

INVESTOR PROTECTION FUND

**CONTRIBUTION
BYLAWS**

January 1, 2012

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Section (1)a) in §225 of Act CXX of 2001 on the Capital Market (hereinafter: CMA) provides that the Board of the Investor Protection Fund (hereinafter: the Fund) specifies the rules of paying contributions in a set of bylaws. Acting on the authorization granted in the referenced section, the Board of the Fund has drawn up these Contribution Bylaws (hereinafter: Bylaws) as follows.

1. General Provisions

- 1.1 The Bylaws determine the detailed rules to govern the payment of contributions and the related reporting by Fund members and business organizations seeking membership in the Fund as well as the related responsibilities of the Fund. The provisions of these Bylaws shall apply to supplementary insurance with the alterations specified herein. (material scope)
- 1.2 The following persons shall be subject to the Bylaws:
 - a) the Fund;
 - b) members of the Fund (including branch offices);
 - c) as regards payment of the initial contribution, business organizations seeking membership in the Fund (including branch offices);
 - d) members of the Board of Directors of the Fund;
 - e) the employees of the Fund and persons otherwise contracted by the Fund to do a job.
- 1.3 Any term to the contrary notwithstanding, the provisions hereof shall be binding, and no deviation shall be allowed even with reference to reasonableness. These Bylaws shall be applied in a bona fide manner taking into account the recognizable general interests of the capital market and the secure operation of the Fund.
- 1.4 For the purposes of these Bylaws, the terms below shall be interpreted as follows:
 - a) A ‘legal successor’ shall be a business organization incorporated by transformation under the Act on Economic Organizations (the Company Act) and authorized as of formation to engage in any of the lines of business that is subject to protection and its legal predecessor held a license for.
 - b) The term ‘year’ shall be a calendar year (from January 1 to December 31).
 - c) The term ‘register’ shall mean the system used for keeping systematic track of the orders given to, the deals conducted by and the clients of an organization that engages in the business of providing investment services.
 - d) The term ‘publication’ shall mean publication at the website operated by the Hungarian Financial Supervisory Authority (hereinafter: Supervision or HFSA) and that of the Fund.
 - e) The term ‘branch office’ shall mean organizations classified as such in Act CXXXII of 1997 on Hungarian Branch Offices and Commercial Representative Offices of Foreign-Registered Companies.
- 1.5 Issues not specifically covered by the provisions of the CMA and these Bylaws shall be governed pursuant to the rules of Act IV of 1959 on the Civil Code (Civil Code).
- 1.6 In the event of a failure to establish unambiguously the purported content of any of the provisions hereof, the Board of Directors of the Fund may and shall interpret the Bylaws in line with the technical rules of legal interpretation and acting on proposal submitted by the managing director. The Board of Directors determines the need for interpreting the Bylaws ex officio or upon written request to that effect with explanation attached from a member of the Fund or from the HFSA. The resolution regarding interpretation shall include an explanation, shall be published and shall also be sent directly to the party initiating it.

- 1.7 These Bylaws shall be public and anyone may become familiar with what it contains. Upon request, members of the Fund and business organizations seeking membership shall be provided with a certified copy of these Bylaws free of charge.

2. Initial Contribution

Mandatory Contribution

- 2.1 Business organizations seeking membership in the Fund shall pay an initial contribution to the Fund as condition precedent to the inception of membership [Cf. §222(1) of the CMA].
- 2.2 A legal successor [Section 1.4 a)] of a member of a Fund need not pay initial contribution.

The Rate and the Payment of Initial Contribution

- 2.3 The initial contribution equal half a percent of the registered capital of the business organization seeking membership, or at least HUF five hundred thousand (500,000) and no more than HUF three million (3,000,000) [Cf. §222(1) of the CMA].
- 2.4 The value of registered capital shown in the company register at the time the Fund receives the declaration of intent to join shall be used for determining the initial contribution payable.
- 2.5 Business organizations seeking membership shall calculate the rate of initial contribution in line with the above and shall credit the corresponding amount to the Fund's current account No. **19017004-00220576** held with the National Bank of Hungary.

Back-Transfer of the Initial Contribution

- 2.6 If a business organization seeking membership fails to be granted membership in the Fund after payment of the initial contribution, the Fund will back-transfer, as described in Sections 2.7-2.10, the amount paid as initial contribution upon a written request from, and to the account identified for the purpose by, the paying business organization.
- 2.7 Once the Fund has issued a certificate of granting membership (hereinafter: Certificate) to an organization intending to join, the back-transfer contemplated in Section 2.6 may only occur if one of the conditions listed below is met in full:
- a) The business organization seeking membership presents a decision to the effect that the Supervision has rejected its application for an operating license to engage in a line of business that is subject to protection [Cf. §210(1) of the CMA] or has terminated the related procedure and the business organization that submitted a declaration to join makes a written representation to the Fund that it did not take legal action against the rejection (termination) order of the Supervision during the period open for such litigation, or that it has taken legal action but the courts have not reversed the order as regards the rejection (termination). In the latter case, a copy of the court ruling shall also be attached.
 - b) The business organization that submitted a declaration to join makes a written representation that it has not used the Certificate in its dealings with the Supervision and commits itself not to use the Certificate in the future. The original copy of the Certificate shall, if possible, be returned.
- 2.8 In the cases provided in Section 2.7, the amount paid in initial contribution shall be back-transferred within eight days after the conditions are met.
- 2.9 If the Fund has not yet issued a Certificate, the back-transfer contemplated in Section 2.6 shall be effected within eight days of a request to that effect by the paying organization.
- 2.10 The Fund pays no interest on amounts back-transferred within the deadlines set in Sections 2.8 and 2.9.

