- 2.5.2 In case of BUX index based ETF, if the spot trading of at least one of the BUX Basket securities is suspended, interrupted, or by reaching the Order Limit or the Maximum Daily Price Movement determined for this security by the Exchange persistently obstructs the transactions for the security in question, the Market Maker is allowed to raise the maximum price spread set forth in the Market Making Agreement by 100 % for the period of the suspension or interruption.
- 2.5.3 Simultaneous transaction (number) limits in the trading system
- a. In its sole discretion, if it is deemed necessary - with a 1 (one) month notice period in advance - the Exchange is entitled to limit the number of simultaneous transactions or Quotes regarding any Instrument or Instrument group which may be submitted by the Market Maker per second or in a single trading day. The Exchange shall notify the Market Maker of the limitations above. The provisions on the limitation of the number of the transactions and orders are set out in the annexes of the Market Making Agreements.
 - b. Simultaneous transaction shall mean any system message triggered by the Market Maker and which was sent to the trading system, e.g. login, logout, inquiries, order and quote transactions (add/modify/delete an order, add/delete a quote).

3 Market Making Incentive Schemes

3.1 General Rules

- 3.1.1 The Exchange sets out the Market Making Incentive Scheme for both the Normal Trading Conditions and the Stressed Market Conditions. The criteria regarding the Market Making Incentive Schemes is provided in this regulation.
- 3.1.2 The Market Maker may pursue market making activity regarding certain financial instruments with stricter conditions than the conditions provided in Section 2.1 and Annex I (e.g. narrower price spread, higher minimum quantity, higher fulfillment rate, market making in Volatility Phase). The Exchange grants participation in the Market Making Incentive Scheme of the instrument concerned (if the Exchange grants such a possibility regarding the instrument concerned), in case the performance of the aforementioned commitment (Annex I, columns of the Market Making Incentive Scheme). This opportunity is provided in the Market Making Agreement.
- 3.1.3 In case of Normal Trading Conditions, the Exchange supports the fulfillment of the additional commitments regarding the financial instruments set out in Section 4 with Refunds and the Exchange may specify other benefits for the Market Makers.

3.2 Market Making Incentive Scheme for Stressed Market Conditions

- 3.2.1 The Exchange hereby specifies the Stressed Market Conditions which replace the Normal

Trading Conditions regarding exchange-traded funds⁴ and any derivatives related directly thereto, security index based derivative instruments and liquid securities in compliance with 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), as follows.

3.2.1.1. Liquid equities and liquid ETFs

A condition shall be considered as a Stressed Market Condition for 60 minutes following the extra volatility phase of the liquid equities or liquid ETFs, if the price reached within the extra volatility phase is four times higher than the dynamic price spread, or the aggregated amount of the transactions volume is five times higher than the average daily volume in the preceding calendar year regarding the respective financial instrument.

3.2.1.2. Futures contracts and options for liquid equities and liquid ETFs

A condition shall be considered as a Stressed Market Condition regarding futures contracts or options for liquid equities and liquid ETFs, if the underlying product of the derivative product is affected by Stressed Market Conditions (Section 3.2.1.1).

3.2.1.3. Stock index futures and options

A condition shall be considered as a Stressed Market Condition regarding futures or option index, if at least half of the underlying equities which have at least 50% aggregated weight of the index are affected by Stressed Market Conditions.

3.2.2 The Exchange notifies the market participants of Stressed Market Conditions and of the recovery of Normal Trading Conditions via Xetra News Messages in case of spot market instruments, and via MMTS II workstation messages in case of derivative instruments.

3.2.3 During Stressed Market Conditions, maximum price spread („S”), minimum quantity („Q”) and the Performance (minimum presence) set out in Annex I, are amended as follows:

	Stressed Market Condition
Maximum price spread	$S*2$
Minimum quantity	$Q/2$
Performance (minimum presence)	50%

⁴ Based on definitions set forth in Subsection 17 of Section 1 of Article 2 and on the delegated acts of the Commission according to Article 1 and 3 of Regulation (EU) No 600/2014 (MiFIR)

