



Interactive Brokers Central Europe Zrt.

ANNOUNCEMENT

on the Long-Term Investment Account (TBSZ)

Valid from: 5 December 2023

This notice ('Notice') is intended to provide information about the so-called **long-term investment account** in compliance with the provisions of Act CXVII of 1995 (as amended) on the personal income tax (hereinafter: 'PIT') regarding the 'long-term investment agreement' that that has been or will be concluded with you.

1. Long Term Investment Account

Hungarian tax resident natural persons who deposit their savings in long-term investment accounts (hereinafter: TBSZ account) are **partially or fully exempt from the personal income tax** if the conditions defined by law (PIT) are met. TBSZ agreement is a fixed-term agreement.

TBSZ account can only be opened at investment firms and credit institutions with a condition that in a given **calendar year only one TBSZ agreement** can be concluded with the same service provider.

TBSZ account can be opened as a new individual account's long-term investment sub-account, or a sub-account under your existing taxable individual account. A **minimum of 25,000 HUF** or its equivalent in any of the 10 foreign currencies that are supported in IBCE have to be paid as opening funds to have a valid TBSZ account. If you open a TBSZ account in a given calendar year and then close it in the same calendar year you are not allowed to apply for a second TBSZ account in the same calendar year.

The account maintenance period is divided into two periods:

I. **The collection period (year 0)**

Collection period lasts from the opening of the account in a given year until the end of this given year (31st December). During this time (the given calendar year) you can make payments/place deposits to your TBSZ account at any time. The placement of a specific lump-sum and/or instalments during the collection period under the TBSZ agreement is the 'time deposit' ('lekötött pénzösszeg'). The time deposit is listed in the register of time deposits ('lekötési nyilvántartás') maintained by Interactive Brokers Central Europe Zrt (hereinafter: IBCE).

II. **The investing/holding period (year 3+2)**

5-year long investing/holding period consisting of 2 terms starts on the 1st of January after the year of collection period, and lasts until the last day of the fifth year:

- The **three-year term deposit** ('hároméves lekötési időszak') starts on the 1st January after the year of collection period, and lasts until the end of the third calendar year of the investing/holding period.
- The **two-year term deposit** ('kétéves lekötési időszak') starts on the 1st of January of the fourth calendar year of the investing/holding period and lasts until the end of the fifth calendar year of the investing/holding period.

During the investing/holding period you can't make new placement of deposits to your TBSZ account.

You can submit **unlimited transaction orders** on the TBSZ account involving financial instruments in controlled capital market transactions ('ETÜ'), or other financial instruments whose income is otherwise recognised as interest income. The portfolio rearrangement within the TBSZ account does not count as a withdrawal, the financial products held in the TBSZ account can be sold at any time - if the conditions are met - and then can be reinvested in the TBSZ account.

Please note, that it is not possible to withdraw funds and/or transfer the financial instruments out from the register of time deposits without terminating the TBSZ account. At full or partial withdrawal,

maturity and break the income on the TBSZ account is computed in HUF and reported to the Hungarian tax authority.

TBSZ account can be subject to enforcement.

TBSZ account can be inherited.

TBSZ account is excluded from Cash Yield Enhancement Program (CYEP) and Stock Yield Enhancement Program (SYEP).

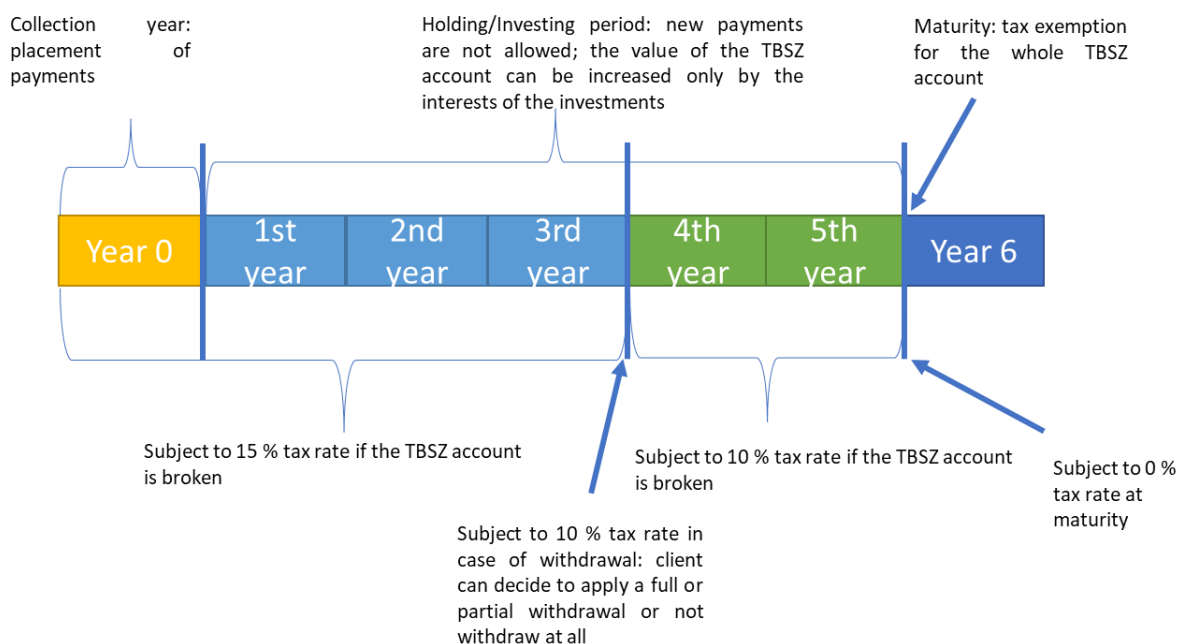
Investment loan is not available on TBSZ accounts.