3. Disclosure Requirement

Content and Frequency of Disclosures

- 3.1 Members of the Fund shall maintain records that distinguish investors that are excluded under the CMA from and those that are protected by the Fund; furthermore the records shall be such that can be used to generate data of the content determined in these Bylaws regarding the assets held in custody for protected investors [Cf. §224 (1) d) of the CMA].
- 3.2 Fund Members shall disclose to the Fund by the 15th day of January, April, July and October each year (report date) the following data (fee calculation data) regarding the last day of the preceding three months, each a disclosure date:
- a) Number of investors with deposits
 - b) Number of protected investors with deposits
 - c) HUF value of assets the member manages and holds in custody for all investors and (indicated separately) for protected investors in the following break-down:
 - i) Total value of cash deposits, except for cash receivable denominated in a currency other than Euro or the legal tender of a member state of the European Union or the OECD.
 - ii) Total market value of securities (credited to security margin accounts or security accounts or deposited separately into custody).
 - d) The consolidated value of the parts below HUF six million in value of deposited assets held for each investor.
- 3.2/A Fund Members other than managers of investment funds shall report to the Fund the following data to be disclosed to the Fund in line with their statutory obligation for the purposes of assessing member risk (risk related data):
- a) Data pertaining to the income from and the profit on the provision of investment services.
 - b) Data pertaining to the capital requirement and the size of own funds.
- 3.2/B Risk related data reported to the Fund shall be identical to those disclosed to the HFSA. Fund Members shall send to the Fund risk related data for the first six months, the second six months and audited data for the full year within five (5) business days after the deadline for submitting their report for the second quarter, the fourth quarter and the report containing audited figures, respectively, to the HFSA.
- 3.3 If a Fund member (legal predecessor) decides to wind up with legal succession (see section 1.4b), such member shall also disclose to the Fund the fee calculation data for the last day of each month in the period between the last report date before wind-up and wind-up date.
- 3.4 A member that pays the statutory minimum in annual contributions (section 6.11) shall advise the Fund within eight days in writing of the first instance when a protected investor makes a protected claim against the member in the year of the disclosure [cf. §213(2) of the CMA].
- 3.5 In cases involving supplementary insurance, branch offices shall also make the following disclosures in addition to the regular disclosures required in this chapter:
- a) A branch office shall advise the Fund within fifteen days after being granted membership of the essential rules of the investor insurance scheme its head office is covered by (hereinafter: home scheme), in particular about the highest amount provided in insurance to an investor, the scope of insured claims (activities), the degree of possible indemnities and the scope of investors not eligible for indemnity.
 - b) Branch offices shall disclose to the Fund – in line with the rules of their home scheme – the number of protected investors as well as the consolidated value of the fractional amounts payable below the maximum amount of indemnity to a single investor out of the

deposits held for investors by their home scheme. Such fractional values shall be calculated and reported in HUF, taking into account the official buying rate published by the National Bank of Hungary for the disclosure date.

- 3.6 Members shall make disclosures in the form and method determined by the Fund. As regards risk related data, the Fund instructs Fund Members to submit data by identifying the codes of rows included in the disclosures made to the HFSA.
- 3.7 The data reported are confidential, and the Fund may only disclose such confidential information to third parties without obtaining written permission from the provider of the data by reasonably applying the statutory provisions regarding confidential business information.

Interpretation

- 3.8 As used in connection with disclosures, the following terms shall be interpreted in line with the meanings ascribed thereto below:
- a) Disclosure date shall mean the day for which fee calculation data shall be calculated to show the status of the end-of-day closing values at that date. If that day is not a business day, fee calculation data shall be specified for the last preceding business day.
 - b) Investor shall mean a (domestic or foreign) person identified by a Fund member's records as having deposited funds receivable from such member under a valid agreement for engaging in protected activities (positive balances on record).
 - c) Protected investor shall mean an investor who is not excluded from the protection of the Fund [See §215 (1)-(2) of the CMA].
 - d) Fee calculation data shall mean the consolidated data items listed in sections 3.2 - 3.4 of these Bylaws regarding protected investors and the deposited funds they have title to.
 - e) Report date shall mean the date specified in these Bylaws as the final deadline by which a member has to comply with its reporting obligation.
 - f) Liquid security shall mean a security in which there have been at least five trades in the period of thirty days preceding a disclosure date.
- 3.9 For the purposes of reporting, deposits shall mean funds of cash and securities kept separately in line with the provisions in §209 (2)-(3) of the CMA that a Fund member comes to possess and hold for an investor in the course of engaging in protected lines of business.
- 3.10 The funds mentioned in section 3.9 shall be regarded to constitute deposits subject to the reporting requirement if the Fund member holding the funds has the contractual obligation to return them to the investor. Dematerialized securities recorded on securities accounts shall also be considered to constitute deposits for the purposes of the reporting requirement.
- 3.11 Disclosures shall identify the market value of securities (both Hungarian and foreign issues) on disclosure date as specified below:
- a) For exchange listed securities (except illiquid government securities): the exchange closing price at disclosure date, or if unavailable, the last existing exchange closing price without temporal limitation.
 - b) For OTC securities (except investment notes issued by open ended investment funds and illiquid government securities): the average selling price of OTC trades in the week of the disclosure date; or if unavailable average buying price; or if unavailable the market rate of the best public offer. If none of the aforementioned data exist in a week containing a disclosure date, the last value that was available during the twelve months preceding disclosure date shall be taken into account in line with the order described above.
 - c) For illiquid government securities: discounted values as at disclosure date based on the reference yields published by the Government Debt Management Agency (GDMA).
 - d) For investment notes issued by open ended investment funds, the net asset value published at disclosure date.

