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Online Auction Service Code of Practice

1. General provisions

- 1.1 Should you not accept these conditions or have further question please contact Magyar Telekom Plc. BU's Help Desk on the telephone number (+36 80) 630-740 or ask your question on the e-mail address info@marketline.hu.
- 1.2 Magyar Telekom Plc. (hereinafter referred to as 'Service Provider') reserves the right to modify this Code of Practice. The Service Provider will publish the current version of its Code of Practice in the auction system with clear specification of the date of modification. The modified Code of Practice immediately enters into force after publication. All users see the current Code of Practice on the website of the Online Auction Service (hereinafter referred to as 'Service') (<http://www.marketline.hu>).
- 1.3 The Service Provider provides to the participant parties only an interface for making bids and presentation. The Service Provider cannot supply any information about the facilities and services offered through bidding and will not assume any liability for the content of invitation.
- 1.4 The Service Provider will not assume any liability for disturbances or damages caused by operating problems of the internet and the end-users' local infrastructure.
- 1.5 The users of the Online Auction Service are responsible for reading and understanding before each auction event and bidding the Code of Practice of the Online Auction Service and the User's Guide. The Code of Practice and the User's Guide can be downloaded in the Service Provider's auction system from the "Download documents" menu.

2. Service players

2.1 Organizer

The Online Auction Organizer is the legal person or business association without legal personality that prepares the invitation to auction. The Organizer shall define in the invitation the subject of the auction, the related payment, delivery and other conditions. The Organizer pays the charge of managing the auction.

2.2 Participant(s)

Participant can be any private person, legal person or business association without legal personality that was invited to the given auction, accepted the conditions defined by the Organizer and makes a bid for the product or service that is the subject of the auction.



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2.3 Service Provider

The Service Provider is the operator of the auction system that ensures that the system needed for management of the auction is available to the Organizers and Participants with the conditions laid down in the contract concluded with the parties.

3. Service types

The auctions that can be managed in the Service Provider's system may target procurement or sale, while in terms of the complexity of the applied rules they may be standard or enhanced auctions.

3.1 Procurement auction

With a procurement auction the Organizer aims at procurement of a product or service presented in the auction conditions. Participants can bid with decreasing prices or increasing or decreasing parameters defined – optionally – by the Organizer.

3.2 Sale auction

With a sale auction the Organizer aims at sale of a product or service presented in the auction conditions. Participants can bid with increasing prices or increasing or decreasing parameters defined – optionally – by the Organizer.

3.3 Standard Auction

The auction Organizer can define special bidding and viewing rules when inviting the auction in the Service Provider's Online Auction System. When such special rules are not defined in the system a Standard Auction is invited. In the case of a Standard Auction the Organizer can invite competition for three parameters: price, payment period and delivery period. Bids are ranked exclusively on the basis of price.

3.4 Enhanced Auction

The auction Organizer can define special bidding and viewing rules when inviting the auction in the Service Provider's Online Auction System. When such special rules are defined in the system an Enhanced Auction is invited.

In the case of an Enhanced Auction the Organizer may invite Online Auction for up to four parameters subject to competition of which price is a fixed parameter, the other three parameters may be freely defined by the Organizer (e.g. payment period, delivery period, guarantees). Bids are ranked on the basis of price, except when the auction Organizer creates an auction with



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parameter weighting (i.e. the weight of price is less than 100). In this case bids are ranked on the basis of the score calculated on the basis of the parameter weighting defined by the Organizer.

4. Registration in the Auction Database

4.1 Registration as Organizer

Organizers can register on the application starting page by filling in the Registration Sheet for Organizers. The Organizer enters on the Registration Sheet the desired user name and password that is activated only after validation of the Service Provider and signing of the service contract. After activation of the log-in ID the full range of auction system services can be used.

All customers registered as Organizer automatically obtain the right to act as participant too and are shown in the Auction Database as potential Participants.

4.2 Registration as Participant

Two ways of registration as participant are available.

