

Warsaw, 16 December 2021

Polish-Hungarian Agreement in the GPW Group

PRESS RELEASE

- **The Warsaw Stock Exchange (GPW), Towarowa Giełda Energii (TGE), the Hungarian National Bank and the Budapest Stock Exchange have signed a Term Sheet with a view to establishing Central Post-trade Solutions (CPS) on or before 30 September 2022.**
- **Under the Term Sheet, Towarowa Giełda Energii will be the majority shareholder of the company to be established.**
- **The provisions of the Term Sheet are not binding and the conclusion of the investment agreement will depend, among others, on GPW and TGE conducting a due diligence and obtaining required corporate approvals.**

On 16 December 2021, the Warsaw Stock Exchange (GPW), Towarowa Giełda Energii (TGE), the Hungarian National Bank and the Budapest Stock Exchange have signed a Term Sheet with a view to establishing a commodity market post-trade operator Central Post-trade Solutions (CPS) on or before 30 September 2022. Under the Term Sheet, Towarowa Giełda Energii will be the majority shareholder of the company to be established.

The Term Sheet sets out the framework for further negotiations. The final wording of the potential investment agreement may differ from the initial assumptions. The provisions of the Term Sheet are not binding and the conclusion of the investment agreement will depend, among others, on GPW and TGE conducting a due diligence and obtaining required corporate approvals.

"I wish to congratulate GPW President Marek Dietl on his idea and initiative. A large-scale vision and the aspiration to grow internationally create value and demonstrate responsibility for the entire Polish economy. It is truly exemplary," said Jacek Sasin, Deputy Prime Minister and Minister of State Assets.

"Integration of Polish and Hungarian business within the company Central Post-trade Solutions will generate synergies in the development of a comprehensive clearing offer for the entire region. The potential transaction will allow for the formation of an entity with a comprehensive offer for commodity markets including markets in electricity, gas and agricultural products. The cooperation with our Hungarian friends will allow TGE to introduce new business lines and provide many benefits to other participants in CEE/SEE," said Marek Dietl, President of the Management Board of GPW.

Development and growing competition on commodity markets in the CEE/SEE region, including in particular in the area of clearing services, pose new challenges for entities operating in this market. To address those challenges, international cooperation projects need to be implemented with a view to the development of CEE/SEE commodity markets (mainly energy and gas markets), including in particular the development of post-trade services. The objective of this project is to create a leading CEE/SEE clearing house for commodity markets which can compete with other such entities in Western Europe thanks to, among others, its business scale, comprehensive offer and cost synergies. The new entity can also cooperate with multiple local energy and gas markets in CEE/SEE countries by providing services in new projects implemented in this part of Europe. The establishment of CPS will also enable the development of the Financial Instrument Market operated by TGE by introducing new products to the market.

"The agreement signed today and a future investment agreement with the Hungarian partners will create a new quality in post-trade services for commodity markets, mainly for power and gas, in Central Europe. We hope that the new solution we are working on with the Hungarian partners will strengthen and

accelerate the development of commodity markets in CEE and SEE and reinforce TGE's strategic position in the CEE region," said Piotr Zawistowski, President of the Management Board of TGE.

"Combining KELER CCP and IRGiT will allow all parties to strengthen their post-trade infrastructure and explore new business opportunities," said Richard Végh, CEO of Budapest Stock Exchange.

GPW holds 100% of the share capital of TGE and indirectly, within the TGE Group, 100% of the share capital of Izba Rozliczeniowa Giełd Towarowych ("IRGiT").

IRGiT is responsible for clearing and settlement of the transactions on the markets operated by TGE.

The Hungarian National Bank directly holds 53.33% of the share capital of Keler CSD and the Budapest Stock Exchange holds the remaining 46.67% of the share capital of Keler CSD.

The Hungarian National Bank directly holds 0.1% of the share capital of Keler KSZF Zrt. (Keler CCP), the Budapest Stock Exchange directly holds 0.09% of Keler CCP, and the remaining 99.81% of the shares are held by Keler CSD.

Keler CSD is the only central securities depository in Hungary. The company owners are the Hungarian National Bank and the Budapest Stock Exchange.

Keler CCP performs clearing house functions as a central counterparty, clears transactions and operates a clearing liquidity guarantee system.

The following transactions are expected under the Term Sheet following the establishment of Central Post-trade Solutions:

- TGE will contribute in kind all IRGiT shares to Central Post-trade Solutions;
- the Hungarian National Bank and the Budapest Stock Exchange will contribute in kind all Keler CCP shares held directly or indirectly to Central Post-trade Solutions.

The companies will announce next steps in the process.

The Warsaw Stock Exchange Group (GPW Group) operates trading platforms for shares, Treasury and corporate bonds, derivatives, electricity and gas, and provides indices and benchmarks including WIBOR and WIBID. The index agent FTSE Russell classifies the Polish capital market as a Developed Market since 2018. The markets operated by the GPW Group are the biggest in Central and Eastern Europe. For more information, visit www.gpw.pl

Towarowa Giełda Energii S.A. (TGE) is the only licensed commodity exchange in Poland authorised to operate a regulated market since March 2015. TGE is the Nominated Electricity Market Operator (NEMO) for the Polish price area. TGE operates on the European day-ahead market SDAC since 15 November 2017. TGE opened the cross-border intra-day market SIDC based on the XBID model on 19 November 2019. TGE is listed by ACER as a trade reporting platform under REMIT. TGE is a member of the Warsaw Stock Exchange Group since March 2021. **Media contact:** press@tge.pl

Budapest Stock Exchange plays a pivotal role both in Hungary's and the Central Eastern European region's capital markets. As a result of the dynamic growth it achieved after its re-establishment in 1990, BSE now provides the highest level of service, in compliance with the standards of developed markets, to security issuers, traders and investors from around the world. In the last more than three decades, Budapest Stock Exchange evolved into the most innovative market in the region: it was the first to introduce, among other activities, options and futures trading. The exchange pioneered the listing of exchange-traded funds in the region and was among the first to use central counterparty services, an essential component of the safety of settlements, in collaboration with KELER.