Please remember, that the return on the financial instruments can be negative and you may get back less money than you originally deposited in the TBSZ account. The return depends - among others - on the market volatility and the performance of the invested financial instruments.

Details of the TBSZ agreement and the TBSZ account can be found in the General Business Rules (GBR). This Notice is not exhausting, so please also inform form the relevant legal requirements (e.g. PIT), tax authority guidelines, the TBSZ agreement, the GBR and relevant disclosures and notices.

IBCE does not provide tax advice. The content of this Notice cannot be considered as any kind of tax advice, it is for information purposes only.

How the TBSZ account works:



2. Tax rates and Conditions

The TBSZ account is subject to **personal income tax** payable under the PIT.

Time deposit interest ('lekötési hozam') is the income from TBSZ account which exceeds the amount deposited during the collection period.

Tax Exemption

0 % tax rate if your TBSZ account reaches maturity on the last day of the two-year term deposit (31st December year 5).

Tax discount

10 % tax rate if you:

- make a full withdrawal: doesn't renew the existing deposit on the last day of the three-year term deposit (31st December year 3);
- make a partial withdrawal: does not extend the time deposit for a part of money and/ or the financial instruments on the TBSZ account on the last day of the three-year term deposit (31st December year 3);
- terminate the TBSZ account after the three-year deposit term but before the maturity of the two-year term deposit.

Full tax obligation

15 % tax rate if you break the TBSZ account after the placement of deposit and before the end of the three-year term deposit.

IBCE provides a **certificate** to you on your income from long-term investments by 31st January of the year following the tax year when the income was earned. You are not required to declare your income from long-term investments if the applicable tax rate is 0%. In other cases, you shall assess the tax in your tax return and shall pay it by the deadline.

It is important to note that if investments are made in foreign currency exchange rate affects the calculation of income, and that income from financial products issued abroad may be subject to tax at the rate determined in the internal legal system of the issuer's country.

3. Partial Withdrawal

At the end of the three-year term deposit (31st December year 3) you may:

- instruct IBCE that you do not want to keep the assets on the TBSZ account anymore and make a full withdrawal of money and transfer of financial instruments;
- instruct IBCE that you only want a partial withdrawal of money and/or transfer of financial instruments and leave the remaining deposit on the TBSZ account for the two-year term deposit with a portfolio value of at least HUF 25,000;
- not issue any instruction in accordance with full or partial withdrawal from the TBSZ account which is interpreted as you want to keep the entire deposit for the two-year term deposit.

4. Maturity

If you don't give an instruction to the renewal/rollover of the TBSZ agreement at the end of the two-year term deposit (31st December, fifth year) the TBSZ account will be automatically terminated, without further notice. In this case the TBSZ account will be closed, and all money and financial instruments will be transferred to your individual taxable account effective from the next year 1st January.

5. Renewal/Rollover

If you give IBCE an instruction to renew your TBSZ account, then we conclude a new TBSZ agreement with you and create a new corresponding TBSZ account. In such case we transfer the money and the financial instruments from the previous TBSZ account to the newly opened TBSZ account. You can also select a partial rollover, either as a percentage of the portfolio or by specifying the amount or quantity of fund and/or financial instruments you want to renew on the TBSZ account with a portfolio value of at least 25,000 HUF. The money and/or financial instruments registered in the new TBSZ account is

revalued at the market price or the purchase price (consideration paid for such assets) by IB, and this is recapitalized with the - unrealized - return achieved.

When renewing the TBSZ account you skip the collection period and directly enter the five-year investing/holding period. In the case of the renewed TBSZ account (with the recapitalized portfolio value) the five-year investing/holding period starts again applying the same rules as for the first five-year period.

6. Break

Withdrawing the money and/or transfer the financial instruments out from the TBSZ account prior to the end of the five-year term deposit (except for the partial withdrawal at the end of the three-year term deposit) automatically terminates the TBSZ agreement and results in the closing of the TBSZ account.

In this case IBCE transfers the money and the financial instruments to your individual taxable account.

7. Transfer

By closing the TBSZ account at IBCE you may transfer the entire volume of assets registered in the long-term deposit register to another investment firm or credit institution provided that the TBSZ account from which the transfer is made belongs to you.

A certificate is made for the transfers relating to the money and/or financial instruments transferred ('term deposit certificate', 'lekötési igazolás').

8. Termination

Full withdrawal, maturity and break leads to the termination of the TBSZ agreement and closing of the TBSZ account. IBCE transfers the money and the financial instruments to your individual taxable account.

For details on the termination of the TBSZ agreement and TBSZ account please see the provisions of the GBR.

9. Costs and fees

Information on the actual cost and fees related to the TBSZ account can be found on IBCE website under Pricing/Fees/Account Minimums.

Details on the TBSZ account can be found on IBCE's website under FAQ:

<https://www.interactivebrokers.hu/lib/cstools/faq/#/content/508770735>