4 Refund

4.1 General Rules

- 4.1.1 The Exchange provides refund from the transaction fees (hereinafter referred to as: **Refund**) to market participants taking part in Market Making Incentive Scheme, furthermore in case of Stressed Market Conditions referred to in Section 3.2 regarding the financial instruments defined therein. The Exchange provides the Refund to all Market Makers fulfilling the respective requirements.
- 4.1.2 The Market Maker is not entitled to the Refund if the account of the Market Maker dedicated to the Market Making is affected by both sides of the transaction.
- 4.1.3 The Exchange calculates the performance regarding the financial instrument concerned separately for Normal Market Conditions and for Stressed Market Conditions with respect to periods of Exceptional Circumstances set out in Section 2.4, and specifies the amount of the Refund separately for each period.
- 4.1.4 The Exchange shall calculate the amount of the Refund and the fulfilment of the requirements until the 10th business day of each month following the month in question and shall notify the Market Maker thereof.

4.2 BUX ETF

- 4.2.1 The Market Maker is entitled to the Refund after transactions concluded by the sufficient Quote or orders, pursuant to the conditions set out in Section 4.2.4. The amount of the Refund is 100 % of the transaction fee of the Exchange incurring on the side of the Market Maker.
- 4.2.2 In addition to the Refund defined in Section 4.2.1, the Market Maker is additionally entitled to 30% of the transaction fee paid by the Exchange Member being on the opposite side of the transaction to the Exchange, with the following exceptions:
- Transactions made between the Market Maker's own accounts,
 - In case the other Exchange Member of the transaction is deemed to be Market Maker with respect to the Exchange Product.
- 4.2.3 In order to establish an ETF, Market Maker is entitled to 50% Refund of the transaction fees incurring on its side for the exchange (hedge) transactions made on BSE's spot security market.
- 4.2.4 The amount of the Refund set out in Section 4.2.1 – 4.2.3 changes depending on the performance of the Market Maker and in compliance with the following grades:

Performance	Refund
above 70%	100%
between 60-70%	90%
between 50-60%	50%
under 50%	0%

4.3 Equity index based futures contracts

- 4.3.1 Market Making obligation shall cover at least the following maturities:
- the closest December, and
 - the second closest December in the week of the Closing Day of the maturity referred to point a.
- 4.3.2 The amount the Refund is 75% of the transaction fee incurring on the Market Maker's side in

relation with the relevant maturity.

- 4.3.3 For the purpose of the market making of the given maturity concerned by market making, the Market Maker is entitled to the Refund of 75% of the transaction fee to be paid to the Exchange by the Market Maker after the transactions defined in the Market Maker Agreement as hedged exchange transactions made on BSE's spot equity market. The turnover amount of the basis of this Refund shall not exceed the sum of the transaction turnover of the relevant futures transactions of the maturities concerned by market making made by the Market Maker and the remaining opened positions held on the Market Maker's proprietary account at the time of the maturity. The Market Maker is not entitled to the Refund if the account of the Market Maker dedicated to Market Making is affected by both sides of the transaction.
- 4.3.4 The Market Maker is entitled to the 100% of the Refund stipulated in Section 4.3.2. and 4.3.3. regarding the maturity concerned by market making in case the Market Maker fulfils the market making obligation regarding the given maturity concerned by market making and there are at most three days in the given month when the Market Maker fails to fulfil its market making obligation (on a daily basis), but the performance on these days does not decrease under 50% and the Market Maker fulfils its market making obligation at least 50% of the monthly-based trading time regarding any other maturity concerned by market making. Otherwise the Market Maker is not entitled to the Refund regarding the maturity concerned by the market making in the given month. In such case the amount of the Refund stipulated in Section 4.3.3 shall be reduced by the turnover ratio calculated by the transaction number comparing the given maturity concerned by the market making to all the maturities concerned by market making.

4.4 Liquid equities on the spot market

- 4.4.1 The Market Maker is entitled to the Refund for the transactions made by appropriate Quotes or Orders of it regarding liquid equities⁵ set out in Annex I.
- 4.4.2 The amount of the Refund is 10 % of the transaction fee incurring on the side of the Market Maker.

