



## NOTICE

### ACCOUNT MANAGEMENT AND PAYMENT SERVICES POLICY OF THE MAGYAR NEMZETI BANK

#### 1. LEGAL BACKGROUND OF THE ACCOUNT MANAGEMENT AND PAYMENT SERVICES OF THE MAGYAR NEMZETI BANK

The Magyar Nemzeti Bank (hereinafter: MNB or central bank), in its role as a payment service provider, provides its account management and payment services within the framework of the prevailing Hungarian legislation, principally Act CXXXIX of 2013 on the Magyar Nemzeti Bank (hereinafter: MNB Act), Act LXXXV of 2009 on the Provision of Payment Services (hereinafter: Pft.) and MNB Decree No. 35/2017. (XII. 14.) on Execution of Payment Transactions (hereinafter: MNBr.).

The institutions with accounts at the MNB can be divided into two groups, according to whether the central bank manages the given account and provides the related service under a legal obligation or a right provided in Article 159 of the MNB Act:

- a) the group of accounts of institutions legally obliged (based on Article 145(1) subsections a) and b) of the MNB Act) to hold an account with the MNB currently include the single bank account of the treasury managed for the Hungarian State Treasury and the bank account of the Államadósság Kezelő Központ Zártkörűen Működő Részvénytársaság (Government Debt Management Agency Private Company Limited by Shares);
- b) account management services in relation to all other accounts are and can be provided under Article 159 of the MNB Act, on basis of a bank account agreement subject to the Pft. and the MNBr., taking into consideration the principles and aspects laid down under point 2.

This account management policy relates to those account management and payment services of the MNB, which are carried out by the MNB under the right provided in the MNB Act, therefore the MNB has discretion in regard to the provision of these services.

#### 2. THE MNB'S ACCOUNT MANAGEMENT AND PAYMENT SERVICES

The framework for the MNB's account management and related payment services is provided by this account management and payment services policy formulated in accordance with the legal regulations in force, in particular by the MNB Act.

Accordingly, the central bank derives its account management activities from its relevant basic tasks provided in the MNB Act, such as implementation of monetary policy, participation in the development of payment and securities settlement systems, and establishment of macro-prudential policy for the entire financial intermediary system, in the spirit of social efficiency and careful management of taxpayers' resources.

On this basis, the MNB groups the institutions with accounts at MNB into two categories:

- 1) Institutions which have concluded a separate agreement with the MNB on maintaining accounts with the MNB as a result of national economic priorities, international, customary law, requirements or mutuality in the context of the basic tasks outlined above. These agreements on the provision of account management and payment services are concluded between the MNB and the institution concerned on a bilateral basis. This group currently includes the international public financial institutions (e.g. the IMF, BIS), the European Commission, foreign central banks and, related to the efficient and safe management of foreign exchange of the state, the foreign currency accounts of the Hungarian State Treasury and the Government Debt Management Agency Private Company Limited by Shares. For these institutions the MNB provides correspondent banking services in forint and foreign currency, in conformity with the standard banking services available in the relevant market, and giving case-by-case consideration to the types of services the account holder wishes to use and whether the provision of such services by the central bank is justifiable.
  
- 2) The second group comprises the provision of standard account management and payment services which, while not requiring a special agreement or special, tailored services, can be derived from the basic tasks outlined above. For this group of institutions the MNB, acting exclusively as a settlement bank, manages forint payment accounts for credit institutions having registered seat in an EEA country, other payment service providers offering payment services in Hungary, investment firms having registered seat in an EEA country, operators of market infrastructures (central securities depositories, central counterparties, clearing houses, financial enterprises operating a payment system), as well as the CLS Bank International (as an institution entitled to participate in a system operating in another member state), and technical settlement accounts for market infrastructures applying for such an account. In addition to cash transactions and execution of central bank transactions, the scope of payment services provided by the MNB to payment service providers is limited to the role of the central bank as a settlement bank (ensuring the provision of settlement services arising exclusively from direct participation in payment and securities settlement systems). This means that for this second group the MNB manages payment accounts exclusively in relation to direct participation in the Hungarian real time gross settlement system (Valós Idejű Bruttó Elszámolási Rendszer, hereinafter: VIBER) operated by the MNB and being the central bank's basic settlement platform. Account holders in this group may use their payment accounts exclusively for such purposes, i.e. for executing, and settling payment transactions executed directly in VIBER. Payment transactions executed in VIBER include the settlement of positions arising from payment transactions cleared or settled by other payment or securities settlement systems.

In accordance with the above, for this second group of institutions the MNB does not provide correspondent banking services relating to payment transactions directed to either of the forint payment systems, consequently, institutions cannot apply for indirect participation in the forint payment systems through the MNB either. Payment service providers participating directly in VIBER and thus holding forint payment accounts with the MNB, or any other VIBER participants not belonging to the group of institutions under subpoint 1 in respect of their payment accounts with the central bank opened for the sake of their VIBER participation may not submit payment orders to the MNB as a correspondent bank and they may dispose of the balance on such payment accounts exclusively through payment orders submitted directly to VIBER.

Within the frame of the standard payment services (i.e. without any special agreements), the MNB does not provide payment services regarding collections, direct debits and in foreign currency (foreign currency account management, and execution of related payment transactions).