- e) In the event the market value of a security cannot be identified in the manner set forth above, the nominal value of the security shall be reported.
- 3.12 The data required for determining market value as envisaged in section 3.11 shall be obtained from the Supervision, the GDMA or other sources recognized as authentic by the exchange.
- 3.13 The market value of securities denominated in a foreign exchange shall be reported after conversion into Hungarian Forints – using the foreign exchange rate specified in the relevant accounting regulations and accounting policy Fund members are subject to. If the exchange rate for the foreign exchange cannot be determined that way, the official buying rate quoted by the National Bank of Hungary for disclosure date shall be taken into account.
- 3.14 If the market value of a security denominated in a foreign exchange cannot be calculated using the methods described above and the security has no nominal value, the product of multiplying the number of the securities with a single unit of the foreign currency shall serve as the basis for reporting.

4. Controlling Compliance with the Reporting Requirement

General Audit

- 4.1 The Fund keeps controlling compliance with the reporting requirement and takes the necessary actions envisaged in Section 8 whenever the data reported are overdue, incomplete or laden with internal contradictions.
- 4.2 The Fund may call upon its members to verify their disclosed data by reporting figures for specific disclosure dates that show the circle of investors excluded from the Fund's protection and provide an itemized list of securities held in deposit for protected investors, broken down by security class, identifying quantity (basic denomination), face value, market value and the ISIN number. The Fund may determine a detailed disclosure form or may require that reports be submitted in electronic form. Fund members shall abide by such instructions.

On Site Audit

- 4.3 Authorized by the provisions in §214(1) of the CMA, the Fund may perform on site audits (at a member's office, head office or premises) to test whether reported data reconcile with local records and whether the records kept as a basis for reporting are accurate.
- 4.4 On site audits may be ordered on a regular basis (audit plan) by the Board of Directors or on a case by case basis by the managing director. Such an order shall identify the member to be audited, the purpose and deadline of the audit as well as the method of reporting the findings.
- 4.5 The Fund gives affected members advance notice of audits ordered, including the scope of the audit and may call upon members to generate certain data in preparation for the audit. The person acting as auditor on behalf of the Fund shall present the power of attorney issued by the Fund to verify authority and shall state the purpose, expected duration and method of the audit. Persons performing audits shall do their best to limit the disturbance of the business of the audited member to the possible minimum, to avoid any damage and to refrain from causing unnecessary distrust in investors.
- 4.6 Members shall allow auditors acting on behalf of the Fund direct access to their records and to data used to generate the information reported to the Fund. The Fund may make copies of documents found to contain material information in respect of the audit or save a copy of electronic media holding such data. Members shall provide all the information necessary for a successful audit and shall, furthermore, issue a written statement to the effect that the data provided to the Fund during the audit are true and fair in every respect.

- 4.7 The Fund draws up a report (letter of realization) of the findings of the audit, shortcomings revealed and recommended actions. Members shall be informed in writing about the outcome of the audit by delivering the draft report, and shall be allowed to make comments. The Fund may, if reasonable, perform a follow-up audit at the member.
- 4.8 The outcome of audits shall not be public, but the Board of Directors may pass a public resolution, including an explanation, to have the outcome disclosed to the public.

Obtaining Control Data

- 4.9 The Fund may request the Supervisions and the National Bank of Hungary to deliver consolidated data that verify the true and fair nature of information reported by a member [second sentence in §214(1) of the CMA].
- 4.10 The Supervision and the National Bank of Hungary may also be requested to provide consolidated data if a member fails to comply with the reporting requirement properly and the data requested are necessary for calculating the contribution basis (section 5.6).

5. Common Rules Regarding the Payment of Contributions

- 5.1 The provisions set forth in this section 5 specify the common rules of calculating the amount and enforcing the payment of annual and extraordinary contributions.

