

**MAGYAR NEMZETI BANK**

**Budapest, 4 February 2015**

Unofficial translation only!  
The official version is the Hungarian one!

**TERMS AND CONDITIONS OF THE OPERATIONS OF THE  
CENTRAL BANK IN FORINT AND FOREIGN CURRENCY  
MARKETS**

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## INTRODUCTION

The Magyar Nemzeti Bank (hereinafter referred to as 'MNB' or central bank) conducts money market operations within the framework of monetary policy with a view to implement an effective transmission of central bank interest rates, to assist banks' liquidity management and contribute to banking sector stability. Efforts made to improve the effectiveness of financial intermediary operations and to enhance competition in the money market foster the achievement of the central bank's objectives.

The central bank strives to devise its monetary policy instruments in a simple and transparent structure, and in view of cost-efficiency and the principle of equal treatment.

The key policy instrument of the MNB from 1 August 2014 is the two-week policy deposit placed with the central bank, with the same interest rate as the central bank base rate. The announcement, placement and the settlement of this two-week MNB deposit take place each Wednesday under normal circumstances and its tenor is 14 days. The tender schedule of this MNB deposit is available on the official MNB website ([www.mnb.hu](http://www.mnb.hu)).

The central bank provides overnight deposits and collateralised loans to its partners to help the liquidity management activities of credit institutions, and hence to smooth volatility of interbank interest rates.

To manage unexpected and massive liquidity shocks, the central bank may announce quick tenders, apart from regularly employed instruments, for deposits and collateralised loans, and may conduct operations with securities. In addition to forint transactions, the central bank may also engage in operations on the foreign exchange market, in the form of spot deals, FX swap deals and acceptance of foreign exchange deposits. In that case when the forint is pegged to foreign currency within a fluctuation band, the conditions are different for the spot foreign exchange transactions conducted at the prevailing edges of the band announced by the MNB (Chapter VI.B.1.) and the intraband spot foreign exchange transactions (Chapter VI.B.2.). In the case of a floating exchange rate regime the MNB does not conduct foreign exchange operations at the edges of the band, the conditions for spot foreign exchange transactions are outlined in Chapter VI.B.2.

Within the framework of money market operations, the MNB shall contract deals with resident credit institutions that have met the eligibility criteria specified for the various instruments.

Some of these requirements are purely technical, namely, that each partner shall participate directly in VIBER or BKR for entering into any deal with the central bank on the forint market, and have a securities settlement account at the national CSD (KELER Zrt.) for loan and securities transaction.

Another prerequisite in quick tenders – in order to limit the number of participants – is that only banks subject to the minimum reserve system are allowed to participate, provided that they are able to comply with the applicable technical requirements.

## I. DEFINITIONS

For the purposes of the Terms and conditions for the operations of the central bank on forint and other currency markets (hereinafter referred to as 'Terms and conditions');

1. **'Offer'** means a communication of an intent to conclude a deal under analogous conditions.
2. **'Liquidity providing instruments'** means central bank operations for supplying liquidity (e.g. collateralized central bank loans).
3. **'Government securities'** means debt securities issued by the Hungarian or a foreign government, by the MNB, the European Central Bank or the central bank of any Member State of the European Union.
4. **'Auction'** means a method of trading where the MNB provides an opportunity – subject to specific conditions – to the counterparty to make an offer. Where so required by the prescribed conditions (for example the volume of issue is maximised), the purchase offers submitted compete against one another. In this case – unless the conditions of the specific auction do not specify differently –, bids are accepted as arranged in sequence, according to the relevant regulations at the price offered (multiple rate auction).
5. **'Business conditions for maintaining bank accounts'** means the Business Terms and Conditions for bank accounts managed by the Magyar Nemzeti Bank and for settlements in forint and foreign exchange transactions.
6. **'Acceptance value'** means the value of securities in forint, calculated by the MNB according to its collateral valuation principles, at which the MNB accepts the securities in question as collateral for money market operations.
7. **'Acceptance ratio'** means a risk control measure applied by the MNB used to multiply the initial value of collateral to indicate the value at which the MNB will ultimately accept the securities in question (acceptance value).
8. **'Resident bank'** means banks registered in Hungary, also non-resident banks established in any Member State of the European Economic Area by way of their Hungarian branches, and the Hungarian branches of non-resident banks established outside the European Economic Area.
9. **'Resident credit institution'** means credit institutions registered in Hungary, also non-resident credit institutions established in any Member State of the European Economic Area by way of their Hungarian branches, and the Hungarian branches of non-resident credit institutions established outside the European Economic Area.
10. **'BKR'** means the Interbank Clearing System in Hungary.
11. **'Enforcement of collateral'** means enforcement of securities portfolio pledged as collateral for loans that were cancelled by the MNB for failure to comply with the minimum account balance requirement specified in the Business conditions for maintaining bank accounts.
12. **'Collateral value'** means the total of the acceptance value of all securities in the portfolio at the time of pooled collateral valuation.
13. **'Collateralised loan'** means any loans collateralised by securities held on account at KELER Zrt. pledged in favour of the MNB as collateral security.
14. **'Payment after payment (PaP) principle'** means a principle employed by the MNB in spot foreign exchange transactions at the edge of the intervention band, meaning that the MNB shall honour its obligations stemming from these transactions after the counterparty's performance on value date (at or before 13:00 CET).
15. **'Initial price'** means the gross (net price + interest) market price of securities that is most representative, or in the absence of this, the price calculated by the MNB with the yield curve estimation method, or the face value. The MNB shall define the initial price for groups of securities separately.
16. **'Minimum account balance'** means the minimum account balance specified in the Business conditions for maintaining bank accounts.

17. **'MNB-limit'** means the maximum volume of transactions determined by the MNB for each individual counterparty, relying on the credit rating of international credit assessment institutions.
18. **'End-of-day collateral revaluation'** means the revaluation of collateral at the end-of-day closing based on the principles laid down in Annex 1 to the Business conditions for maintaining bank accounts, using the initial prices and acceptance margins published in the related central bank bulletin.
19. **'Public offer'** means the term defined in the Act CXX of 2001 on the Capital Market.
20. **'Pooled collateral valuation'** means that the securities portfolio in favour of the MNB provides security for the portfolio of collateralised central bank loans.
21. **'Liquidity absorbing instruments'** means central bank operations offering investment opportunities to counterparties (e.g. in central bank deposits).
22. **'Money market counterparty, counterparty'** means the group of counterparties involved in the operations defined in the present Terms and conditions. The provisions relating to the various transactions governed under this Terms and conditions shall define the types of transactions and the counterparties for which they are designed.
23. **'Special collateral revaluation'** means an intraday collateral revaluation conducted by the entitlement conferred in the present Terms and conditions, where the initial prices and acceptance margins may differ from the values communicated upon the end-of-day collateral revaluation.
24. **'SWIFT'** is a financial communication system operated by the Society for Worldwide Interbank Financial Telecommunication.
25. **'Regulated market'** is a concept defined in Act CXX of 2001 on the Capital Market.
26. **'Tender procedure'** means a procedure in which the MNB provides liquidity to, or withdraws liquidity from, the market. If necessitated by the prescribed terms and conditions, the bids received by the MNB compete with each other. In this case, unless the conditions of the tender notice do not specify differently, bids are accepted as arranged in sequence, according to the relevant regulations at the price offered (multiple rate tender).
27. **'Residual maturity'** means the time remaining until the maturity date of a transaction.
28. **'VIBER'** is an acronym, stands for the Real-Time Gross Settlement System in Hungary.

