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In the event of any discrepancy between the English language and Hungarian language versions, the Hungarian language version shall prevail.



## ANNOUNCEMENT

### Annex J

## TO INVESTMENT SERVICES BUSINESS REGULATION:

### The Trading Policy<sup>1</sup>

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<sup>1</sup> The amended provisions of this Annex, highlighted in italics and grey, indicate changes relative to Annex H effective from 11 May 2022.

**Trading Policy**  
**– for the procedure of OTP Bank Plc. acting in its capacity as systematic internaliser –**

**I. Regulatory background and purpose of the Trading Policy:**

This trading policy (hereinafter: **Trading Policy**) sets out the terms and conditions of OTP Bank Plc.'s (hereinafter: **Bank**) procedures carried out in a capacity of systematic internaliser.

Pursuant to Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (hereinafter: **Investment Firms Act**) and Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012 (hereinafter: **MiFIR**), an investment firm should be deemed a systematic internaliser when it executes client orders against its own proprietary capital (on own account), unless the transactions are carried out outside a trading venue on an occasional, ad hoc and irregular basis. Thus, the Bank is deemed a systematic internaliser when it executes client orders on an organised, frequent systematic and substantial basis, on own account outside a trading venue (regulated market, MTF, OTF), as specified in Commission Delegated Regulation (EU) 2017/565.

Pursuant to the provisions of MiFIR, the Bank determines in its Trading Policy to which clients it grants access and in what manner *to its quotes* in its capacity as systematic internaliser.

The Trading Policy does not apply to primary distribution (marketing), such as the issue, subscription or allocation of securities.

Issues not regulated in the Trading Policy are governed by the provisions of the Investment Firms Act and MiFIR.

**II. Material scope:**

The scope of the Trading Policy covers transactions in financial instruments traded in the trading venues specified in MiFIR, where the Bank acts as a systematic internaliser.

**III. General rules applicable to quotes**

The *quotes* provided by the Bank must ensure that the Bank meets its obligations in line with the Bank's Execution and Allocation Policy. In this context, the quoted price set by the Bank must take into account the trends in the prices applicable to transactions concluded for the same or similar financial instruments in the trading venue.

The Bank ensures access to quotes in an objective and non-discriminatory manner and defines a corresponding procedure in the Trading Policy.

The Bank is entitled to refuse to enter into a business relationship or may terminate a business relationship with clients on the basis of business considerations such as the client's creditworthiness, counterparty risk and the final execution of the transaction.

The Bank, in its capacity as systematic internaliser, only quotes prices during normal trading hours (business hours, branch customer service hours).

The request for quotes, underlying the quote, is governed by the provisions of the Business Regulations applicable to trading through the various trading channels and the provisions of the contract concluded with the client.

Under MiFIR, the Bank distinguishes between liquid and illiquid financial instruments. This is based on the statements published by the European Securities and Markets Authority (hereinafter: **ESMA**). If the Bank is deemed to be a systematic internaliser in terms of liquid financial instruments, it is obliged to publish the parameters of its firm quotes. The parameters of the quotes are available at the links specified in Section VI.

If the Bank is deemed to be a systematic internaliser in terms of illiquid financial instruments, it is not obliged to publish its quotes or provide firm quotes. In the case of illiquid financial instruments, the Bank makes the quote upon the client's request to this effect. The client can obtain information on whether the various financial instruments qualify as liquid and on their liquidity classification on the website of ESMA, in the "Financial Instruments Transparency System".

[https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_fitrs\\_files](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_fitrs_files)

The Bank provides the quote at least for the quantity specified by the client, unless such quantity substantially exceeds the norm vis-à-vis the client pursuant to the provisions of MiFIR.

The Bank is entitled to make access to the quote subject to a fee for certain financial instruments.

#### **IV. Client groups:**

In respect of the various financial instrument groups, the Bank defines different client groups. The conditions of access to the *quote* may vary by client group.