Defining, Calculating and Modifying the Contribution Basis

- 5.2 The basis for charging contributions is interpreted to mean the average stock of cash and securities a member of the Fund manages and holds for protected investors in the year immediately preceding the year to date [Cf. §222(3) of the CMA]. For the purposes of paying contributions, the year to date shall mean the year when the liability for the payment of contributions arises.
- 5.3 The contribution basis shall be a HUF value calculated as the simple mathematical average of the fee calculation data that pertain to the stock of deposits at the last day of each month in the year immediately preceding the year to date as reported by members of the Fund in line with the reporting requirement.
- 5.4 If a member that joined the Fund in the year immediately preceding the year to date fails for that reason to have fee calculation data for the last day of each month, the contribution basis shall be calculated by taking the simple mathematical average of the fee calculation data of the period after the inception of membership.
- 5.5 When calculating the contribution basis for a legal successor [Section 1.4b)] the fee calculation data provided by the legal predecessor pertaining to the period preceding transformation in the year of transformation shall be taken into account as described below:
- a) If several legal successors are created through de-merger, the fee calculation data of the predecessor shall be taken into account for calculating the contribution basis of the successors pro rata to protected investor assets transferred to them.
 - b) When calculating the contribution basis for a legal successor created through merger (consolidation, integration) the fee calculation data of the companies affected by the merger shall be combined.
- 5.6 If a member or a member's legal predecessor (Section 3.3) fails to comply with the disclosure requirement concerning the year immediately preceding the year to date by January 15th of the year to date as envisaged in the Bylaws (incomplete disclosure), the contribution basis shall be calculated from the value of all the deposited assets managed by the member for investors on the last day of the year immediately preceding the year to date and the full number of

investors recorded for that day. The data required for doing so shall first of all be obtained from the Supervision and the National Bank of Hungary (Section 4.10). If the data cannot be obtained within a short time, the Board of Directors of the Fund may determine the contribution basis by estimation from the data available to it. If the member subsequently fulfills the reporting requirements, the Fund modifies the contribution basis in line with the reported data with effect from the date they are received.

- 5.7 If the Fund finds that the data submitted under the reporting requirement fail to correspond to the data on record at a member, or that recorded data are not true (the disclosure contains misrepresentation), the Fund will use the true data to modify the contribution basis with retrospective effect to the original date of calculating such basis for the member. The Fund will first of all obtain true data by instructing the affected member. If obtaining true data is impossible within a short time, the Fund will calculate the contribution basis as provided in section 5.6. If a member discloses true data after the contribution basis is calculated in line with section 5.6, the Fund modifies the contribution basis in line with the reported data with effect from the date they are received.

Liability for Fee Payment during Suspension

- 5.8 If the Supervision suspends the operations of a member of the Fund in every line of business that is subject to protection, such member will not be liable for the payment of contributions for the effective period of the suspension.
- 5.9 If the suspension mentioned in section 5.8 remains in effect without interruption until the withdrawal of the member's operating license for all of its protected lines of business, the member shall be exempt from the duty to pay the contributions due for the period of the suspension except in the case of legal succession (section 6.7).
- 5.10 If the Supervision lifts the suspension mentioned in section 5.8 in respect of any of the protected lines of business and the member is reinstated in its right to engage in protected activities, such member shall effect payment of the contribution that arose during the period of suspension within fifteen days after it is lifted. If other members are obliged to pay extraordinary contributions (partial charges) ordered in the same resolution or annual contributions (partial charges) for the same year by a later deadline, the affected member shall also be subject to the later deadline.

Deadlines

- 5.11 For the purposes of determining the liability for paying contributions, deadlines shall be taken into account as set forth below:
- a) If the Supervision suspends a member's operating license in respect of all the protected lines of business (section 5.8), the effective date of the resolution shall be the first day of the suspension.
 - b) If the Supervision withdraws the member's operating license in respect of all the protected lines of business, the day preceding the effective date of the resolution shall be the last day of membership.

Penalty Interest and Late Charges

- 5.12 If contribution payments of a member fall overdue, the member shall pay penalty interest for the period of default. The annual rate of penalty interest shall be determined in line with the effective provisions of the Civil Code at the time the payment liability arises. Penalty interest is not compound interest.
- 5.13 Provisions to the contrary notwithstanding, the liability to pay interest shall commence at the original deadline for payment even if an alternative deadline is set. If the invoice for the

amount payable is issued late due to any omission or failure by a member, such member shall pay penalty interest for the period of delay thus caused.

- 5.14 If the Fund happens to calculate a higher contribution basis upon finding a misrepresentation of data in a member's disclosure (section 5.7), then the member shall pay late charges in addition to penalty interest. Late charges shall be calculated at the rate of penalty interest on the difference between the true (higher) value and the misrepresented value.
- 5.15 A member that discloses to the Fund true data before the Fund finds a misrepresentation in the member's disclosures shall be exempt from the liability to pay late charges, provided that the member effects payment in due course of the contribution calculated by the Fund and the penalty interest thereon.

