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The MNB's euro liquidity providing overnight FX swap standing facility based on an agreement between the European Central Bank and the Magyar Nemzeti Bank

Based on a cooperation agreement between the European Central Bank and the Magyar Nemzeti Bank, from 16 October 2008 until withdrawal, the Magyar Nemzeti Bank will introduce an overnight FX swap standing facility to provide euro liquidity to credit institutions. Under the facility, Counterparties will be able to sell forints to the Bank against euros on each business day of the week conducting FX swap transactions. The Bank will announce the deadline for accepting bids and the pre-set price, expressed in swap points, at 9:30 a.m. on each business day on Reuters' NBHM and Bloomberg's NBH11 wire service pages.

The initial exchange rate used in the starting leg of transactions conducted via the euro liquidity providing overnight FX swap standing facility will be equal to the prevailing EUR/HUF market exchange rate. The Bank will keep margin accounts for Counterparties and will mark to market daily all outstanding EUR/HUF FX swap transactions. In respect of these transactions, the sum of the amount on the forint legs, increased by interest, and the amount on the margin account (collectively: forint margin) must reach 105 per cent of the forint equivalent of a Counterparty's euro liabilities to the Bank arising from such transactions. The euro amounts are converted into forints at the Bank's daily official EUR/HUF exchange rate.

If the forint margin of a Counterparty does not reach the required amount at the time the positions are marked to market daily, the Bank, while simultaneously notifying the Counterparty, will debit the Counterparty's settlement account at the Bank 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 at the time the positions are marked to market daily, the Bank will subtract the amount in excess of the required margin from the Counterparty's margin account and add to its settlement account at the Bank. The Bank remunerates the Counterparty's positive balance in the margin account at the prevailing central bank base rate, with interest settled on the Counterparty's settlement account at the Bank on the last day of the month. The Counterparty pays interest to the Bank at the prevailing central bank base rate for the negative balance on the Counterparty's margin account, with interest debited by the Bank to the Counterparty's settlement account at the Bank on the last day of the month.

All mutual obligations between the Bank and the Counterparty arising from any maturing as well as new transactions conducted under this and other EUR/HUF FX swap tenders of the Bank, 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.

The payment after payment (PaP) principle will be applied to the euro liquidity-providing overnight FX swap standing facility, meaning that the Bank will honour its obligation arising from such transactions after the Counterparty has met its settlement obligation.

**Detailed procedures and conditions for the
euro liquidity providing overnight FX swap standing facility**

Type of operation	Euro liquidity providing overnight FX swap standing facility
Time, place and contents of announcement/invitation	Standing facility made available daily from 16 October 2008 until withdrawal. The Bank announces the exact time of operation, as well as the pre-set price of euro liquidity expressed in swap points at 9:30 a.m. on business days on Reuters' NBHM and Bloomberg's NBH11 wire service pages
Eligible counterparties	Resident credit institutions subject to reserve requirements, with direct membership in VIBER or BKR
Initiator	Counterparty
Business hours/time of acceptance of bids	At the time indicated in the invitation
Formal properties and contents of bids	Bids can be submitted either through the Reuters Dealing platform or by fax
Number of bids that an individual bidder may submit	No limit
Minimum bid amount	At least EUR 5 million per bid, in whole-number multiples of EUR 1 million
Modification of bids	Not permitted
Date of settlement of starting leg	T
Date of settlement of closing leg	T+1
Starting exchange rate	Prevailing EUR/HUF market exchange rate
Fulfilment of euro settlement obligations vis-à-vis the MNB	To the euro account designated in the standing correspondent accounts of the Magyar Nemzeti Bank used in spot FX market operations

To issues not regulated in this document, the 'Terms and Conditions for Money Market Operations of the Central Bank on Forint and Other Currency Markets' apply.