4.5 Futures contracts based on liquid equities

- 4.5.1 Market making obligation applies to all the open (tradeable) maturities related to the underlying products concerned.
- 4.5.2 The Market Maker is entitled to the Refund for the transactions made by appropriate Quotes or Orders of it regarding maturities of security futures, where the underlying products are liquid securities⁶ set out in Annex I.
- 4.5.3 The amount of the Refund is 10 % of the transaction fee incurring on the side of the Market Maker.
- 4.5.4 The Market Maker is entitled to the 100 % of the Refund stipulated in Section 4.5.3. regarding the given maturity in case the Market Maker fulfils the market making obligation regarding the given maturity concerned by market making and there is at most three days in the given month when the Market Maker fails to fulfil its market making obligation (on a daily basis), but the performance on these days does not decrease under 50 % and the Market Maker fulfils its offer obligation during at least 50 % of the monthly-based trading time regarding any other maturity concerned by market making. Otherwise the Market Maker is not entitled to the Refund in the given month.

4.6 Liquid equity and index based options

⁵ Set out in the „Liquid” column of Annex I

⁶ Set out in the „Liquid” column of Annex I

- 4.6.1 The Market making obligation applies to all the ATM (call or put) options of the open (tradeable) maturities regarding the given underlying products.
- 4.6.2 The Market Maker is entitled to the Refund only regarding option series, whose underlying products are liquid securities⁷ set out in Annex I or any security index. In these cases, the Market Maker is entitled to the Refund for the transactions made by appropriate Quotes or Orders
- 4.6.3 The amount of the Refund is 75% of the transaction fee incurring on the side of the Market Maker and occurring regarding option product concerned by market making.
- 4.6.4 The Market Maker is entitled to the 100 % of the Refund stipulated in Section 4.6.3. regarding the given maturity in case the Market Maker fulfils the market making obligation regarding the given maturity and the Market Maker fulfils its market making obligation during at least 50 % of the monthly-based trading time regarding all the maturities concerned by market making. Otherwise the Market Maker is not entitled to the Refund in the given month.

⁷ Set out in the „Liquid” column

5 Miscellaneous

5.1 Monitoring of the performance of the Market Maker and sanctions

- 5.1.1 The Exchange shall constantly monitor the compliance with the provisions of the Market Making Agreement and shall send a report about it to the Market Maker each month.
- 5.1.2 If the Market Maker fails to comply with the (minimum level) provisions set out in Section 2.1, the Exchange will terminate the Market Making Agreement with immediate effect.
- 5.1.3 If the Market Maker participating in the Market Making Incentive Scheme fails to comply with the (stricter) provision set out in Section 3 and 4 during 3 consecutive months, the Exchange is entitled to suspend Market Maker's right to participate in the Market Making Incentive Scheme for a period of 6 months.

5.2 Review and modification of this regulation

- 5.2.1 The Exchange specifies and discloses the parameters of the Market Making (including the classification regarding the given instrument's liquid nature) during the ordinary review until 31st of March of each calendar year, and it simultaneously notifies the Market Makers thereof. The parameters of market making specified during the ordinary review shall be applicable from the first trading day of May of each calendar year.
- 5.2.2 Besides the ordinary review, the Exchange is entitled to amend this regulation – with the exception of the rules of the Market Making Incentive Scheme – with immediate effect at any time. Amended provisions enter into force upon publication.
- 5.2.3 The Exchange shall publish the amendment of Market Making Incentive Scheme at least one month prior to effective date.
- 5.2.4 The CEO of the Exchange is entitled to amend this regulation by a resolution and shall notify the Exchange Members thereof pursuant to The General Terms of Service of the Budapest Stock Exchange Ltd.