Invoicing and Effecting Payment

- 5.16 The Fund issues an invoice showing the contributions due, any additional amounts (penalty interest, late charges) and pay by date upon receipt of the data required for fee calculation and the inception of the liability for the payment of contributions. The pay by date on the invoice may not be earlier than the tenth day after invoice date or the eighth day after receipt of invoice, provided no other deadline for payment is set in the Bylaws or by the Board of Directors of the Fund.
- 5.17 The Fund has invoices delivered to its members and, unless otherwise instructed, any amounts shown as due therein shall be paid by bank transfer to the Fund's account No. **19017004-00220576** at the National Bank of Hungary. Invoiced amounts shall be deemed to have been paid on the date when the current account of the member liable to pay dues is debited by the financial institution managing its account.

Reimbursing and Imputing Excess Payments

- 5.18 If a member has paid amounts in excess of the contribution charge modified by the Fund in arrears (sections 5.6 and 5.7) (excess amounts), the Fund shall reimburse such excess amounts within eight days after the contribution basis is modified. If the Fund fails to have balances to cover the reimbursement of excess amounts, the deadline for reimbursement shall be calculated as of the date when such balances become available.
- 5.19 Excess amounts transferred by a member erroneously shall be reimbursed by bank transfer within eight days after discovering the error.
- 5.20 The balances the Board of Directors of the Fund approves for and allocated to annual operating expenses shall not be used for reimbursing amounts paid in excess.
- 5.21 The Fund pays no interest on excess amounts reimbursed in due course as envisaged in sections 5.18 and 5.19.
- 5.22 If a member has outstanding balances payable to the Fund, the Fund will offset such due amounts against amounts to be reimbursed in line with sections 5.18 and 5.19.

6. Annual Contributions

General Rules

- 6.1 Members of the Fund pay annual contributions to the Fund based on membership for the year in which the payment liability arises (year to date).

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- 6.2 Any business organization that has been a member of the Fund for at least a single day during the year to date incurs the liability to pay annual contribution to the Fund. The liability to pay annual contribution is incurred on the first day spent as a member of the Fund.
- 6.3 Once a member of the Fund incurs the liability to pay annual contribution, the member shall pay the full amount due in annual contribution. The amount of the annual contribution shall not be reduced with reference to the ratio of the duration of membership to a whole year.
- 6.4 Annual contributions are due and payable in advance. Bearing in mind the interests of Fund membership, the Board of Directors of the Fund may authorize each of its members uniformly to pay installments against the annual contribution in a resolution passed in an awareness of the financing requirements of the Fund. The resolution shall contain an explanation and shall be published.
- 6.5 In the event the Board fails to set an alternative deadline for payment, members shall effect payment of the first fifty percent of the annual contribution by the fifteenth day of February of the year to date, and shall pay the second half of the contribution by the fifteenth day of July of the same year (general deadline for payment). The Fund takes into account the risk-based contribution specified in sections 6.16 – 6.31 during the determination of the second portion of the annual contribution.
- 6.6 Contrary to the provision in section 6.5, the payment of contributions shall be subject to the rules set forth below in the following cases. However, the deadline for payment may not be shorter than fifteen days from receipt of the invoice for the annual contribution.
- a) If a member of the Fund initiates the withdrawal by the Supervision of its operating license in respect all of its protected lines of business at least fifteen days prior to the general payment deadline valid for other members, the member shall advise the Fund thereof in writing within eight days, and shall pay the full contribution for the year to date within fifteen days after submitting the application for withdrawal to the Supervision.
 - b) If withdrawal by the Supervision of a member's operating license in respect of all the protected lines of business occurs but is not initiated by the member, the member shall pay the full contribution for the year to date within fifteen days after the withdrawal of its license even if the general payment deadline has not yet expired.
- 6.7 Although a legal successor [section 1.4 a)] is not required to pay annual contribution for the year of transformation, provided it acquired membership in the Fund due to the transformation. A legal successor is obliged to effect payment of the contribution charged to and left unpaid for whatever reason by its legal predecessor as well as any payment liabilities incurred during the suspension of its legal predecessor (section 5.9). If there are several legal successors, the liability to pay the contribution due from the legal predecessor shall be divided pro rata to the assets held for protected investors as such are transferred by the legal predecessor. A legal successor shall effect payment of the contribution due from its legal predecessor by the due date that was set for the legal predecessor or would be set for the legal predecessor, if it had retained membership.
- 6.8 A member of the Fund – other than a legal successor [section 1.4 a)] – shall pay the minimum contribution in effect at the date of inception of its membership [Cf. §222(5) of the CMA] for the year when its membership starts. The amount of such minimum contribution shall be calculated as provided in section 6.11.
- 6.9 The amount of annual contribution payable by members is public information and will be published by the Fund.

