

Example Calculations for Cash Equity Trading

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The aim of this document is to help the customers of the Budapest Stock Exchange (BSE) to better understand the fees applied at cash equity trading, and the costs relating to market access. To reach this goal, the document contains all fixed and variable costs that are relevant to cash equity trading and explains fees calculating methods, where it seems to be necessary. It also provides information of the billing reconciliation procedures.

1. Market Access fees

1.1. Initial Fee

To join any of the Sections of the Budapest Stock Exchange, all investment firms, Commodity Exchange service providers, EEA Section Members and Cross Members shall pay a one-off admission fee, whose sum is HUF 0.

1.2. Minimum Annual Activity Fee for Equity Section Membership – HUF 1.8 million

Each investment firm shall pay a minimum of HUF 1.8 million against each year of trading in the equities section. The minimum annual fee for section membership is calculated for a full calendar year. Each year that has commenced shall be deemed to constitute a full year, regardless of the time at which section membership is granted.

1.3. Monthly Connection Fee

The section member can connect to the trading system via Trader Workplace or K2 Connection Server Software. The former means that the section member use the standard GUI of the trading system that can be installed free of charge. The K2 Connection Server Software allows the section member to connect and integrate the trading system and the member's internal systems (back-office, front office etc.). The fee of K2 Connection Server Software depends on the range of facilities it provides for the user:

| Package | Monthly fee |
|----------|-------------|
| Entry | HUF 163,817 |
| Standard | HUF 245,728 |
| Plus | HUF 327,637 |

2. Transaction fees

The transaction fee payable for each deal in the Equities Section shall be 0.015 percent of the transaction value expressed in forints, with a minimum of HUF 50 and a maximum of HUF 35,000, where those transactions that were realised from one order in a given month are considered as a single transaction when calculating the transaction fee.

Transaction fees shall become due and payable whenever the amount of transaction fees payable by a section member surpass the minimum annual activity fee for section membership paid by the section member.

2.1. Examples explaining the order based fee calculation method:

2.1.1. Example for transactions deriving from one order, where minimum fee is applicable:

| Trade value | Trade value * 0.015% | Trading fee (applying minimum fee) |
|-------------|----------------------|------------------------------------|
| HUF 100 000 | HUF 15.0 | HUF 44.6 |
| HUF 12 000 | HUF 1.8 | HUF 5.4 |

However the order is concluded in two separate transactions the transaction fee is calculated for the one single order. The total value of the trades is HUF 112 000 and the 0.015 percent of the trade value is HUF 16.8, which is less than the minimum transaction fee. In this case the minimum transaction fee is applicable, which is equal to HUF 50. The minimum transaction fee is shared between the two trades proportionally with the value of the trades.

2.1.2. Example for transactions deriving from one order, where no minimum or maximum fee is applicable:

| Trade value | Trade value * 0.015% | Trading fee (no minimum or maximum fee is applied) |
|----------------|----------------------|--|
| HUF 15 250 000 | HUF 2 287.5 | HUF 2 287.5 |
| HUF 1 700 000 | HUF 255.0 | HUF 255.0 |

2.1.3. Example for transactions deriving from one order, where maximum fee is applicable:

| Trade value | Trade value * 0.015% | Trading fee (applying maximum fee) |
|-----------------|----------------------|------------------------------------|
| HUF 260 000 000 | HUF 39 000.0 | HUF 34 772.6 |
| HUF 1 700 000 | HUF 255.0 | HUF 227.4 |

However the order is concluded in two separate transactions the transaction fee is calculated for the one single order. The total value of the trades is HUF 261 700 000 and the 0.015 percent of the trade value is HUF 39 255, which is more than the maximum transaction fee. In this case the maximum transaction fee is applicable, which is equal to HUF 35 000. The maximum transaction fee is shared between the two trades proportionally with the value of the trades.

3. Example for the calculation of the total charges that a Section Member has to pay per annum

The calculation is based on the following conditions:

- The Section Member only has membership in the Equities Section.
- The Section Member has K2 connection and uses the Entry Package.
- The annual turnover of the Section Member is HUF 500 billion.
- The minimum and maximum fees are not taken into account in this example. 2.1. point contents relevant and detailed information.

| Fee | Base | Rate | Total fee |
|--|-----------------------|--------|-------------------------|
| Initial fee | | | HUF 0 |
| Minimum Annual Activity Fee for Section Membership | | | HUF 1 800 000.0 |
| K2 Connection Fee | HUF 163 817.0 | | HUF 1 965 804.0 |
| Transaction fee | HUF 500 000 000 000.0 | 0.015% | HUF 75 000 000.0 |
| Total charges | | | HUF 79 965 804.0 |

The total annual charges of the Section Member is HUF 76 965 804. As transaction fees surpass the amount of minimum annual activity fee, it is only counted once.

4. Reconciliation and Invoicing

- Minimum annual activity fee for section membership shall be paid by each section member before the first exchange day of the year against which the fee is paid, or in advance in case section membership is granted in the course of a year.
- The minimum annual activity fee for section membership is calculated for a full calendar year. Each year that has commenced shall be deemed to constitute a full year, regardless of the time at which section membership is granted.
- Based on the spot and futures deals of the members, BSE calculates transactional fees (turnover fees) payable by members.
- Transaction fees shall become due and payable whenever the amount of transaction fees payable by a section member surpass the minimum annual activity fee for section membership paid by the section member.
- Billing takes place in HUF, settlement date of bills is always the last day of the month to be billed, and payment deadline is the 10th of the month following the current month. The bill does not include VAT.
- In the case of foreign partners, bills are prepared and printed in English.
- The appendix of bills – which is a summary data broken down to sections (equities, securities, derivatives and commodities section) is printed from the MMTS programme.
- At request, members may receive detailed data.