1. Registration is made upon invitation by an Organizer.

The potential Participant can register in the Service website as Participant with the organizer code received from the Organizer. Activation of the Participant's user name and password is always the inviting Organizer's task, so only the Organizer can accept (activate) or reject the Participant. The Organizer can at its own discretion accept or reject the Participant. The Participant is in each case automatically notified by e-mail of the judgement of request of registration. Registration upon invitation by an Organizer and inclusion in the database is free of charge for the Participants. The Service Provider will not assume any liability for damages caused through specification of false or incorrect data by the Participants or the Organizer in the registration process.

2. If a Participant wants to register in the Auction Participants' Database without invitation by an Organizer registration in the Auction Participants' Database is subject to a charge, the Participant has to sign a contract with the Service Provider for this service. Further information about conclusion of a registration contract is available from the Service Provider's Help Desk on the telephone number (+36 80) 630-740 and on the website info@marketline.hu.



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5. Invitation to an auction, modification of an auction

The Organizer has the exclusive right to invite Participants to bid. Participants included in the Auction Database can be invited to an auction. The Organizer can include new Participants in the database with its own organizer's code and invite them to future auctions. If the invited participant(s) fail(s) to respond one day before the start of the auction to the invitation to the auction the system automatically sends an e-mail notice to the Participant(s).

The Organizer can modify the invitation to an auction before the start of the auction. Approved Participants are always automatically notified by e-mail of such modifications. The Participant can accept or reject an invitation to an auction.

If the Participant rejects the invitation to the auction it cannot participate in the given auction. The Organizer is notified of the acceptance or rejection of the invitation when logging in to the system.

The Organizer must after each modification notify the Participants through the system (actually it is automatically done by the system when the "Finalize/Notify" button is pushed).

6. Bidding rules

6.1 Bid means an offer sent by a Participant for a given item in the course of an auction.

6.2 Bid validity

Participants can make bids during the auction period (defined by the Organizer in the invitation to auction) and the extension periods, if any. To ensure that incorrect bids are not processed by the system Participants must make bids by entering their bid two times. The bids made are binding for the Participants, they cannot be withdrawn after having made the bid. Unless otherwise provided by the Organizer bids remain binding for a period of 15 days. Should the Participant fail to maintain the validity of its bid during this period the Organizer may enforce its rights at court.

6.3 Opening bid

An opening bid is defined in the Online Auction system. This means an initial value, all bids must be higher (in the case of a procurement auction) or lower (in the case of a sale auction) than this limit. When more than one parameter is offered for competition the system presents to the Participants the minimum or maximum bid and whether bids should increase or decrease.



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6.4 Presentation of the best bid

In the case of an enhanced auction the Organizer can create an auction where the Participant cannot view the best bids made for a given item or some parameters of it. It can occur in two cases:

1. if the Organizer provides in the invitation which parameters will be hidden, or
2. if the Organizer sets a special bidding rule that the Participant can view the best bid only after having made its first bid.

The list of viewable parameters and the relevant special bidding rule are presented to the Participant in the invitation to auction.

6.5 Increasing / decreasing bids

Bids made at the auction continuously increase or decrease in the course of bidding, depending on the type of bidding. When creating the Auction the Organizer can set the minimum value by which bids for the price must increase or decrease.

The minimum increment / decrement means the minimum gap between the Participant's two successive bids. Consequently when the Participant makes its first bid the system does not monitor the minimum increment / decrement. If the Organizer defines a minimum step as a special bidding rule (see Section 6.9.2) the Participants can make bids for the auction price that differ from their last bid with a multiple of such minimum step.

In the case of an auction with parameter weights the Participant's successive bids for the price are not necessarily decreasing or increasing, in such case the system examines the scores to determine whether the bid is better than the current best bid (exception: see Section 6.9.1). In such cases the decrement / increment means the minimum difference.

In the case of a great difference between two successive bids (10% or higher) the system requests the Participant to confirm the bid before the bid is actually made.

Information about the minimum increment / decrement is provided already in the invitation to auction before the bidding period starts.

6.6 Bidding period

The bidding period is the period previously defined by the Organizer.