Calculating the Amount of Annual Contributions

- 6.10 The amount of annual contributions shall be calculated in proportion to the contribution basis by taking into account the number of protected investors [Cf. §222(4) of the CMA].
- 6.11 Fund members shall pay the minimum contribution calculated as set forth in this section in annual contribution unless subject to a higher amount charged in line with the provisions in sections 6.12-6.31. If a Fund member has no protected investors in a year to date or in the immediately preceding year, the annual contribution due from such member shall be five hundred thousand Hungarian Forints (statutory minimum contribution). A member against whom a protected investor put in a protected claim in the year to date or in the immediately preceding year shall pay two million Hungarian Forints in annual contribution (regulated minimum contribution) [§213(2) of the CMA].
- 6.12 Taking into account the provisions set forth in sections 5.3 - 5.7, the Fund determines for each member the HUF value of the contribution basis needed to calculate the annual contribution payable for the year to date. The basis, once determined, shall be divided into two parts (brackets) as set forth below:
- a) **Bracket I:** the value received by adding up the parts in the stock of assets held for each protected investor that fall short of HUF one million. This value is calculated as the simple mathematical average of the figures disclosed by members as required and the provisions in sections 5.3 - 5.5 shall be taken into account, as applicable.
 - b) **Bracket II:** the difference between the contribution basis and the total amount in **Bracket I**.
- 6.13 If supplementary insurance is in place, bracket values shall be calculated as set forth in section 6.12, but only the portion above the consolidated value of the portions not exceeding the maximum amount of indemnity payable under the domestic insurance scheme to a single investor may be taken into account for the purposes of calculating the annual contribution.
- 6.14 The HUF value of the brackets determined for each member in line with the above shall be multiplied with the following contribution rates to obtain the amounts of annual contribution payable in each bracket:
Bracket I: 0.45 ‰ (zero point forty-five hundredth per mil).
Bracket II: 0.015 ‰ (zero point naught fifteen thousandth per mil).
- 6.15 Annual contributions calculated pro rata to deposits shall equal the sum of the amounts calculated by applying the contribution rates provided in section 6.14 to the values in Brackets I and II.

Rules of calculating the risk-based contribution

- 6.16 The Fund modifies the annual contribution calculated as described in section 6.14 on the basis of the risk associated with a Fund Member, and calculates the amount payable in risk-based contribution ex officio. Taking into account the risk associated with a Member can modify the contribution calculated as described in section 6.14 not more than by fifty percentage points.
- 6.17 A risk associated with a Fund Member is expressed by a risk factor calculated from the Fund Member's capital adequacy and the relative standard deviation of the Member's income (multiplying the two components yields a Probability of Default (PD) value for the Fund Member) and from the Member's own funds to deposits and net income to deposits ratios (multiplying the two components yields a Loss Given Default (LGD) value for the Fund Member) using the method described below.
- 6.18 For the purposes of interpreting the tables below, each band includes the value identifying the lower band limit and the next (higher) band includes the value identifying the higher band limit.

Capital Adequacy Ratio

6.19 The following formula shall be used to calculate the percentage value of each Member’s capital adequacy ratio from the data available from Member disclosures.

$$\frac{\text{own funds}}{\text{capital requirement} \left(\frac{100}{8} \right)}$$

6.20 Once capital adequacy has been calculated as set out above, the table below shall be used to determine the capital adequacy risk factor associated with a Member:

<i>bands</i>	<i>capital adequacy ratio</i>	<i>risk factor</i>
1	– 8 %	2.8
2	8 – 8.5 %	1.4
3	8.5 – 9 %	1.2
4	9 – 10 %	1.1
5	10 – 12 %	1.0
6	12 – 16 %	0.9
7	16 – 30 %	0.8
8	30 % - 1000 %	0.7
9	1000 % -	0.6

Relative Standard Deviation of Net Income

6.21 The relative standard deviation of net income (i.e. the degree to which net income deviates from the level of average income) shall be calculated by dividing the deviation of the net income of the Member’s investment services and the average of such income realised by Members:

$$\frac{\text{deviation of the Member’s net income}}{\text{average of the net income of Members}}$$

6.22 The average of net income shall be calculated as a simple arithmetic average of quarterly data, whilst the deviation of net income shall be calculated as the deviation of individual quarterly figures from the average.

6.23 Once relative standard deviation has been calculated as set out above, the table below shall be used to determine the risk factor of relative standard deviation of net income associated with a Member:

<i>Bands</i>	<i>relative standard deviation of net income</i>	<i>risk factor</i>
1	- 0	1.2
2	0 - 0.3	0.8
3	0.3 - 0.7	0.9
4	0.7 – 1	1.0
5	1 – 5	1.1
6	5 – 30	1.3
7	30 -	1.5

Ratio of Own Funds to Deposits

6.24 The ratio of own funds to deposits shall be expressed as a percentage by dividing a Member’s own funds surplus with the total customer deposits the Member manages:

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Member's own funds – minimum capital requirement
total customer deposits managed by the Member

6.25 Once the ratio of own funds to deposits has been calculated as set out above, the table below shall be used to determine the ratio of own funds to deposits risk factor associated with a Member:

<i>bands</i>	<i>ratio of own funds to deposits</i>	<i>risk factor</i>	
		<i>banks</i>	<i>investment firms</i>
<i>1</i>	<i>– 0 %</i>	2.2	1.7
<i>2</i>	<i>0 -0.5 %</i>	1.7	1.4
<i>3</i>	<i>0.5 – 2 %</i>	1.5	1.3
<i>4</i>	<i>2 – 5 %</i>	1.3	1.2
<i>5</i>	<i>5 – 12.5 %</i>	1.0	
<i>6</i>	<i>12.5 – 50 %</i>	0.8	
<i>7</i>	<i>50 – 100 %</i>	0.7	
<i>8</i>	<i>100 – 10.000.000 %</i>	0.6	
<i>9</i>	<i>10.000.000 % -</i>	0.5	