## II. GENERAL CONDITIONS

1. The MNB shall perform the following operations in accordance with the present Terms and conditions:

- buying and selling of government and other type of securities in the secondary market,
- sale of forint bills of own issue in the primary market,
- providing short-term collateralised loans,
- acceptance of short-term forint deposits,
- FX transactions resulting from FX swap transactions,
- spot currency conversion transactions, and
- foreign currency deposit transactions

(either of the above transactions hereinafter referred to as 'money market operation', all of the above transactions hereinafter referred to collectively as 'money market operations').

2. In addition to what is contained in Point 1, the MNB may conduct any other type of transactions in accordance with Points 3-21 under the II. General Provisions of the Terms and conditions and within the framework of Act CXXXIX/2013 on the Magyar Nemzeti Bank.

3. The MNB provides the opportunity to participate in the money market operations to different money market counterparties with respect to a specific money market operation.

4. Of the domestic money market counterparties the MNB shall conclude money market operations only with those having notified the Bank of their employees with authorisation for contracting by submitting the signed Declaration (Annex 1) to the MNB and the particulars of their securities settlement accounts at KELER Zrt. The MNB shall recognise the persons notified as per the above as the authorised employees of the money market counterparty for concluding money market operations until further notice from the money market counterparty in question concerning changes. Money market counterparties shall notify the MNB concerning any changes in the authorised persons or in their particulars by way of sending the signed Declaration.

5. Tenders and quick tenders shall be evaluated as described below:

5.1. Variable rate tenders and quick tenders:

5.1.1. The evaluation of bids begins with sorting the interest rate offers and arranging them in a sequence. Bids will be satisfied until the quantity offered by the MNB is exhausted in a growing sequence beginning with the lowest interest rate offer for deposit tenders, and in a decreasing sequence beginning with the highest interest rate offer for collateralised loan tenders, cumulated according to the quantity offered by the counterparty. Unless the conditions of the tender notice do not specify differently, all of the bids are accepted at the offered price (multiple rate tender). The MNB may also announce uniform price tender, where all accepted bids will be completed at an accepted price level which is most favourable to the partners.

5.1.2. If several bids contain the same interest rate offer as the highest accepted interest rate for deposit tenders and the lowest accepted interest rate for collateralised loan tenders, the remaining quantity determined according to the quantities to be satisfied shall be allocated as described in the tender notice among the competitive bids containing the same interest rate until the total quantity is exhausted.

5.1.3. Following the receipt of bids, in light of their contents, the MNB may alter the quantity offered.

5.2. Fixed rate tenders and quick tenders:

5.2.1. If there is no maximum in the offered quantity all bids will be satisfied. If the quantity offered is maximised and if the total of the bids does not exceed the quantity offered, all bids will be satisfied. If the total of the bids exceeds the quantity offered, the bids will be satisfied according to the allocation procedure described in the tender notice until the total quantity is exhausted.

5.2.2. Following the receipt of bids, in light of their contents, the MNB may alter the quantity offered.

### 5.3. Free tenders and quick tenders

5.3.1. The evaluation of bids begins with sorting the interest rate offers and arranging them in a sequence. Bids will be arranged in a growing sequence beginning with the lowest interest rate offer for deposit tenders and in a decreasing sequence beginning with the highest interest rate offer for collateralised loan tenders, cumulated according to the quantity offered. Depending on the bids, the MNB shall satisfy the bids based on the cumulated quantity or the interest rates offered in the bids.

5.3.2. If several bids contain the same interest rate offer as the highest accepted interest rate for deposit tenders and the lowest accepted interest rate for collateralised loan tenders, the remaining quantity determined according to the quantities to be satisfied shall be allocated as described in the tender notice among the competitive bids containing the same interest rate until the total quantity is exhausted.

### 6. Eligible collateral

6.1. The MNB shall accept the following marketable securities as collateral for collateralised loan transactions concluded under the present Terms and conditions, provided that they are owned by the counterparty and kept on securities settlement account at KELER Zrt and pledged in favour of the MNB as collateral security.

6.1.1. Forint or foreign currency-denominated government securities issued by the Hungarian Government or the MNB.

6.1.2. Bonds issued by local government, complying with the following requirements:

- The issuer shall be a local government in Hungary
- Denomination: forint, Swiss franc or euro
- Denomination cannot be changed.
- The negotiability of the bond – beyond the legal provisions relating to the private offering, where applicable – is not restricted, unconditional and unbarred. The acceptability of the bond is not affected by the circumstance, when a third party – providing surety or guarantee for the fulfilment of the obligation based on the bond – agrees irrevocably in writing before the bond is pledged in favour of the MNB (1) to the acquirement of the bond by the MNB and (2)(i) to all the unlimited transfer of the bond in the future, regardless of whether the assent covers the maintenance of the surety or guarantee or not, or (ii) to all the unlimited transfer of the bond and the maintenance of the surety or guarantee in respect of all transfer in the future, when the buyer of the bond fulfils all of the conditions determined in the assent; (3) and that the sole condition of the maintenance of the surety or guarantee may be the commitment of the subsequent notice about the transfer of the bond. This statement of assent shall be put at the MNB' disposal by the money market counterparty, at the same time when the bond is notified to the MNB. The existence of the assent does not affect the MNB's right to exclude any securities from the pool of eligible collateral without any justification as outlined in Point 6.8.
- Date of issuance shall be before 01.01.2009.

6.1.3. Forint-denominated mortgage bonds listed on a regulated market or a non-regulated market recognised by the MNB.

6.1.4. Forint or foreign currency-denominated bonds meeting the following requirements (with the exception of local government bonds):

- Listed on a regulated market or a non-regulated market recognised by the MNB
- The issuer of a forint-denominated bond shall be a legal person registered in Hungary or in any Member State of the European Economic Area; the issuer of a foreign currency-denominated bond shall be a legal person registered in Hungary.
- The issuer, the issue or the issue guarantor shall have a long term credit rating at least equal to that of Hungarian government securities' by at least one credit rating agency accepted by the MNB. (If the long term credit ratings of Hungarian foreign currency-denominated and forint-denominated government securities are different, the MNB shall take into consideration the lower credit rating. In the case of the issuer and the issue guarantor, the MNB shall take into consideration the credit rating

corresponding to the denomination of the issue, if available. If Hungarian government securities have a higher rating than 'BBB-' ('Baa3'), the issuer, the issue or the issue guarantor shall have minimum 'BBB-' ('Baa3') long term credit rating by at least one credit rating agency accepted by the MNB. (The MNB accepts the ratings of issuers, issues and issue guarantees of Moody's, S&P, Fitch as well as other rating agencies listed on its website.) In the case of securities with maturity of less than one year if the issuer, the issue or the issue guarantor have only short term credit rating, the issuer, the issue or the issue guarantor shall have a short term credit rating at least equal to that of published on the official website of the MNB.