In default case if any Participant makes a bid in the last 2 minutes of the bidding period that results in a change in the ranking order the bidding period is automatically extended by 5 minutes.



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The Organizer can differently define the time parameters of automatic extension of the auction.

6.7 Suspension of bidding, extension of bidding period

The Organizer can at any time during the auction suspend the auction for any period or extend the auction by any period in the following cases:

1. if the internet connection of any Participant is disconnected due to technical problems,
2. if the intensity of bids made by competing Participants justifies it.

The initial auction period is not modified by suspension of bidding so the auction may end even during a suspension period.

6.8 Deletion of bids

The Organizer can delete bids in the course of the auction if a Participant fails to comply with the Code of Practice and greatly hinders competition through making disturbing bids or makes the competition extremely misleading for the other Participants (e.g. mistyping bids, exchanging parameters).

The auction system sends an automatic notice on the deletion to the Participants on the user interface.

After the deletion the auction continues with unchanged parameters, except the deleted bid.

6.9 Special bidding rules

In the case of an Enhanced Auction the Organizer can define the following special bidding rules:

6.9.1 Participants can make only better bids than the current best bid

The participants can make in the case of a procurement auction without weighting only lower bids than the current best bid, in the case of a sale auction only higher bids. In the case of a weighted auction the system determines on the basis of the score whether the bid is better than the current best bid.



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6.9.2 Minimum increment / decrement of the bid can be specified for each item

If there is an increment / decrement (minimum step) set by the Organizer, the following rules may appear on the auction summary screen in the Special bidding rules block:

- Participants may only place bids that improves the current leading bid by the increment / decrement:
In this case the bid compared to the leading bid must be increased / decreased at least by the minimum step.
- Participants may only place bids that improves the current leading bid by the exact value of the increment / decrement:
In this case the bid compared to the leading bid must be increased / decreased by the exact minimum step.
- Participants may only place bids that improves the current leading bid by the exact value or the integer multiple of the exact value of the increment / decrement:
In this case the bid compared to the leading bid must be increased / decreased by the exact increment / decrement value or the integer multiple of the exact minimum step.

IMPORTANT: The base of the minimum step is always the leading bid. The minimum step value always applies to the Price.

6.9.3 A preferential price can be specified for the items

When the auction is invited the Organizer can specify a preferential price. The preferential price indicated to the Participants means a price level that is preferred by the Organizer. Even when the preferential price is reached the Organizer is not obliged to conclude a contract for the subject of bidding with any of the Participants, but the Organizer may apply a different rule in the invitation to auction.

6.9.4 The parameters of the best bid can be viewed only when the first bid was made

When entering the auction the Participant can see only the opening bid and can see the best bid only after making its first bid. When more than one item is offered the Participant can see the best bids only for the items for which it has already made a bid. If the Organizer has set the viewing rule that Participants cannot view the parameters of the best bid (can see only their own ranking) the system will as a result of combined application of these two rules not accept a given Participant's bid until it is better than the current best bid.

6.9.5 Viewing rules

The Organizer has the opportunity to present or hide the parameters of the best bid, the name of the company that gave the best bid, the score of the best



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bid, the ranking and scores of participants and the list of companies invited to the given auction.

6.10 Ranking of Participants on the basis of their bids

6.10.1 Auction without parameter weighting

Any auction invited as standard auction or enhanced auction where the weight of price is 100 is called auction without parameter weighting.

The Online Auction System calculates the ranking of Participants on the basis of the bids made. The Online Auction System calculates the ranking of Participants on the basis of price.

Participants can make bids with the same price that another Participant has earlier offered in its bid. In this case the Online Auction System indicates to the Organizer and the concerned Participants that the same bid was made by more than one Participant for the given item.

If in the course of the auction in addition to price other parameters are also at competition the Participant must specify for each new bid price a new value for the other parameters too.

