

NOTICE

ON THE COLLATERALISATION OF LONG-TERM INVESTMENT COMBINED SECURITIES ACCOUNTS AND LONG-TERM INVESTMENT SECURITIES ACCOUNT - CASH ACCOUNTS

May 4, 2020

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These documents in English language to the person concerned shall be for information purposes only. OTP Bank Plc. shall fulfil its obligations imposed by the legal regulations or requirement of supervisory authority by the documents in Hungarian language.
In the event of any discrepancy between the English language and Hungarian language versions, the Hungarian language version shall prevail.

1. In accordance with the provisions of the Sales Terms and Conditions of OTP Bank Plc's Global Markets Directorate, the Business Partner – depending on the requirements stipulated by OTP Bank Plc. in the Individual Transaction – is entitled to collateralise the Securities registered on the Long-term Investment Combined Securities Account (Securities collateral) and the credit balance (Cash Collateral) registered on the related Long-term Investment Securities (Collateral) Cash Account or Long-term Investment Securities (Collateral) Foreign Currency Cash Account.
2. Special rules pertaining to the application of the aforementioned Collateral:
 - (a) The income realised on the long-term investment shall be governed by Section 67/B of Act CXVII of 1995 on Personal Income Tax.
 - (b) The exercise of the right of direct satisfaction from the collateral results in the cancellation of the invested liquid assets or financial instruments from deposit register, which entails the breaking of the deposit. Upon breaking the deposit, the return on the deposit shall be calculated for the day of the breaking of the deposit, and the rate of the personal income tax applicable to such return (15% or 10%) depends on whether the deposit is broken before the end of three-year fixed term after the placement of the long-term investment or after it (i.e. during the two-year additional fixed term). When upon breaking the deposit taxable income on the long-term investment accrues, OTP Bank Plc. shall issue a confirmation (by 31 January following the tax year), with the proviso that it is not obliged to deduct the tax related to the income.
 - (c) As a result of breaking the deposit, the Business Partner may realise income on the long-term investment, which entails tax return and tax payment obligations. In this case, the private individual – within the scope of self-assessment, also taking into consideration the confirmation issued by OTP Bank Plc. – shall assess the income realised on the long-term investment and the applicable tax in his tax return, and pay the tax by the deadline applicable to the submission of the tax return.
 - (d) For the period after breaking the deposit, no income on the long-term investment can be assessed for the earnings on the non-collateralised financial instruments, and thus the capital income earned after the day of breaking the deposit shall be governed by provisions – based on the title – applicable to it.

- (e) The particulars related to taxation are included in the prevailing announcement entitled “Particulars of taxation related to OTP Bank Plc.’s investment services”.
3. Upon applying the aforementioned Collateral OTP Bank Plc.’s collateral right will remain in place even if upon the termination of the Long-term Investment Combined Securities Account, used for registering the collateral, the Long-term Investment Securities (Collateral) Cash Account or the Long-term Investment Securities (Collateral) Foreign Currency Cash Account, the Collateral is registered on a new blocked Securities Account and on the Payment Account or Foreign Currency Account linked to the Securities Account.
 4. When applying the aforementioned Collateral, after exercising its direct right of satisfaction, OTP Bank Plc. shall transfer and pay the collateral amount exceeding the secured receivable to the Combined Securities Account, held with OTP Bank Plc., specified in the Business Partner’s order, and to the Payment Account or Foreign Currency Account linked to the Combined Securities Account, and thereafter it shall manage the funds in accordance with the conditions, fees and costs governing such accounts. If until the date of breaking the deposit the Business Partner fails to give the aforementioned order, OTP Bank Plc. shall transfer and pay the collateral amount exceeding the secured receivable – in accordance with the provisions of Section B.II.12.9 of the Investment Services Business Regulation (ISBR) – to the Combined Securities Account, and to the Payment Account or Foreign Currency Account linked to the Combined Securities Account, and thereafter it shall manage the funds in accordance with the conditions, fees and costs governing such accounts.

If at the time of exercising the right of satisfaction the Business Partner has no Combined Securities Account held with OTP Bank Plc., OTP Bank Plc. shall open the Combined Securities Account, and the Payment Account or Foreign Currency Account linked to the Combined Securities Account, transfer or pay the collateral amount exceeding the secured receivables to those accounts, and thereafter it shall manage the funds in accordance with the conditions, fees and costs governing such accounts.

Notices and disclaimers

This document is for information only. The information included in this document is not comprehensive. The detailed rules applicable to the acceptance and valuation of Collaterals and to the margin requirements of the Individual Transaction are included in the Sales Terms and Conditions of OTP Bank Plc.'s Global Markets Directorate, the business regulations, announcements and notices referred to therein, as well as in the announcement entitled "Supplementary announcement on the daily amount of the secured receivable transaction, the initial margin rate, the list and acceptance rates of the eligible collaterals for certain Global Markets Services".

The capitalised terms used in this document shall have the meaning stipulated in the Sales Terms and Conditions of OTP Bank Plc.'s Global Markets Directorate.

The publication of this document and the handover thereof to the Business Partner do not constitute an offer, investment advice, call for bid, investment advisory service, investment or financial analysis, call for investment, or legal, tax, or accounting advice. This notice contains general description and information, and as such it does not take into consideration the individual Business Partners' unique, special requirements, financial standing or capacity and willingness to take risks. Any risks associated with the specific, individual decisions or investments made on the basis of the contents of this notice shall be borne solely by the Business Partner, and OTP Bank Plc. shall not be held liable either for the profitability of the investment decisions or the achievement of the goals set by the Business Partner.

The Sales Terms and Conditions, announcements and information documents referred to herein are available in the branches, at the Global Markets Directorate when using OTP Bank Plc.'s Global Markets services and at www.otpbank.hu.

OTP Bank Plc. reserves the right to modify this notice. This notice may change in the future without separate notification. Please monitor any changes that may be made to this document.

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