- May not establish a right to acquire another security or other financial instrument through conversion or exercising the right in such security.

- 6.2. The MNB shall not accept from its counterparties securities of own issue or issued by affiliates for collateral, with the exception of mortgage bonds.
- 6.3. The MNB shall accept as collateral assets other than government securities, ineligible prior to 16 April 2012, which are traded on a regulated market or a non-regulated market accepted by the MNB as of the third business day at the latest following notification of the name and ISIN code of the security to the MNB by the issuer or the money market counterparty holding the security. The MNB shall accept as collateral eligible local government bonds that are not traded on a regulated market or a non-regulated market as of the third business day at the latest following the day when such security was notified by the issuer or by the money market counterparty holding the security and the fully comprehensive documentation of the security, especially the security (document) and the prospectus, was sent to the MNB. The notification and, in the case of local government bonds, the documentation related to the security shall be addressed to the MNB's Directorate Money and Foreign Exchange Market or shall be delivered in an electronic document format with at least advanced security digital signature to the [pdfit@mn.b.hu](mailto:pdfit@mn.b.hu) address.
- 6.4. The issuer or money market counterparty may propose an expansion of the list of non-regulated markets accepted by the MNB and that of credit rating agencies accepted by the MNB at the address of the MNB's Directorate Money and Foreign Exchange Market or in an electronic document format with at least advanced security digital signature to the [pdfit@mn.b.hu](mailto:pdfit@mn.b.hu) address. The MNB may decide, at its own discretion and without being required to state the reasons for its decision, to expand the list of eligible regulated markets and eligible credit rating agencies, and shall notify the issuer or money market counterparty of such decision within 10 working days.
- 6.5. By pledging eligible local government bonds not traded on a regulated market or a non-regulated market in favour of the MNB as collateral and delivering the documentation related to the security, the money market counterparty warrants that (i) the documentation is fully comprehensive, (ii) the documentation is the same as the original one, in case not the original documentation was sent, (iii) the security is in compliance with the requirements determined in Point II.6.1, as well as (iv) the issuer of the security is not under debt-rescheduling or any other payment-restricting process, in addition (v) the owner of the security has classified the security as 'problem-free' or 'watchlisted' according to its own asset and partner qualification principles. When the issuer (or the guarantor) of a pledged security becomes subject to debt-rescheduling or any other payment-restricting process, the counterparty shall immediately exclude the security from the securities portfolio pledged in favour of the MNB.
- 6.6. When the money market counterparty does not meet its commitments detailed in Point II.6.5, or the pledged security does not fulfil the underwritten requirements, the MNB excludes the security immediately from the pool of eligible collateral, and may implement a legal consequence set out in II.14 against the money market counterparty.
- 6.7. The groups of securities that are eligible as collateral and the acceptance margins are available at the REUTERS' RISKCONTROL page. The official website of the MNB ([www.mnb.hu](http://www.mnb.hu)) contains an itemised list of eligible collateral, eligible non-regulated markets and accepted credit rating agencies.
- 6.8. The MNB reserves the right to exclude any securities from the pool of eligible collateral without any justification.
7. Parties shall agree on the conditions of money market operations via Reuters Dealing (code: HUNB) or over the phone. In foreign currency deposit transactions Bloomberg can be used, in auctions and tenders, bids may also be submitted by fax, with the exception of collateralised loan tenders and collateralised loan quick



tenders, for which bids could also be conveyed to the MNB via the SZAMVEZ channel in the GIROFile service of GIROHáló, authenticated with a valid GIROLock digital signature. Other exceptions are deposits with overnight maturity under the standing deposit facility and two-week policy deposit tenders, for which requests may be submitted via SWIFT MT298 SMT550 message (GIROHáló, phone or fax can be used in the case of the absence of SWIFT connection in extraordinary situations for maintaining business continuity), and collateralised loans under the standing collateralised lending facility, the recourse to which can be initiated after a prior notice given by phone by way of an MT298 SMT500 SWIFT message or in a letter in a form specified in the Business conditions for maintaining bank accounts or by an encrypted fax or through the 'viber' channel of GIROFile service of GIROHáló. If the file format of any bid submitted via the GIROFile service fails to conform to the requirements set out in Annex 3, the MNB shall decline the bid in its entirety. Instead of GIROFile counterparties may also send their bids via Reuters Dealing or over an encrypted fax number that can be provided to the counterparty's agent notified in the Declaration of Annex 1 to the present Terms and conditions, if the necessary arrangements are made beforehand with the MNB's Department of Money and Foreign Exchange Market. The MNB shall record the phone conversations for making arrangements. Any deals made over the phone shall be confirmed in writing sent by fax or SWIFT. Counterparties are required to send this confirmation by 18:45 CET on the trade date. Procedures in derogation from the above are contained under the provisions for money market operations.

8. With regards to bids submitted by fax the time registered by the MNB's facsimile machine shall be construed as the time of receipt. The MNB shall accept bids sent by fax only if all data and information on the bid form is legible, and if the bid is in compliance with the requirements regarding form and content. Any bid submitted not complying with the prescribed and relevant time limits and conditions shall be rejected.
9. With regards to bids submitted via GiroHáló, the time of arrival of the message that contains the bid shall be construed as the time of receipt.
10. Bidders shall remain committed to their bids until receiving notice from the other party as to the partial or full rejection or acceptance of the bid. Procedures for the amendment of bids are contained in the provisions of the present Terms and conditions pertaining to each money market operation.
11. In the absence of a special arrangement, the MNB shall send a confirmation to counterparties on forint deposits on the day of trading in a documented format (in connection with O/N deposits and two-week policy deposits MT298 SMT550 SWIFT message, in connection with other deposits with a maturity over one day 320 SWIFT message or fax).
12. The MNB shall send a confirmation to counterparties on collateralised loans with a maturity of over one day on the day of trading in a documented format (320 SWIFT message or fax). In the case of collateralised loans under the standing collateralised lending facility the Customer is notified of the fact that the loan is made available by means of an MT581 message, or if the loan application is refused, the Customer is notified of the refusal and of its reasons in the same manner as the application was submitted.
13. The MNB shall confirm concluded spot foreign exchange transactions by sending a SWIFT 300 message or by way of fax, and concluded foreign currency deposit transactions by sending a SWIFT 320 message or by way of fax by the business day that follows the trade day.
14. The MNB reserves the right to suspend the participation of some counterparties in its operations transacted in forint on a money or foreign exchange market for a fixed period or indefinitely, without any justification.
15. The counterparty may not cancel any deal concluded with the MNB within the scope of the present Terms and conditions on its own accord. The MNB may avoid the contract in the event of non-compliance on the counterparty's part, and in accordance with the provisions contained in the present Terms and conditions and in the Business conditions for maintaining bank accounts.
16. The MNB reserves the right to ban any counterparty defaulting upon the obligations toward the MNB from all or specific types of operations, temporarily or permanently, and to charge the related expenses to the counterparty in question. In the event of any delay of the counterparty the MNB shall proceed in accordance with the Business conditions for maintaining bank accounts in connection with the types of transactions where it is possible.

