



Központi
Elszámolóház
és Értéktár
(Budapest) Zrt.

Client Information **on the Execution of the Contract of the Account** **Management System Replacement**

23 September 2013



Dear Clients,

Please be advised that in the forthcoming more-than-a-year-long period of time the Central Clearing House and Depository Ltd. (KELER) that plays a unique role in the Hungarian financial market makes one of the most significant investments in its history to replace the currently used account management system. In line with the contract signed in the first half of September KELER mandated Tata Consulting Services, a member of the Tata Group to deliver the new system.

In line with current plans in the autumn of 2016 KELER and the Hungarian securities market enter Target 2 Securities (T2S), the uniform European securities clearing platform of the European Central Bank, which paves the way for the Hungarian depository to play a role in the European securities market. One of the preconditions of successful entry is the establishment and the operation of an account management system that is compatible with the European centralized system; KELER mandated **Tata Consulting Services** (hereinafter: TCS) with headquarters in India to implement such a system.

TCS is an internationally recognized vendor in the global money and capital markets with a client portfolio including major securities market participants. TCS is active in a wide range of industries, including electronics and communication where it is considered to be one of the most important global service providers and was awarded the KELER mandate in a restricted procedure. Under the scope of Phase 1 of the Strategic Modernization Program (SMP) launched in the autumn of 2012 the agreement was reached as the result of a remarkably thorough selection process with several phases. With the investment KELER replaces the current account management system with a modern and lasting solution that provides new opportunities to KELER to develop services, enter T2S and exploit the related business opportunities.

With this investment KELER purchases a 21st century solution to replace the existing, 20-year-old account management system. The TCS BaNCS system will bring a number of new features related to the services of KELER, at the same time it complies with the current service requirements also. One of the outstanding goals of the system replacement is to renew KELER and its services without significant changes in the daily operation of our Clients that is with the least possible modifications that become necessary as a result of the system change.

After the contract execution Phase 2 of the SMP started and in this phase there are intense talks with TCS on the detailed system specification that will be followed by system customization, testing and implementation taking nearly one year. The new system is planned to go live in October 2014 after a test period of several months (besides the tests concluded by KELER containing also Client tests); it creates new opportunities for KELER to develop services, enter T2S and exploit related business opportunities.

KELER plans that the customization (specification) process until the end of 2013 will be followed by testing from the early spring of 2014, Clients tests can be started in the autumn of 2014.

We find it of outstanding importance that our clients have up-to-date information on the most important details of the system change project, learn of expected KELER service developments as early as possible and can make their assessment as to whether they are involved and any arising opportunities. To this end KELER plans to inform its client on the project through Client Information documents and personal consultation, as well.



Please contact our colleagues named below with any questions you may have related to the KELER system replacement project.

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**Sincerely yours,
KELER Group**