Ratio of net income to deposits

6.26 The ratio of net income to deposits shall be expressed by dividing a Member's net income from investment services multiplied by one thousand with the total customer deposits the Member manages:

Member's net income X 1000
total customer deposits managed by the Member

6.27 Once the ratio of net income to deposits has been calculated as set out above, the table below shall be used to determine the ratio of net income to deposits risk factor associated with a Member:

<i>bands</i>	<i>ratio of net income to deposits</i>	<i>risk factor</i>
<i>1</i>	<i>-0</i>	<i>1.2</i>
<i>2</i>	<i>0 -4</i>	<i>1.1</i>
<i>3</i>	<i>4 – 9</i>	<i>1.0</i>
<i>4</i>	<i>9 – 60</i>	<i>0.9</i>
<i>5</i>	<i>60 – 80</i>	<i>1.0</i>
<i>6</i>	<i>80 – 130</i>	<i>1.1</i>
<i>7</i>	<i>130 – 20.000</i>	<i>1.2</i>
<i>8</i>	<i>20.000 -</i>	<i>1.2</i>

Composite Risk Factor and the effect factor

6.28 To calculate a Member's composite risk factor the (main) factors expressing capital adequacy and own funds to deposits shall carry 125% weight, each, whilst the adjustment factors expressing the relative standard distribution of net income and income to deposits shall carry 75% weight, each, with weighting calculated by raising values to the given power.

6.29 Using the risk factors calculated as described above, an adjusted PD value and an adjusted LGD value shall be calculated for the Member. Next the deviation of the Member's individual PD and LDG values from average market PD and LGD values shall be determined. To do so, average market PD shall be regarded to equal five (5) percent, whilst average market LGD shall be taken to correspond to eighty (80) percent. The composite risk factor of the Member shall be the percentage deviation of the value associated with the member from the market average.

- 6.30 The effect factor shall be the factor that modifies the effect of the composite risk factor on fees uniformly (in the same direction) for each member, and hence influences the amount payable in annual contribution calculated using the given level of risk. The size of the effect factor depends on the one hand on the budgeted income of the Fund and on the other hand on the degree of fee diversion market processes justify on the basis of individual member risk levels. The Board of Directors of the Fund determines an effects factor for each year in a separate resolution.
- 6.31 Risk-based contribution is the fee calculated proportionately to deposits and adjusted with the composite risk factor.

7. Extraordinary Charge

- 7.1 The Board of the Fund may order the payment of an extraordinary charge in case the assets of the Fund fail to cover any due or predictable liability to pay damages, the due repayment of credit or any amounts thereon.
- 7.2 The liability to pay extraordinary charge is created on the day the Board resolution ordering the payment thereof is passed and shall cover each member of the Fund.
- 7.3 The extraordinary charge a member is ordered to pay within a single year may not surpass the most recent annual contribution calculated for the member.
- 7.4 The amount payable in extraordinary charges shall be set pro rata to (as a percentage of) the annual contribution payable for a given year to date in a manner to have it reflect the size of the payment liability giving rise to the need to order the payment of the extraordinary charge.
- 7.5 The amount of extraordinary charges a legal successor incorporated by de-merger under the rules of the Company Act [section 1.4a)] is ordered to pay for the year of the de-merger shall be set pro rata to the last annual contribution calculated for its legal predecessor, and the total amount of extraordinary charges may not surpass the last annual contribution calculated for the legal predecessor even if there are several legal successors. The extraordinary charges a legal successor is ordered to pay and actually pays in the year of the de-merger shall be credited to its legal successor in respect of the same year. If there are several legal successors, payments effected by the legal predecessor shall be taken into account and the rate at which legal successors are ordered to pay extraordinary charges shall be calculated pro rata to the stock of protected investor assets transferred.
- 7.6 A member, other than a legal successor [section 1.4b)], shall pay the minimum contribution effective at the date it is ordered [cf. §222(5) of the CMA] for the year the member joins the Fund. The amount of the minimum contribution shall be determined in line with section 6.11.
- 7.7 The Board may grant the right to pay extraordinary charges in installments; provided that each right covers every member and each member shall be subject to identical principles.
- 7.8 When ordering extraordinary charges and the payment of installments, the Board specifies the deadline for performance and the due date for payments, respectively, as well as the method of paying extraordinary charges. The deadline for performance shall be set so that it should correspond to the due date of the payment liability that gave rise to ordering the extraordinary charge.
- 7.9 The decision ordering the extraordinary charge shall contain an explanation, shall be published and shall be directly delivered to each member, at least as an attachment to the invoice. The extraordinary recharge a member pays is public information and is open for inspection by any party.

8. Enforcing the Obligations

8.1 The Fund shall take all reasonable measures to ensure that members comply with their obligations to pay contributions, to disclose the related data and to perform audits (hereinafter collectively: obligations) as the provisions of law and these Bylaws require. The Fund may apply one or more of the measures listed below sequentially or simultaneously depending on which of the measures prove to be most effective for reaching compliance.