The account-opening requests of foreign institutions covered by points 1)-2) will be assessed by the MNB according to the considerations defined in the Business terms and conditions (for bank accounts managed by the Magyar Nemzeti Bank and for settlements of forint and foreign exchange transactions hereinafter: Business terms and conditions).

### **3. CENTRAL BANK ACCOUNT MANAGEMENT AND SETTLEMENT BANKING SERVICES FOR MARKET INFRASTRUCTURES**

Consistent with its basic tasks in respect of macro-prudential policy and payment and securities settlement systems, the MNB provides settlement banking services to systematically important forint payment and settlement systems as well as securities settlement systems. The MNB makes available this service through its VIBER services by facilitating settlement in VIBER for the linked systems. This means that if a system wishes to provide settlement in central bank money, all of its participants directly participating in settlement are required to have direct participation in VIBER.

If the operation of a payment and settlement system or securities settlement system involved is such that settlement requires opening a payment account or a technical settlement account for the market infrastructure (clearing house, central counterparty, central securities depository, financial enterprise operating a payment system), or for the system operator, such market infrastructure may open a payment account or a technical settlement account, or the system operator may open a payment account and become a participant of VIBER, provided that such market infrastructure and/or system operator, and/or the system is subject to financial supervision and/or central bank oversight in a Member State of the EEA.

In respect of market infrastructures and system operators applying for such services, the MNB reserves the right to consider on a case-by-case basis, based on the systematic importance, the reasonableness of central bank settlement as well as the potential risks that the MNB may incur, whether to undertake the role of settlement bank. In making its decision, the MNB makes an assessment especially of whether, based on financial stability or efficiency considerations, it is justified to provide settlement in central bank money for the given market infrastructure, and/or system operator, and/or payment or securities settlement system served by such infrastructure.

### **4. PARTICIPATION POLICY FOR THE VIBER SERVICES OF THE MNB**

In accordance with the above, the eligible direct participants for VIBER comprise the following entities:

- credit institutions having registered seat in an EEA country,
- other payment service providers offering payment services in Hungary,
- investment firms having registered seat in an EEA country,
- operators of financial market infrastructures subject to financial supervision and/or central bank oversight within the EEA (such as clearing houses, central securities depositories, central counterparties, financial enterprises operating a payment system and institutions performing equivalent activities and subject to supervision and/or central bank oversight),
- CLS Bank International.

Other key criteria of eligibility for VIBER participation:

- maintaining a central bank payment account or a technical settlement account eligible for settlement within VIBER;
- participation by all VIBER direct participants in the message transmission network of VIBER: in SWIFT and possession of their own BIC (Bank Identifier Code), as well as participation in the HUF Closed User Group, set up by SWIFT in connection with VIBER;
- successful test performance verifying existence of the technical capacity of the organisation applying for participation to send and receive VIBER messages, as well as the ability to comply with other requirements;
- with regard to the Hungarian branches of non-resident VIBER participants, the founder of the branch office, with regard to the non-resident VIBER participants established in a Member State of the EEA and participating with a remote access, as well as with regard to the direct participation of other non-resident organisations, the legal executive shall issue a formal written statement on full compliance with the provisions of Article 10

subsections ea) to ec) of the Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems (hereinafter: Tvt.);

- the MNB shall decide on the way and extent of verifying compliance with the provisions of Article 10 subsection ed) of Tvt. on a case-by-case basis, in accordance with the purpose of the law;
- the applicant (except market infrastructures) has to be included into the Routing Table as defined by Article 5 of the MNBr. as a direct participant of VIBER based on its formal, written request submitted to MNB.

In compliance with the principle of equal treatment, the MNB shall offer the VIBER services to non-resident participants and Hungarian branches at the same fees as those charged to participants incorporated in Hungary.

## 5. INTRADAY CREDIT

In the context of participation in VIBER, the MNB grants intraday collateralised forint loans to credit institutions that are subject to reserve requirements in Hungary, such as resident credit institutions and the Hungarian branches of non-resident credit institutions. A further requirement is that the credit institution or branch has to be included in the list of eligible counterparties for the overnight collateralised standing lending facility provided by the MNB for monetary policy purposes.

The MNB grants no intraday credit to non-resident credit institutions established in a Member State of the EEA that participate in VIBER by remote access.

Entities other than credit institutions maintaining an account with the MNB receive no intraday credit from the MNB.

The prerequisite for receiving credit is depositing the collaterals determined in the Business terms and conditions.

## 6. INTEREST RATE CONDITIONS

Unless otherwise agreed, the MNB pays interest on payment account and technical settlement account balances according to the Notice on fees, extra fees, commissions, postal and other costs on payment orders other than cash transactions relating to bank accounts managed by the Magyar Nemzeti Bank, and the order of discharging fees, costs and interest, as well as FX exchange rate margins.

## 7. FOREIGN CURRENCY CONVERSION

In the absence of a special agreement, the MNB will perform no cross-currency or forint/foreign currency conversion associated with payment transactions. Similarly, the MNB accepts no payment orders submitted in a currency different from the principal currency of the payment account. Should the incoming payment transaction be denominated in a currency different from that of the recipient payment account, the MNB will refuse to execute such a transaction.

The MNB reserves the right to act, under a separate ad hoc agreement, in a different way from that indicated in this account management policy.

Budapest, 1 December 2020

**MAGYAR NEMZETI BANK**