17. To secure its receivables (e.g. principal amount, interest, commission, fee, special fee, cost) originating from its monetary policy activities the MNB is entitled to keep the balance on the Customer's settlement account managed by the MNB for the Customer as collateral security. Accordingly, the MNB is entitled to reduce the balance on the Customer's settlement account by the amounts of its receivables from the Customer. The collateral is created on the basis of these Terms and Conditions, upon their express acceptance by the Customer.
18. The outstanding receivables of the MNB originating from contracts concluded under the present Terms and conditions shall be treated as originating from the transactions defined under Article 18 of Act CXXXIX/2013 on the Magyar Nemzeti Bank. Therefore in accordance with Article 160 (4) of the same Act, the MNB may satisfy its claims from the cash accounts held with it by the counterparties in question in the order of claims prior to the accomplishment of transfers to authorities and transfers based on warrants for payment.
19. Parties may agree to derogate from the present Terms and conditions by mutual consent fixed in a separate agreement.
20. The MNB reserves the right to unilaterally amend the present Terms and conditions. The MNB shall notify money market counterparties concerning the amendment of the present Terms and conditions 15 days before the amendment takes effect, and shall send a copy of the amended Terms and conditions.
21. The matters not regulated in the present Terms and conditions shall be governed by the provisions of Act V of 2013 on the Civil Code of the Republic of Hungary, Act CXX of 2001 on the Capital Market, MNB decrees, other applicable statutory provisions, and the provisions of standards on money and foreign exchange markets.

### III. SECURITIES TRANSACTIONS

#### III.A. GENERAL CONDITIONS FOR SECURITIES TRANSACTIONS

1. Offers for securities transactions may be presented by the associates notified to the Bank of money market counterparties or by the authorised associates of the MNB.
2. Settlement of these transactions is carried out in accordance with the relevant regulations and procedural order of KELER Zrt.
3. The seller of securities shall guarantee that they are free and clear of encumbrances and free of any legal defects.
4. The MNB shall enter into any deals with securities between the day of issue and the fourth clearing house business day before maturity.
5. In the event if financial settlement fails on the date of settlement for reasons attributable to the counterparty, the MNB shall have the option to apply the sanctions listed in Point 16 under Chapter II. General Provisions, and may cancel the transaction in question.

#### III.B. OUTRIGHT PURCHASE/SALE OF SECURITIES

Description of transaction	Outright purchase/sale of securities
Date of notice/invitation	Occasionally
Contents of notice/invitation	—
Eligible counterparties	Resident credit institutions subject to reserve requirements with direct VIBER membership and KELER securities account
Proposed by	Counterparty / MNB
Business hours for receiving offers	With T day settlement: between 09:00 and 15:30 CET With T+1, or T+2 day settlement: between 09:00 and 16:30 CET
Content and formal requirements for offers	According to relevant KELER regulations
Number of bids accepted from any bidder	No restrictions
Transaction limit	Minimum 10 million HUF at nominal value
Corrections	Not allowed
Allocation procedure	—
Acceptance measure	—
Date and place of announcements, description	—
Financial settlement / date of settlement	T or T+1 or T+2

1. The MNB shall conclude the purchase transaction for government, mortgage or other type of securities owned by the counterparty, and which are held at KELER Zrt. on securities accounts or sub-accounts and are in unrestrained possession of the counterparty, and are separate from the securities owned by others.
2. Seller agrees to sell the securities it owns, to which the transaction pertains, to the buyer, and buyer agrees to buy them.

### III.C. AUCTIONS ANNOUNCED FOR BILLS OF OWN ISSUE

1. The MNB issues dematerialised bills denominated in forint, and sell them by way of auction.
2. The price of bills is indicated in percentage of the face value, calculated by the following formulas up to four decimal places:
  - a) In connection with bills with an original maturity of over one year, calculated by the gross price formula published by the Államadósság Kezelő Központ Zrt. in its statement on financial calculations relating to fixed rate Hungarian Treasury Bonds.
  - b) In connection with securities with an original maturity within one year:

$$\text{price} = \frac{100}{1 + \frac{i}{100} \times \frac{t}{360}}$$

where:  $i$  means the annual return (in percentage, up to two decimal places)

$t$  means the actual maturity period in days.

3. The MNB reserves the right to declare any auction unsuccessful.
4. Following the announcement of results the MNB shall send a confirmation to bidders concerning the satisfaction of their bids in a documented format. In the case of fix rate auction without maximum quantity, the MNB shall not send any confirmations since all bids are accepted.
5. In fixed rate auctions, if there is no maximum in the offered quantity all bids will be satisfied. If the quantity offered is maximised and if the total of the bids remain below the quantity offered, all bids will be satisfied. If the total of the bids exceed the quantity offered, the bids will be satisfied according to the allocation procedure described in the public offer in units of the nominal value until the total quantity is exhausted.
6. In variable rate auctions, the MNB reserves the right to alter the quantity offered for sale within a  $\pm 25\%$  margin following the receipt of bids, in light of their contents. If the amount of the qualified bids received remains below the quantity offered, the quantity actually sold by the MNB may be maximum 25% below the total quantity of the bids received.
7. In free auctions, the MNB reserves the right to accept less than the quantity offered following the receipt of bids, in light of their contents.
8. In variable rate and free auctions, evaluation of bids begins with sorting out the interest rate offers and arranging them in a sequence. Bids will be satisfied in a growing sequence beginning with the lowest yield up to the cumulated amount of the bids, but only until the quantity offered by the MNB is exhausted.
9. In variable rate and free auctions, if several bids contain the same estimated yield as the highest yield approved during the auction, the remaining quantity determined according to the quantities to be satisfied shall be allocated among the competitor bids that have the same yield according to the principle of card allocation, meaning that each unsatisfied bid still in contention receives the same quantity of securities in each allocation round until the total quantity is exhausted.

Description of transaction	Fixed rate auction	Variable rate auction and free auction
<b>Date and place of notice/invitation</b>	At least 3 business days before the auction on the official MNB website, and on the Reuters NBHJ and Bloomberg NBH4 pages	
<b>Contents of notice/invitation</b>	According to the conditions of the public offer	
<b>Eligible counterparties</b>	Resident credit institutions subject to reserve requirements with direct VIBER membership and KELER securities account	
<b>Proposed by</b>	MNB	
<b>Business hours for receiving offers</b>	On predetermined days between 09:00 and 10:30 CET	On the day of auction between 09:00 and 10:30 CET
<b>Content and formal requirements for offers</b>	Via Reuters Dealing or fax as indicated on the auction offer form (Annex 4)	
<b>Number of bids accepted from any bidder</b>	No restrictions	5
<b>Transaction limit</b>	Minimum 10 million HUF for each bid at nominal value, multiples of the nominal value in round figures	
<b>Corrections</b>	Not allowed	Before the deadline for submission of bids, on a new offer form with the indication 'Amendment', showing all offers; previous offers will be abolished
<b>Allocation procedure</b>	-	Card allocation
<b>Acceptance measure</b>	-	HUF 1 million
<b>Date and place of announcements</b>	On the day of auction before 13:00 CET, on the official MNB website and on the Reuters NBHK and Bloomberg NBH4 pages	
<b>Description of announcements</b>		- date of auction, quantity offered
	- description of bill, ISIN code	
	- financial settlement day	
		- amount and number of bids submitted
	- amount and number of bids accepted	
		- highest, lowest and average yield approved
<b>Financial settlement / date of settlement</b>	T (day of the auction)	

## IV. SHORT-TERM CENTRAL BANK FORINT DEPOSITS

### IV.A. GENERAL DEPOSIT CONDITIONS

1. The MNB can accept deposits between 1 to 365 days of maturity from its counterparties.
2. The fixed-term deposits cannot be recalled before the original date of maturity.
3. Interest is calculated according to the following formula:

$$\frac{\text{amount of deposit} \times \text{interest rate \%} \times \text{interest day-count}}{36000}$$

4. The depositor counterparty authorises the MNB to debit its account with the amount to be debited on the appropriate value date.
5. Upon maturity the MNB shall credit the amount of deposit plus interest to the account of the depositor counterparty.