The Bank uses the following client groups and applies the following client group definition:

##### *Global Markets Directorate:*

- *Trading Partners – Credit institutions, investment firms, fund managers and the investment funds managed by them*
- *Global Markets framework contracted clients*
- *Corporate clients*
- *Natural person clients – (private individuals)*

##### *Private Banking Clients:*

- o *Private Banking clients*
- o *Prestige Private Banking clients*
- o *Digital Private Banking clients*

##### *Branch network clients:*

- *Regular retail, municipal and corporate clients*
- *Premium clients*

The financial instruments in respect of which the Bank qualifies as a systematic internaliser and, thus, in respect of which it makes quotes, and the parameters of the current *quote* (e.g. price, quantity, validity of the quote) are available at the link specified in Section VI.

## **V. Pricing:**

The Bank is entitled to apply varying pricing by client groups.

The Bank is also entitled to apply varying pricing depending on quantity.

Within a given trading day, the Bank may make multiple quotes, where it may quote for different quantities.

## **VI. Publication of the quote**

The Bank is obliged to publish its quotes for financial instruments in respect of which it qualifies as a systematic internaliser, and the market of which is liquid. The firm quotes can be accessed at the following link:

Global Markets clients (as per Chapter IV):

<https://www.otpbank.hu/portal/hu/GlobalMarkets/Pretrade>

Branch network clients (as per Chapter IV):

<https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/KotvenyAllampapir/MAK>

The quotes shall contain at least the following data:

- financial instrument ID, data necessary for the identification – ISIN code of the financial instrument,
- date and time of the quote (UTC),
- buy/sell price,
- buy/sell quantity, volume,
- quote currency.

The Bank is entitled to publish its quotes in a periodically updated document, which contains the current day's quotes together with the validity period.

The Bank provides information on historic data and on quotes related to illiquid financial instruments upon a request addressed to the Bank. The Bank retains such historic data for the retention period set out in legal regulations (5 years).

## **VII. Limitations:**

The Bank may define, by instrument groups, the client groups to which it makes the quotes available and the conditions thereof.

The Bank may define the validity of its quote, as a firm quote, which shall be – unless provided otherwise – 1 (one) minute after publication.

Unless the Bank provides otherwise upon making the quote for the given financial instrument, the quote shall solely apply to the maximum total quantity specified.

The Bank may also specify a minimum and maximum quote quantity by a single person by client groups and/or financial instruments.

The Bank is not obliged to guarantee the quoted price for quantities exceeding the maximum quantity specified in the quote, irrespective of the validity period of the quote. Furthermore, the Bank may also limit the number of transactions applicable to the specified quantity. Unless provided otherwise, the Bank concludes one transaction in respect of the published quantity, which also includes the transaction concluded with the client requesting or initiating the quote. This means that if the client requesting or initiating the quote concludes a transaction with the

Bank at the quoted price but not for the full quantity, then during the validity of the quote additional transactions may be concluded for the remaining quantity at the quoted price and subject to the applicable conditions.

The Bank reserves the right to settle the transaction concluded for the *quoted* quantity with the client within 2 trading days (T+2) after the trade date.

The Bank is entitled to withdraw or update its published quote during the validity period. The Bank is only entitled to withdraw the current quote if, in the Bank's judgement, extraordinary market events or exceptional market conditions occurred (e.g. change in the liquidity of the market for the given financial instrument, change in the trading conditions, other, substantial change in the price, the conclusion of the deal at the quoted price may exert substantial impact on the market prices, suspension of the trading of the financial instrument affected by the *quote* in the given trading venue, suspension of related quoting activity, etc.).

#### **VIII. Review of the Trading Policy**

The Bank, in the absence of an extraordinary event, reviews the Trading Policy at least once a year in accordance with its internal procedures.

The Bank performs the quarterly review of instrument groups and liquid markets affected by systematic internalisation based on the data published by ESMA on the financial instruments, in respect of the affected previous period of 6 months.

The review, in addition to the regular review, is also performed if a material change occurs that necessitates the amendment of the Trading Policy.

#### **IX. Miscellaneous provisions:**

The Trading Policy is an annex to the Bank's Investment Services Business Regulation.

OTP Bank Plc.