

**INFORMATION
ON THE ESTABLISHMENT OF THE TARGET2- SECURITIES NATIONAL USER GROUP
ON 1 JUNE, 2011**

Nowadays one of the largest projects of the European Central Bank (hereinafter: ECB) is related to the Target2-Securities (hereinafter: T2S) that is expected to be launched in 2014. The main objective of this project is the integration of European securities settlement on a standard information technology platform.

Within the framework of the project most of the European national clearing houses, among them KELER, too, signed a Memorandum of Understanding in 2010 with the ECB, as a result of which the NBH and the KELER Group became active players of the T2S project of the ECB.

The following step of the project that is expected to be completed during this autumn is finalization and execution of agreements between the depositories and the ECB and the ECB and central banks should a non-Euro zone central bank decides to introduce its own currency into T2S as a settlement currency.

The decision on joining the T2S and the form and timing thereof are of strategic importance for both European central banks and depositories. The decision can influence the future operation of all involved parties, including clearing houses, custodians, investment banks and brokers in addition to national depositories and thus can have an impact on the role played by market participants in the national capital markets.

At the initiative of KELER and the NBH in May 2011 the Hungarian Banking Association, the Association of Investment Services Providers, the NBH and the KELER Group (KELER Ltd., KELER CCP Ltd.) established the T2S National User Group so that the Hungarian capital market players involved can receive appropriate information on the T2S project as intermediated by KELER and the NBH. Market participants potentially involved can take part in the group at their discretion.

In the future the Hungarian T2S National User Group will undertake the following tasks:

- Strengthening communication between capital market players (investment firms, regulators) and the NBH / KELER related to joining the T2S.
- Representing the interests of Hungarian capital market participants towards the ECB and the operators of T2S.
- Assessing the effects of T2S on local capital markets and informing the highest decision making level of the project led by the ECB on national characteristics.
- Exploring major difficulties / obstacles / differences and submitting them to decision making forums.
- Introducing T2S to all market segments.

As the first step, at the inaugural session the founding members made a decision on the basic principles of operation of the National User Group (NUG), the final version of which was approved on 1 June and the attendees to the meeting elected the executive officers:

- President of the NUG: György Dudás, General Manager, KELER Ltd.
- Secretary of the NUG: Gergely Kóczán, Cash Management Adviser, NBH

Within one month of the first meeting the NUG is scheduled to meet again and in addition to the founding members all capital market participants concerned (custodians, investment service providers, regulators, BSE) will be able to take part in the NUG.

Budapest, June, 2011.

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Target2-Securities (hereinafter: T2S):

T2S is the project of the European Central Bank. The Eurosystem is responsible for managing, developing and operating this project. The purpose of the T2S project is to create a standard cross-border European securities settlement process with the involvement of European depositories and the use of an information technology platform.

The T2S system would run on the Target2 platform (e.g. joint BCP, DRP, telecommunication) that would in fact convert cross-border transactions within Europe into domestic transactions, thus increasing the competitiveness of depositories.

Memorandum of Understanding (hereinafter: MOU)

The Eurosystem suggested Central Securities Depositories (CSD) sign the Memorandum of Understanding to formalize their intention to join the T2S and pave the way for signing a legally binding agreement. KELER Ltd. signed the MOU in June 2010.

National User Group (NUG)

The NBH and the KELER Group are committed to establishing the Hungarian NUG, after the formation of which the Hungarian NUG formally becomes part of the ECB project. The goal of the group is to share information and provide opinion on interim T2S materials. The organization allows to give and receive efficient and detailed information and makes sure that subject matter materials and news get to the involved parties on time. The Hungarian NUG is expected to meet quarterly, in line with the T2S AG (Advisory Group) meeting schedule.