### IV.B. STANDING DEPOSIT FACILITY

Description of transaction	Standing deposit facility
Date and place of notice/invitation	Standing facility
Eligible counterparties	Resident credit institutions subject to reserve requirements with direct VIBER or BKR membership
Proposed by	Counterparty
Business hours for receiving offers	On business days between 08:30 and 18:30 CET
Content and formal requirements for offers	In SWIFT MT298 SMT550 message specified in Annex 9 to the Business conditions for maintaining bank accounts or in a letter in a form specified in the Business conditions for maintaining bank accounts or by an encrypted fax or through the 'viber' channel of GIROFile service of GIROHáló
Number of bids accepted from any bidder	No restrictions
Transaction limit	No restrictions
Corrections	Not allowed
Financial settlement / date of settlement	T

1. In the event of any extraordinary extension of VIBER business hours bids are accepted under standing deposit facilities until 30 minutes past the closing of VIBER.

#### IV.C. POLICY DEPOSIT TENDER

Name of transaction	Policy deposit tender
<b>Date/place of announcement/invitation</b>	The invitation to tender is published by the MNB on its website and on Reuters NBHJ and Bloomberg NBH4 pages before the tender
<b>Content of announcement/invitation</b>	The type and date of the tender, the applicable interest rate, the date of settlement and the maturity date
<b>Eligible counterparties</b>	Domestic credit institutions (subject to reserve requirements) with direct VIBER or direct BKR membership
<b>Initiated by</b>	MNB
<b>Deal time/time for filing bids</b>	9:00 a.m. to 10:30 a.m. on specific days
<b>Format requirements and contents of bids</b>	In SWIFT MT298 SMT550 message specified in Annex 9 to the Business conditions for maintaining bank accounts or in a letter in a form specified in the Business conditions for maintaining bank accounts or by an encrypted fax or through the 'viber' channel of GIROFile service of GIROHáló
<b>Maximum permitted number of bids</b>	No limit
<b>Bid limit</b>	At least HUF 10 million per bid, in full multiples of HUF 10,000
<b>Possibility to modify</b>	No
<b>Date and place of announcement of result</b>	On the MNB website and on Reuters NBHK and Bloomberg NBH4 pages by 11:00 a.m. on the day of the tender
<b>Content of announcement of result</b>	Amount of bids accepted
<b>Date of financial performance/settlement</b>	T (day of the tender)

1. The interest rates applied in the transactions are fixed during the tender. They may be modified by the MNB before the tender period and will be published on its website and on the Reuters NBHI as well as on the Bloomberg NBH10 pages.
2. Placement of the central bank policy deposit is through tender under the terms and conditions specified in the invitation to tender.
3. The policy deposit tender is announced without limitation on the amount. Consequently, all bids are accepted.

#### IV.D. DEPOSIT TENDERS AND QUICK TENDERS

The MNB applies two different tender procedures: tenders and quick tenders, subject to the following conditions, not including the policy deposit tender which is detailed in the above sub-section IV.C.

Description of transaction	Deposit tender	Deposit quick tender
<b>Date and place of notice/invitation</b>	On or before 09:00 CET on the day of tender on Reuters NBHO and Bloomberg NBH5 pages	On or before 11:30 CET on the day of the quick tender on Reuters NBHO and Bloomberg NBH5 pages
<b>Contents of notice/invitation</b>	Date, type, maturity, quantity of tender and/or interest rate conditions consistent with the type of tender, type of allocation	
<b>Eligible counterparties</b>	Resident credit institutions subject to reserve requirements with direct VIBER or BKR membership	Resident banks subject to reserve requirements with direct VIBER or BKR membership
<b>Proposed by</b>	MNB	
<b>Business hours for receiving offers</b>	On the day of tender between 9:00 and 12:00 CET	45 minutes following the quick tender notice
<b>Content and formal requirements for offers</b>	Via Reuters Dealing or fax, containing the information specified in Annex 2	
<b>Number of bids accepted from any bidder</b>	For variable rate and free tenders 5, for fixed rate tenders 1	1
<b>Transaction limit</b>	Minimum 100 million HUF for each bid, multiples of 10 million HUF in round figures	Minimum 500 million HUF for each bid, multiples of 10 million HUF in round figures
<b>Corrections</b>	Before the deadline for submission of bids, on a new offer form with the indication 'Amendment', showing all offers; previous offers will be abolished	Not allowed
<b>Acceptance measure</b>	HUF 1 million	
<b>Date and place of announcements</b>	On the day of tender at 14:00 CET, on the official MNB website and on the Reuters NBHO and Bloomberg NBH5 pages	On the day of quick tender 45 minutes following the final deadline of offers on the official MNB website and on the Reuters NBHO and Bloomberg NBH5 pages
<b>Description of announcements</b>	- tender conditions as contained in the notice	
	- amount of bids submitted	
	- amount of bids accepted	
	- highest, lowest and average interest rate approved for the type of tender, where applicable	
<b>Financial settlement / date of settlement</b>	T (same as the trade date)	