6.10.2 Auction with parameter weighting

In the case of an enhanced auction the auction Organizer can define weights and opening values for up to four parameters defined by itself. The total scores given for a parameter calculated on the basis of the weights and opening values must always be 100. When a bid is made the Participant receives a score on the basis of the weights that is calculated with all parameters (not only the price) offered by the Organizer for competition. Participants are ranked on the basis of their scores. So Participants see the ranking calculated on the basis of the scores and not the ranking based on the price.

Scores are calculated on the basis of the difference in percentage from the opening bid defined for each parameter. The score achieved in the course of the auction by a bid is calculated by the system through adding up the scores of all parameters.

This is shown by the following formula:

$$\Sigma \text{ Score} = 100 + P1 + P2 + P3 + P4$$

n: number of the given parameter

Σ Score: score calculated for the given bid in the course of the auction



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In the case of an increasing parameter the score calculated on the basis of the bids for the given parameter:

$$P_n = \text{Weight}_n * \frac{\text{Bid}_n - \text{Opening bid}_n}{\text{Opening bid}_n}$$

where:

Bid_n : bid made for a given parameter of a given item

Weight_n : weight of the given parameter

Opening bid_n : opening bid for the given parameter of the given item

In the case of a decreasing parameter the score calculated on the basis of the bids for the given parameter:

$$P_n = \text{Weight}_n * \frac{\text{Opening bid}_n - \text{Bid}_n}{\text{Opening bid}_n}$$

Weighting of participants

The auction Organizer can prequalify vendors through weighting when inviting the auction. In this case the score achieved in the course of the auction is calculated for a given bid as the product of the scores of all parameters and the weight of the given Participant.

This is shown by the following formula:

$$\text{Score}_{PW} = \sum \text{Score} * PW$$

where:

Score_{PW} : score of the given participant's bid for the given item multiplied by the participant's weight

PW : weight of the given participant

7. Message sending to all Participants

- 7.1 The Organizer can in the course of an auction send the same message to all Participants (e.g. supplementary information, corrections). In such case the given message is presented in the user interfaces of all Participants at the time of next updating. The Organizer cannot send a message to a single Participant and Participants cannot send messages in the system.



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7.2 The Organizer must send a message when:

1. the auction is suspended
2. the auction period is extended

The message must specify the reason for the above cases, in the case of suspension the time of continuation of the auction.

8. Selection of the best Participant at the auction

The Participants accept that the Organizer is not required to select the winning Participant always on the basis of the ranking calculated in the course of the bidding.

THE PARTICIPANTS ACCEPT THAT THE ORGANIZER IS NOT REQUIRED TO CONCLUDE AFTER THE END OF THE AUCTION A CONTRACT WITH ANY OF THE PARTICIPANTS FOR THE ITEMS OFFERED FOR AUCTION.

In the case of an enhanced auction the Organizer may select the winning Participant on the basis of the scores given for the parameters offered for competition (maximum 4), but in this case too it has freedom to decide, i.e. is not required to select the winner of the auction on the basis of the ranking based on scores.

After the end of the auction the Organizer can evaluate with the Announcement of Results function of the system the bids received, may request the Participants giving an acceptable bid to do further coordination and at the same time notify the other Participants that their bids were not selected.

THE PARTICIPANTS ACCEPT THAT THE ORGANIZER IS NOT REQUIRED IN THIS CASE EITHER TO CONCLUDE A CONTRACT WITH ANY OF THE PARTICIPANTS FOR THE SUBJECT OF BIDDING.



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9. Miscellaneous provisions

- 9.1 The Service system will not disclose the names of the Participants, except when this function is set by the auction organizer. In the course of the bidding the bidders are notified of the list of participating companies if the Organizer has provided so when it invited the auction. The Participants can see their own bids and the current best bid and can obtain information about their ranking.

At the end of the bidding the Organizer contacts the winning bidder.

In the case of an enhanced auction the Organizer may define the auction with the rule that Participants can see only their own bids and can obtain information about their own ranking.

- 9.2 Companies using this Service as Participant accept that their details specified in the course of registration are entered into the Service Provider's Auction Database from which any Organizer company can select and invite them to further Online Auctions.

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I ACCEPT ALL ITEMS OF THIS CODE OF PRACTICE