Richárd Végh
Chairman and CEO

Annex I – Parameters of Market Making

Equity (spot) and ETF							
ISIN	Instrument	Mandatory Market Making Agreement			Market Making Incentive Scheme		
		Max. spread (bps) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"	Max. spread (bps) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"
HU0000153937	MOL	150	200	50%	20	500	70%
HU0000073507	MTELEKOM	150	1 270	50%	20	3 180	70%
HU0000061726	OTP	150	60	50%	20	150	70%
HU0000123096	RICHTER	150	90	50%	20	230	70%
HU0000704960	BUX ETF	300	400	50%	120	1 000	50%
HU0000071030	4IG	300	310	50%	-	-	-
HU0000155726	ALTEO	300	880	50%	-	-	-
HU0000115308	ALTERA	300	1 520	50%	-	-	-
HU0000093257	ANY	300	450	50%	-	-	-
HU0000102132	APPENINN	300	810	50%	-	-	-
HU0000088760	BIF	300	380	50%	-	-	-
HU0000097738	CIGPANNONIA	300	1 780	50%	-	-	-
HU0000135025	CSEPEL	300	590	50%	-	-	-
HU0000135090	DUNAHOUSE	300	170	50%	-	-	-
HU0000154927	EHEP	300	440	50%	-	-	-
HU0000074513	ELMU	300	20	50%	-	-	-
HU0000074539	EMASZ	300	30	50%	-	-	-
HU0000089198	ENEFI	300	2 580	50%	-	-	-
HU0000151956	ESTMEDIA	300	12 770	50%	-	-	-
HU0000078175	FHB	300	860	50%	-	-	-
HU0000099486	FINEXT	300	540	50%	-	-	-
HU0000066394	FORRAS/OE	300	500	50%	-	-	-
HU0000066071	FORRAS/T	300	600	50%	-	-	-
HU0000107362	FUTURAQUA	300	11 320	50%	-	-	-
HU0000083696	GSPARK	300	160	50%	-	-	-
HU0000124383	KEG	300	20 000	50%	-	-	-
HU0000142419	KONZUM	300	180	50%	-	-	-
HU0000075692	KPACK	300	80	50%	-	-	-
HU0000099387	KULCSSOFT	300	710	50%	-	-	-
HU0000093943	MASTERPLAST	300	1 030	50%	-	-	-
HU0000122098	NORDTELEKOM	300	26 090	50%	-	-	-
HU0000106448	NUTEX	300	8 220	50%	-	-	-
HU0000110226	OPUS	300	890	50%	-	-	-
HU0000089404	ORMESTER	300	500	50%	-	-	-
HU0000149679	OTT1	300	2 140	50%	-	-	-
HU0000089867	PANNERGY	300	1 190	50%	-	-	-
HU0000097530	PLOTINUS	300	100	50%	-	-	-
HU0000073457	RABA	300	480	50%	-	-	-
HU0000107537	SET	300	5 880	50%	-	-	-
HU0000145990	UBM	300	6 060	50%	-	-	-
HU0000120720	WABERERS	300	120	50%	-	-	-
HU0000074844	ZWACK	300	40	50%	-	-	-

Futures index, equity and ETF						
Instrument	Mandatory Market Making Agreement			Market Making Incentive Scheme		
	Max. spread (bps) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"	Max. spread (bps) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"
BUX	150	10	50%	50	50	70%
BUMIX	150	10	50%	50	50	70%
MOL	150	10	50%	20	50	70%
MTELEKOM	150	10	50%	20	50	70%
OTP	150	10	50%	20	50	70%
RICHTER	150	10	50%	20	50	70%
OTHER	300	10	50%	-	-	-

Option index and equity						
Instrument	Mandatory Market Making Agreement			Market Making Incentive Scheme		
	Max. spread (bp) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"	Max. spread (bp) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"
BUX	500 (compared to the Strike Price)	10	50%	250 (compared to the Strike Price)	50	70%
MOL		10	50%		50	70%
MTELEKOM		10	50%		50	70%
OTP		10	50%		50	70%

Other spot instrument groups			
Instrument group	Mandatory Market Making Agreement		
	Max. spread (bps) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"
Investment certificate /	1000	100	50%
Turbo certificate / warrant	4000	100	50%
Compensation note	400	1 000	50%
Investment note	400	number of securities, representing a total nominal value of 10 million HUF, 50 thousand EUR or USD	50%
Debt securities	500		50%

Other derivative instrument groups			
Instrument group	Mandatory Market Making Agreement		
	Max. spread (bps) - "S"	Min. quantity (pcs) - "Q"	Performance - "C"
Foreign exchange futures	100	10	50%
Interest futures	1000	10	50%
Commodity futures (and spots)	1000	10	50%
Foreign exchange options	500 (compared to the Strike Price)	10	50%
Commodity options		10	50%