## V. COLLATERALISED CENTRAL BANK LOANS

### V.A. GENERAL CONDITIONS FOR COLLATERALISED LOANS

1. A securities portfolio kept on a securities account at KELER Zrt. and pledged in favour of the MNB as collateral security, shall be accepted to cover the counterparty's collateralised loan portfolio (pooled collateral valuation). The procedure for the valuation of the securities portfolio shall be defined by the MNB.
2. The collateral value of the pledged securities portfolio, and the portfolio of collateralised central bank loans are revalued each day (end-of-day collateral revaluation). At the end of the day the system compares the amount of existing loans with the collateral value of the securities portfolio. A margin call is executed if the collateral value drops below the value of revalued loans.
3. The MNB reserves the right to revalue the pledged securities portfolio at any time during the day (special collateral revaluation), during which the MNB may deviate in the process of the revaluation from the predetermined initial prices and acceptance ratios announced earlier and used during the end-of-day collateral revaluation.
4. The MNB reserves the right to unilaterally amend the risk control measure (acceptance ratio) at any time. The MNB shall notify the market participants affected concerning any changes in the central bank's risk control measures and their effective date on the official MNB website and on the designated page of Reuters.
5. The money market counterparty shall guarantee that the securities provided as collateral for the loan transactions are free and clear of encumbrances and free of any legal defects.
6. The interest due on securities provided as collateral for the transaction for the duration of the transaction will be paid to the money market counterparty.
7. Securities denominated in forint will be accepted by the MNB until the business day before maturity, securities denominated in currencies different from forint will be accepted by the MNB until the third business day before maturity, as collateral.
8. The money market counterparty undertakes the commitment to repay the loan amount indicated in the agreement on the value date of repayment plus interest.
9. Upon collateral valuation of the collateralised loans the MNB shall take into consideration the underlying securities pledged for the maturing loan. The counterparty may use securities underlying repaid collateralised loans as security for borrowing new collateralised loans. If a one-day or longer maturity collateralised loan is not repaid in compliance with the conditions applicable to the transaction in question (because the funds available on the counterparty's account are insufficient – not counting the underlying securities – or the counterparty did not apply for a new collateralised loan to finance the repayment), the MNB may, at its own discretion and without being required to state the reasons for its decision, treat such – also in the absence of a new loan application on the part of the counterparty – as the counterparty's request for an overnight collateralised loan in conformity with Point V.B of the present Terms and conditions for the same amount as the previous loan, covered by the counterparty's free securities and the securities previously pledged for the overdue loan. The MNB shall notify the counterparty concerning the disbursement of such overnight collateralised loan. If the total collateral value of the counterparty's free securities portfolio and the securities underlying the previous loan remain below the receivable due from this new overnight collateralised loan, the counterparty is given a minimum account balance (Point 10).
10. If according to the (end-of-day or special) collateral revaluation the total amount of the counterparty's outstanding loans is in excess of the collateral value of the collateral portfolio, a margin call is executed. Until the additional collateral is delivered, the counterparty is given a minimum account balance in accordance with the Business conditions for maintaining bank accounts. If by 12:00 CET of the following business day the counterparty fails to comply with the minimum account balance requirement of the previous day and the balance of its bank account does not reach the value of the minimum account balance, the MNB shall have the right to cancel all loans of the counterparty effective immediately and to enforce the pledged securities portfolio (enforcement of collateral, Point 11).

11. In performing the enforcement of collateral the MNB provides for obtaining title to the securities pledged as collateral. The MNB shall open a separate account for central bank's claims originating from the cancelled loan contracts. The MNB shall record all cash flow occurred in connection with the enforced securities (deposits, payments, including the income from the sale of the securities to any extent) on this account.
12. Until final financial settlement with the counterparty interest is paid daily on the current balance on the account. The rate of interest due on the negative (debit) balance of this account is the double of the prevailing central bank base rate, while the interest rate paid on the positive (credit) balance is the prevailing central bank base rate. Interest is booked at the time of final financial settlement.
13. Final financial settlement with the counterparty is executed upon the sale of the enforced securities or upon their maturity if the sale failed. If the proceeds from the sale of securities exceed the total amount due by the counterparty, the MNB shall credit the difference to the counterparty's current account. If the money received does not cover the total amount due by the counterparty, the MNB shall debit the difference to the counterparty's current account. If the difference cannot be recovered, the MNB shall record the amount as an outstanding receivable from the counterparty. The interest rate charged on this outstanding receivable is the double of the prevailing central bank base rate.
14. A counterparty that is removed from the list of eligible counterparties shall repay its collateralised loan portfolio to the MNB on or before 12:00 CET on the day of removal, otherwise enforcement of the securities portfolio will be conducted.
15. The matters not regulated in this chapter shall be governed by the Business conditions for maintaining bank accounts.

#### **V.B. STANDING COLLATERALISED LENDING FACILITY**

1. The MNB shall extend overnight collateralised loans to money market counterparties payable at the end of day with (T) value date, secured by the securities portfolio of the money market counterparty pledged on an account at KELER Zrt. in favour of the MNB as collateral security.
2. The money market counterparty shall be entitled to repay the overnight collateralised loan during VIBER business hours. After VIBER business hours the MNB shall be entitled to recover the loan amount plus interest from money market counterparty's current account.
3. In the event of any extraordinary extension of VIBER business hours bids are accepted under collateralised lending facility until 30 minutes past the closing of VIBER.

<b>Description of transaction</b>	<b>Standing collateralised lending facility</b>
<b>Date and place of notice/invitation</b>	Standing facility
<b>Eligible counterparties</b>	Resident credit institutions subject to reserve requirements with direct VIBER or BKR membership and with KELER securities account, who specify directly their accounts maintained at the MNB or the accounts maintained under their own GIRO-code in order to transfer by the KELER Zrt. the sum of money stemming from the maturing securities, in the case of forint denominated securities pledged in favour of the MNB
<b>Proposed by</b>	Counterparty
<b>Business hours for receiving offers</b>	On business days between 8:30 and 18:30 CET
<b>Content and formal requirements for offers</b>	After a prior notice is given by phone, by way of an MT298 SMT500 SWIFT message specified in Annex 9 to the Business conditions for maintaining bank accounts or in a letter in a form specified in Annex 5 to the Business conditions for maintaining bank accounts or by an encrypted fax or through the 'viber' channel of GIROFile service of GIROHáló
<b>Number of bids accepted from any bidder</b>	No restrictions
<b>Transaction limit</b>	The securities portfolio pledged in security for the loan
<b>Corrections</b>	Not allowed
<b>Financial settlement / date of settlement</b>	T

### **V.C. COLLATERALISED LOAN TENDERS AND QUICK TENDERS**

1. Once concluded, the MNB may satisfy the transaction even if the securities collateral is insufficient, in which case the counterparty is given a minimum balance account in accordance with the Business conditions for maintaining bank accounts (Point V.A.10) upon collateral revaluation.
2. Confirmation is sent to the counterparty on the day of the tender concerning the transaction by fax.
3. The counterparty is not allowed to make prepayments.

The MNB applies two different tender procedures: tenders and quick tenders, subject to the following conditions:

<b>Description of transaction</b>	<b>Collateralised loan tender</b>	<b>Collateralised loan quick tender</b>
<b>Date and place of notice/invitation</b>	On or before 11:30 CET on the day of tender on Reuters COLLATLOAN and Bloomberg NBH7 pages	On or before 11:30 CET on the day of the quick tender on Reuters COLLATLOAN and Bloomberg NBH7 pages
<b>Contents of notice/invitation</b>	Date, type, maturity, quantity of tender and/or interest rate conditions consistent with the type of tender, type of allocation and date of settlement	
<b>Eligible counterparties</b>	Resident credit institutions subject to reserve requirements with direct VIBER or BKR membership and with KELER securities account, who specify directly their accounts maintained at the MNB or the accounts maintained under their own GIRO-code in order to transfer by the KELER Zrt. the sum of money stemming from the maturing securities, in the case of forint denominated securities pledged in favour of the MNB	Resident banks subject to reserve requirements with direct VIBER or BKR and with KELER securities account, who specify directly their accounts maintained at the MNB or the accounts maintained under their own GIRO-code in order to transfer by the KELER Zrt. the sum of money stemming from the maturing securities, in the case of forint denominated securities pledged in favour of the MNB
<b>Proposed by</b>	MNB	
<b>Business hours for receiving offers</b>	As specified in the tender notice	45 minutes following the quick tender notice
<b>Content and formal requirements for offers</b>	Via the SZAMVEZ channel in the GIROFile service of GIROHáló containing the information specified in Annex 3 or via Reuters Dealing or fax (in case of fax the tender-bid form illustrated in Annex 2 shall be used) in accordance with Point 7 under the General Conditions.	
<b>Number of bids accepted from any bidder</b>	As specified in the tender notice	1
<b>Transaction limit</b>	Minimum 100 million HUF for each bid, multiples of 10 million HUF in round figures	Minimum 500 million HUF for each bid, multiples of 10 million HUF in round figures
<b>Corrections</b>	Before the deadline for submission the last received bid shall be accepted for processing	Not allowed
<b>Acceptance measure</b>	1 million HUF	
<b>Date and place of announcements,</b>	On the day of tender until 15:00 CET, on the Reuters COLLATLOAN and Bloomberg NBH7 pages and on the official MNB website	On the day of quick tender 45 minutes following the final deadline on Reuters and Bloomberg pages specified in the notice and on the official MNB website
<b>Description of announcements</b>	- tender conditions as contained in the notice	
	- amount of bids submitted	
	- amount of bids accepted	
	- highest, lowest and average interest approved for the type of tender, where applicable	
<b>Financial settlement / date of settlement</b>	T+1 or T+2	T (same as the trade date)