Reminder

8.2 In the event a member fails to perform an obligation or if the performance thereof fails to comply with the law or with the provisions hereof, or in the case of delayed performance, the Fund immediately instructs the member in a written reminder to perform the obligation in full without further delay upon recognizing the irregularity. If a member falls – partly or fully – overdue in performing an obligation, the Fund may, if reasonable, set a supplementary deadline for performance. The Fund will do the same if it suspects the likelihood or the threat of violating an obligation. Members of the Fund shall act as instructed.

8.3 A reminder shall specify the obligation to be performed, a call to make disclosures, if applicable, the supplementary deadline, if any, and a warning of initiating a supervisory procedure or some other legal process.

Initiating Supervisory Procedure

8.4 The Supervision may take the measures and apply the sanctions specified in the CMA against a member that violates the Bylaws of the Fund. The Fund will initiate a supervisory procedure upon the failure by a member to perform an obligation as required even after a reminder from the Fund instructing the member to comply.

8.5 Exceptionally, the Supervision may be requested to proceed without a reminder if the nature or severity of the irregularity observed by the Fund is such that the delay caused by a written reminder would threaten the interests of investors, Fund members or the Fund itself.

8.6 The Fund shall notify the Supervision immediately upon recognizing a violation of law while acting in its competence [the third sentence in §214(1) of the CMA].

Public Disclosure

8.7 The Fund may publish or apply some other suitable method for disclosing to the public the list of members that have failed to perform their obligations as required. Such a public announcement shall specify the nature of the violation and may identify the measure applied or initiated in respect of the member.

Taking a Member to Court and Collecting Claims

8.8 If the obligation to pay amounts is violated, the Fund will assert its claim by litigating the member (launching an assessment procedure, taking legal action). No such measures are necessary if the member accepts the claim and offers proper assets in security.

8.9 To have accepted obligations paid or those ordered in a final court order performed, the Fund will immediately launch foreclosure procedures or will take the affected member (former member) into liquidation (bankruptcy).

8.10 Holding the general or case per case power of attorney of the Board, the chief executive officer may negotiate an agreement or waive certain rights during a court or liquidation (bankruptcy) procedure. If procuring the power of attorney from the Board is unfeasible in

due course, the chief executive officer will act as instructed by the chairman of the Board and will inform the Board of the actions taken at the next Board meeting.

Reducing Obligations

- 8.11 Exceptionally, the Board of the Fund may reduce the payment obligation of a member (former member), as provided in sections 8.11-8.13. The Board may apply a general ban on reducing obligations or may transfer the right to make such a decision to the chief executive officer by setting the appropriate guidelines in writing.
- 8.12 Any measure that reduces the obligation of a member (former member) to meet a payment liability shall be regarded to constitute a relief. A relief may be granted in case the receipt of definite income by an earlier date is more favorable for the Fund in the particular circumstances than uncertain future performance of the original claim. The following cases are classified as cases of relief, in particular:
- a) Forgiving all or part of a claim (capital and interest).
 - b) Granting the right to pay installments.
 - c) Extending the pay by date applicable for paying penalty interest.
 - d) Accepting performance by a method other than the payment of money.
 - e) Neglecting the collection of debt in part or in full.
- 8.13 The board decides on relief by issuing a resolution containing an explanation.

9. The Approval, Effect, Amendment and Publication of These Bylaws

- 9.1 The Board of the Fund approved these Bylaws in resolution No. 6/2002 dated January 30.
- 9.2 These Bylaws shall take effect on January 30, 2002 provided the terms and conditions hereof have full force and effect in respect of the calculation of the annual contribution for 2002 (ordering advance payment) and the related disclosure requirement.
- 9.3 The Board of the Fund has modified these Bylaws in resolution No. 34/2002 dated December 13, provided that the amended version hereof takes effect on January 1, 2003.
- 9.4 The Board of the Fund has modified these Bylaws in resolution No. 13/2004 dated May 26, provided that the amended version hereof takes effect on June 15, 2004.
- 9.5 The Board of the Fund has modified these Bylaws in resolution No. 21/2004 dated September 4, provided that the amended version hereof takes effect on January 1, 2005.
- 9.6 The Board of the Fund has modified these Bylaws in resolution No. 18/2005 dated December 15, provided that the amended version hereof takes effect on January 1, 2006.
- 9.7 The Board of the Fund has modified these Bylaws in resolution No. 19/2007 dated November 8, provided that the amended version hereof takes effect on January 1, 2003.
- 9.8 The Board of Directors of the Fund has amended these Bylaws by Resolution No. 24/2010 (XI. 4.) and the amended version shall enter into full force and effect on 1 January 2011.
- 9.9 The Board of Directors of the Fund has amended these Bylaws by Resolution No. 20/2011 (XI. 15.) and the amended version shall enter into full force and effect on 1 January 2012.
- 9.10 The Board publishes, and communicates to the Supervision, these Bylaws and any amendments hereto.

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**The Board of Directors
of the Investor Protection Fund**