

MAGYAR NEMZETI BANK

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Unofficial translation, for the official version
please consider 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 implementing 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.

From 19 December 2018 the key policy instrument of the MNB is the minimum reserves. The notice about the minimum reserves can be found on the MNB's website (www.mnb.hu).

The MNB 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 MNB may announce deposit, collateralised loan or quick tenders, apart from regularly employed instruments, and may conduct operations with securities. The MNB has introduced FX swap instruments, to expand or reduce liquidity in relation to the volume restriction of the three-month central bank deposit. The MNB will foster increases in forint liquidity, using one-week, one-month, three-month, six-month or twelve-month forint liquidity- providing EUR/HUF FX swap instruments as necessary, and foster decreases in forint liquidity using one-week fixed rate deposit tenders. The rules governing the instruments introduced for the management of liquidity processes will be published by the MNB in a separate notice. The MNB may also perform foreign exchange market operations in the form of spot purchase/sales, other FX swap transactions or the acceptance of currency 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. "Terms and conditions of the operations of the Central Bank in forint and foreign currency markets" (hereinafter: Terms and Conditions) do not cover all money market operations performed by the MNB; the rules pertaining to money market operations not regulated here are laid down in separate notices.

Within the framework of its money market operations, the MNB shall transact with resident credit institutions that meet the particular eligibility criteria specified for the various instruments, and beyond these particular conditions – except the overnight collateralised loan instrument – with money market counterparties commissioned to be quoting banks according to the fixing procedure of the Budapest Interbank Offered Rate (hereinafter the BUBOR Regulation) who undertake and meet their obligations arising from the BUBOR Regulation.

Each money market counterparty shall participate directly in VIBER or BKR for entering into any deal with the MNB on the forint market, and have a securities settlement account at the national CSD (KELER Zrt.) for loan and securities transaction, unless otherwise specified in the separate notes on the rules on money market operations not covered by the Terms and Conditions.

I. DEFINITIONS

For the purposes of these Terms and Conditions:

1. **'Offer/Bid'** 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. collateralised 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 –, Offers 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 currently effective Business Terms and Conditions for bank accounts managed by the Magyar Nemzeti Bank and for settlement of 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. **ICS:** Interbank Clearing System.
11. **'Enforcement of collateral'** means the direct legal enforcement of the claim against collateral on a stock of securities pledged as collateral for Collateralised 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 for certain transactions between forint and foreign currencies 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. **Affiliates** mean enterprises

- a) that are engaged in a legal relationship of qualifying holding as defined in Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises, with the proviso that, upon calculating the indirect holding, instead of applying the calculation method set forth in Schedule No. 3 of the Act, the MNB shall, for each enterprise, inspect the existence of equity holdings or voting rights of at least 10 per cent (that is, in the event of a qualifying holding between enterprises “A” and “B”, as well as between enterprises “B” and “C”, for the purposes of this concept, enterprises “A” and “C” shall be considered affiliates);
- b) where an enterprise holds a qualifying holding as calculated under Point a) both in the money market counterparty and in the enterprise that issued the security pledged by the money market counterparty in favour of the MNB; and
- c) that are members of the Integration Organisation of Cooperative Credit Institutions.

For the purposes of Point a) and Point b), if the state has a qualifying holding in more than one enterprises, the enterprises concerned need not be deemed affiliated to one another merely on the ground of the state’s qualifying holding; the affiliated nature shall be established irrespective of the qualifying holding of the state.