## VI. TERMS AND CONDITIONS FOR OPERATIONS BETWEEN FORINT AND OTHER CURRENCIES, AND IN FOREIGN CURRENCIES

### VI.A. FX SWAP OPERATIONS CONDUCTED BY THE MNB

1. The MNB shall apply the prevailing exchange rate or a haircut adjusted technical exchange rate in the starting leg of the transactions.
2. In relation to those operations when the MNB receives forint in the starting leg of the transaction, the MNB shall maintain a forint margin account to the counterparty and shall revalue the counterparty's all open FX swap transactions associated with the foreign currency liquidity providing of the MNB, on a daily basis according to the prevailing foreign exchange rate. In respect of these operations the sum of the amount on the forint leg increased by interest, and the amount on the margin account (collectively: forint margin) shall reach every day the minimum amount announced by the MNB in the Notice regarding the current type of transaction. If the forint margin of a counterparty does not reach the required amount upon the daily revaluation, the MNB, while simultaneously notifying the counterparty (via MT900 swift message), will debit the counterparty's settlement account at the MNB by the amount needed to restore the required margin and will credit the amount to the margin account of the counterparty. If the forint margin exceeds the required amount upon the daily revaluation, the MNB will subtract the amount in excess of the required margin from the counterparty's margin account and add to its settlement account at the MNB, while simultaneously notifies the counterparty (via VIBER MT202 swift message). The balance on the customer's margin account turns negative when the MNB incurs an obligation to place margin on the same account. The MNB remunerates the counterparty's positive balance on the margin account at the prevailing central bank base rate, with interest settled on the counterparty's settlement account at the MNB on the last day of the month. The counterparty pays interest to the MNB at the prevailing central bank base rate for the negative balance on the counterparty's margin account, with interest debited by the MNB to the counterparty's settlement account at the MNB on the last day of the month. In relation to those operations when the MNB receives foreign currency in the starting leg of the transaction, the MNB may maintain a margin account to the counterparty.
3. All mutual obligations between the MNB and the counterparty arising from any maturing as well as new transactions conducted under all FX swap tenders of the MNB, which are for the same value date and denominated in the same currency, will be offset and settled on a net basis, by paying the resulting balance.
4. In relation to the FX swap transactions conducted by the MNB, the MNB may apply the Payment after payment principle, meaning that the MNB shall meet its payment obligation stemming from these transactions only after the counterparty's performance of its payment obligation.
5. Relating to its FX swap transactions, the MNB shall apply fixed, variable or free tenders.
6. The MNB publishes the Notice of the various types of transactions on the official MNB website and also announces the detailed conditions of each tender as an Invitation at designated Reuters and Bloomberg pages.

Description of transaction	FX swap tender of the MNB
<b>Contents of invitation</b>	Time for submission of bids, date of settlement of the starting and maturing legs (value date and maturity date), prevailing exchange rate, technical spot exchange rate used in the transactions, maximum acceptable swap point and maximum offered amount or the price of the foreign exchange liquidity expressed in swap point
<b>Date and place of invitation</b>	On the designated Reuters and Bloomberg pages defined in the Notice
<b>Eligible counterparties</b>	Those resident credit institutions subject to reserve requirements with direct VIBER or BKR membership, that comply with conditions set out in the Notice
<b>Proposed by</b>	MNB
<b>Business hours for receiving offers</b>	As specified in the Notice
<b>Content and formal requirements for offers</b>	Bids may be submitted via Reuters Dealing or fax with the content described in the Notice
<b>Content of the Notice beyond the aforementioned</b>	<ul style="list-style-type: none"> <li>• Allocation procedure</li> <li>• Number of bids accepted from any bidder</li> <li>• Transaction limit</li> <li>• Corrections</li> <li>• Date, place and description of announcement</li> <li>• Settlement date of the starting leg (value date)</li> <li>• Completion of the payment obligations toward the MNB</li> </ul>

## VI.B. SPOT FOREIGN EXCHANGE TRANSACTIONS IN FORINT AND OTHER CURRENCIES

### VI.B.1. Spot foreign exchange transactions at the edge of the intervention band

Description of transaction	Spot foreign exchange transactions at the edge of the band
Date of notice/invitation	Standing facility
Contents of notice/invitation	—
Eligible counterparties	Resident credit institutions with an MNB account and with a SWIFT code
Proposed by	Counterparty
Business hours for receiving offers	Between 9:00 and 17:00 CET
Number of bids accepted from any bidder	No restrictions
Transaction limit	Minimum EUR 4 million or an amount of foreign currency exceeding it with round multiples of hundred thousand units
Corrections	Not allowed
Listed HUF exchange rate	At the prevailing intervention margins of MNB
Intervention currency	Euro
Financial settlement / date of settlement	T+2

1. Forint payment may be made to the forint accounts specified by the Money Market Counterparty, managed by the MNB, identified in terms of name of bank, premise, and account number (the latter if applicable).
2. Payment in other currencies:
  - a) will be made to the accounts the money market counterparty has designated at the time of the transaction indicating the bank, business establishment, and account number specification where applicable, or
  - b) based on the list containing the money market counterparty's standing correspondent accounts for conversion between foreign currencies and forint under the present Terms and conditions (Standard Instructions).

The counterparty may not alternate between the procedures referred in a) and b).

2. The list, new or amended, containing the standing correspondent accounts referred to in 1.b) (Standard Instructions) shall be sent to the MNB Directorate Money and Foreign Exchange Market indicating the currency, the bank, business establishment and the account number specification where applicable, and the value date at least 7 (seven) business days before the value date, in writing with the authorised signature affixed, or on SWIFT. The correspondent accounts indicated by the money market counterparty may not be altered on a case-by-case basis. The standing correspondent accounts of the MNB under the present business conditions relating to forint and foreign currency conversions are contained on the official MNB website.
3. The MNB shall accept all offers for forint and foreign currency conversions at the edge of the band under the present Terms and Conditions.
4. The MNB shall apply the principle of payment after payment (PaP) in all spot foreign exchange transactions at the edges of the band, meaning that the MNB shall honour its obligations stemming from these transactions after the counterparty's performance on value date (at or before 13:00 CET).