- 16. **‘Initial price’** means the gross (net price + cumulative 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.
- 17. **‘Minimum account balance’** means the minimum account balance specified in the Business conditions for maintaining bank accounts.
- 18. **‘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.
- 19. **‘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 collateral value published by the MNB.
- 20. **‘Public offer’** means the document defined in accordance with the provisions of the Act CXX of 2001 on the Capital Market.
- 21. **‘Pooled collateral valuation’** means the method of collateral assessment performed in accordance with Annex 1 to the Business conditions for maintaining bank accounts, in the context of which the total value of stock of securities pledged as collateral security to the MNB is assessed so that it provides coverage for all Collateralised loans.
- 22. **‘Liquidity absorbing instruments’** means central bank operations offering investment opportunities to counterparties (e.g. in central bank deposits).
- 23. **‘Money market counterparty, counterparty’** means a partner of the group of monetary policy counterparties or a Resident credit institution complying with the conditions set out in the operations defined in the Terms and Conditions or the notice with whom the MNB concludes Liquidity providing instruments or Liquidity absorbing instruments.
- 24. **‘Special collateral revaluation’** means an intraday collateral revaluation conducted by the MNB, by the entitlement conferred in the Terms and Conditions, where the Initial prices and Acceptance ratios may differ from the values communicated upon the End-of-day collateral revaluation.
- 25. **‘SWIFT’** is a financial communication system operated by the Society for Worldwide Interbank Financial Telecommunication.
- 26. **‘Regulated market’** is a concept defined in the Act CXX of 2001 on the Capital Market.

27. **'Notice'** means the document published on the MNB's website and containing the terms and conditions for Liquidity providing instruments or Liquidity absorbing instruments; matters not regulated in the notice are governed by the Terms and Conditions.
28. **'Tender procedure'** means a procedure relating to the Liquidity providing and Liquidity absorbing operations announced by the MNB. If necessitated by the prescribed terms and conditions, the Offers received by the MNB compete with each other. In this case, unless the conditions of the tender notice do not specify differently, Offers are accepted as arranged in sequence, according to the relevant regulations at the price offered (multiple rate tender).
29. **'Residual maturity'** means the period between the conclusion of the transaction until its maturity.
30. **'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 its Terms and Conditions:

- buying and selling of Hungarian Government and other type of securities on 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 Money Market Counterparties the MNB shall conclude Money Market Operations only with those having made the Declaration (Annex 1). The Money Market Counterparty shall inform the MNB on any change in the registered data by submitting the officially signed Declaration.

5. Unless stated otherwise in the Notice, Tenders and quick tenders shall be evaluated as described below:

5.1. Variable rate Tenders and quick tenders:

5.1.1. The evaluation of Offers begins with sorting the interest rate offers and arranging them in a sequence. Offers 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 Offers are accepted at the offered price (multiple rate Tender). The MNB may also announce uniform price Tender, where all accepted Offers will be completed at an accepted price level which is most favourable to the money market counterparties.

5.1.2. If several Offers 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 offers containing the same interest rate until the total quantity is exhausted.

5.1.3. Following the receipt of Offers, 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 Offers will be satisfied. If the quantity offered is maximised and if the total of the Offers does not exceed the quantity offered, all Offers will be satisfied. If the total of the Offers exceeds the quantity offered, the Offers 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 Offers, 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 Offers begins with sorting the interest rate offers and arranging them in a sequence. Offers 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 Offers, the MNB shall satisfy the Offers based on the cumulated quantity or the interest rates offered in the Offers.

5.3.2. If several Offers 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 Offers containing the same interest rate until the total quantity is exhausted.

6. Eligible collateral

6.1. The MNB shall accept the following securities as collateral for Collateralised loan transactions provided that they are owned by the Money Market Counterparty and kept on securities settlement account at KELER Zrt. and pledged in favour of the MNB as deposit unless claim by the MNB against collateral is valid.

6.1.1. Forint or foreign currency-denominated Government securities issued by the Hungarian Government or the MNB and forint and foreign currency-denominated bonds issued by the National Deposit Insurance Fund and the Investor Protection Fund under joint and several guarantee provided by the Hungarian State holding the security.

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

6.1.3. Forint or foreign currency-denominated marketable bonds meeting the following requirements:

- 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 or an international financial institution registered in 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.

6.1.4. Eligible bonds on top of section 6.1.3. are (i) securities in compliance with the criteria in the documentation of the Bond Funding for Growth Scheme and (ii) securities belonging to a series purchased by the MNB under the Bond Funding for Growth Scheme or acquired upon issuance.