*VI.B.2. Intraband spot foreign exchange transactions*

<b>Description of transaction</b>	<b>Intraband spot foreign exchange transactions</b>
<b>Date of notice/invitation</b>	During business hours
<b>Contents of notice/invitation</b>	Conversion offer or invitation
<b>Eligible counterparties</b>	Resident credit institutions with an MNB account and with a SWIFT code, and non-resident credit institutions with MNB-limit and SWIFT code
<b>Proposed by</b>	Counterparty / MNB
<b>Business hours for receiving offers</b>	Market business hours
<b>Number of bids accepted from any bidder</b>	No restrictions
<b>Transaction limit</b>	None
<b>Corrections</b>	Not allowed
<b>Financial settlement / date of settlement</b>	T+2

1. Forint payments are made to the HUF accounts maintained by the MNB the money market counterparty has designated indicating the bank, business establishment, and account number specification where applicable.
2. Payment in foreign currencies:
  - a) to the accounts the money market counterparty has designated at the time of the transaction indicating the bank, business establishment, and account number specification where applicable, or
  - b) based on the list containing the money market counterparty's standing correspondent accounts for conversion between foreign currencies and forint under the present Terms and Conditions (Standard Instructions).

The counterparty may not alternate between the procedures referred in a) and b).

3. The list, new or amended, containing the standing correspondent accounts referred to in 2.b) (Standard Instructions) shall be sent to the MNB Directorate Money and Foreign Exchange Market indicating the currency, the bank, business establishment and the account number specification where applicable, and the value date at least 7 (seven) business days before the value date, in writing with the authorised signature affixed, or on SWIFT. The correspondent accounts indicated by the money market counterparty may not be altered on a case-by-case basis. The standing correspondent accounts of the MNB under the present business conditions relating to forint and foreign currency conversions are contained on the official MNB website.



## VI.C. FOREIGN CURRENCY DEPOSIT TRANSACTIONS

Description of transaction	Foreign currency deposit transactions
Date of notice/invitation	Standing facility
Contents of notice/invitation	—
Eligible counterparties	Resident banks and specialised credit institutions with operating license
Proposed by	Counterparty
Business hours for receiving offers	Monday through Thursdays: between 8:00 and 16:00 CET, Friday :between 8:00 and 15:00 CET O/N - daily, between 8:00 and 12:00 CET
Number of bids accepted from any bidder	No restrictions
Transaction limit	Minimum EUR 3 million or equivalent in another convertible currency rounded to 100,000
Corrections/opening	Not allowed
Maturity	Maximum 1 year
Financial settlement / date of settlement	T+2; in case of T/N: T+1; in case of O/N: T

1. The interest rate will be established at the time of contracting in tune with current trends on international money markets.

**DECLARATION**

We, the undersigned ....., a money market counterparty of the MNB hereby

- declare to understand the Terms and Conditions for central bank forint and foreign exchange transactions,
- acknowledge that the above Terms and Conditions shall comprise a part – unless otherwise agreed – of the individual contracts to be concluded in connection with forint and foreign exchange transactions,
- acknowledge that the MNB has the right to unilaterally alter the above Terms and Conditions, upon notifying the money market counterparty in advance.

Authorised money market agents:	Phone:	Fax:
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

Authorised foreign exchange market agents:	Phone:	Fax:
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

Particulars of the KELER Zrt. securities account:

KELER securities account number and type:

.....

Budapest, 20.....

.....  
authorized signature of counterparty

**TENDER-BID FORM**<sup>1</sup>

– FOR DEPOSIT TENDERS

– FOR COLLATERALISED LOAN TENDERS

.....  
 name of bidder

Concerning the period from ..... to ..... the amount we propose  
 to conclude with the MNB:

No.	Amount (million HUF)	Offered/expected interest <sup>2</sup> (%) <sup>3</sup>
1.	.....	.....
2.	.....	.....
3.	.....	.....
4.	.....	.....
5.	.....	.....

.....  
 date

.....  
 authorised signature

<sup>1</sup> Clearly indicate the type of transaction (e.g. by circling).

<sup>2</sup> For 360 days, rounded to two decimal places.

<sup>3</sup> Does not apply to fixed rate tenders. If, in the case of a fixed rate tender, the offered/expected rate is announced, it shall not be taken into consideration and the offered quantity shall be valid at the fixed rate announced by the MNB.

**FILE FORMAT OF BIDS UNDER COLLATERALISED LOAN TENDER SUBMITTED  
VIA THE GIROFILE SERVICE OF GIROHÁLÓ**

File format is CSV (comma separated values, (ASCII 44)) ASCII text file. For numerical values decimal points (ASCII 46) may be used. File format shall be compatible with MS DOS 3.3 or later version operating system. Characteristics set used is DOS 852 (Windows1250).

File name: **AAÉÉHHNN.nnn**, where:

- **AA**: value is GY for collateralised loan quick tenders, and TE for collateralised loan tenders;
- **ÉÉHHNN**: means the year, month and day of the date of the tender/quick tender, containing six characters with the opening zero;
- **nnn**: means the three-digit Giro code of the counterparty.

File record structure:

- for 1 offer set: **ÜT,D,Ü,A1,AR1,Z**
- for 5 offer sets: **ÜT,D,Ü,A1,AR1,A2,AR2,A3,AR3,A4,AR4,A5,AR5,Z**

where:

**ÜT** means the transaction code (in characters, fixed length (2) fields), with the following options:

- GY for collateralised loan quick tenders,
- TE for collateralised loan tenders.

**D** Date (in characters, fixed length (6) fields), with the following option **ééhhnn**, where

- **éé** – the last two digits of the year,
- **hh** – month with an opening zero,
- **nn** – day with an opening zero.

**Ü** Counterparty Giro code (in characters, fixed length (3) fields)

**An** Offered quantity, indicating the full amount (numeric, variable field length)

**ARn** Offered interest rate (numeric, variable field length, decimal point)

**Z** Closing field (in characters, fixed length field), value: X (ASCII 88)

If the counterparty does not wish to make an offer at any interest level, the *An* and *ARn* fields shall indicate 0 (ASCII 48).

**AUCTION OFFER**

FOR MNB BILL PURCHASES

Counterparty name:.....

Name of the money market agent:.....

Securities account number of the counterparty:.....

Name and address of the institution maintaining the counterparty's securities account:

.....

Offer for the ..... ISIN code MNB bills to be sold at the auction held on ..... 20..:

No.	Nominal value (million HUF)	Expected return <sup>1</sup> (%) <sup>2</sup>
1. ....	.....	.....
2. ....	.....	.....
3. ....	.....	.....
4. ....	.....	.....
5. ....	.....	.....

The counterparty pronounces that its bid was made in light of the Public Offer announced by the MNB in relation to the current tender, and of the prospectus referred in the Public Offer.

.....  
date

.....  
authorised signature of the client

<sup>1</sup> Rounded to two decimals.

<sup>2</sup> Does not apply to fixed rate auction. If, in the case of a fixed rate auction, the offered/expected rate is announced, it shall not be taken into consideration and the offered quantity shall be valid at the fixed rate announced by the MNB.