- 6.2. The MNB shall not accept from Money Market Counterparties securities of own issue or issued by Affiliates for collateral. The MNB shall accept from money market counterparties mortgage bonds as collateral irrespective of this restriction. In the case of securities where the payment obligation arising from the security are covered, as required by law, by the state's first demand guarantee to the debit of the central budget, the MNB shall only accept from money market counterparties securities that have not been issued by the money market counterparty itself.
- 6.3. The MNB shall accept as eligible collateral assets other than Hungarian Government securities which are traded on a Regulated market or a non-regulated market accepted by the MNB as well as the notification to the MNB of the name and ISIN code of the Security by the issuer or the money market counterparty holding the security with regards to those referred to in section 6.1.1. (where such securities are deemed marketable only to a limited extent among organisations classified as institutional investors under the Act on the Capital Market), as of the fifth business day at the latest following notification to the MNB. The notification shall be sent by letter 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 forexdesk@mnbb.hu address. Related to the Bond Funding for Growth Scheme, the MNB registers the security on the list of eligible collateral upon purchase.
- 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 in a letter sent to 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 forexdesk@mnbb.hu address. The MNB may decide, at its own discretion, to expand the list of eligible non-regulated markets and eligible credit rating agencies, which it shall immediately notify to the issuer or Money Market Counterparty with no obligation to state the reasons.
- 6.5. The groups of securities that are eligible as collateral and the Acceptance ratios are available at the REUTERS RISKCONTROL page. The official website of the MNB (www.mnbb.hu) contains an itemised list of eligible collateral, eligible non-regulated markets and accepted credit rating agencies.
- 6.6. Eligible non-regulated markets constitute non-regulated markets recognised by the MNB with regard to forint or foreign currency-denominated government securities issued by the Hungarian Government or forint and foreign currency-denominated bonds issued under joint and several guarantee provided by the Hungarian State. In all other cases, the MNB may decide at its own discretion at the initiative of the issuer or the money market counterparty.
- 6.7. The MNB reserves the right to exclude any securities from the pool of eligible collateral without any justification.
- 6.8. With regards to the securities specified in 6.1.1. the MNB has the following powers:
- 6.8.1. The MNB reserves the right to exclude securities deemed marketable only to a limited extent among organisations classified as institutional investors under the Act on the Capital Market out of the securities issued by the Hungarian Government, from the pool of eligible collateral, based on the assessment of the liability of the money market counterparty, in the case of money market counterparties, if, based on the available data, the MNB finds that the money market counterparty and a member of the group under consolidated supervision is entitled to a collateral relationship which was entered into after 4 October 2019 and in this relationship the collateral itself is a security issued by the Hungarian Government and deemed marketable only to a limited extent among organisations classified as institutional investors under the Act on the Capital Market. The MNB shall notify the money market counterparty of the ban.
- 6.8.2. The MNB reserves the right to exclude securities deemed marketable only to a limited extent among organisations classified as institutional investors under the Act on the Capital Market out of the securities issued by the Hungarian Government, from the pool of eligible collateral, based on the assessment of the liability of the money market counterparty, in the case of a money market counterparty, if based on the available data, the MNB finds that after 4 October 2019, the money market counterparty, except transactions existing on 4 October 2019,

- a) offers a service defined as lending in Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises,
- b) concludes a transaction defined as financial instrument in Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (hereinafter: IDA),
- c) concludes a transaction defined as investment loan in the IDA (excluding deferred payment arrangement as defined in the IDA) and
- d) sells a product or other instrument combined with the services, transactions specified in sections a)-c) above,

with the explicit objective, laid out in the related agreement, other documents or commercial communication, to purchase securities issued by the Hungarian Government and deemed marketable only to a limited extent among organisations classified as institutional investors under the Act on the Capital Market, to which any collateral type relationship (collateral and lien in particular) is connected, and its subject is a security issued by the Hungarian Government and deemed marketable only to a limited extent among organisations classified as institutional investors under the Act on the Capital Market. The MNB shall notify the money market counterparty of the ban.

7. Parties shall agree on the conditions of Money Market Operations via Reuters Dealing (code: HUNB) or over the phone. For foreign currency deposit transactions, Bloomberg can be used, and in Auctions and Tenders, offers may also be submitted by fax. Exceptions are deposits with overnight maturity under the standing deposit facility, for which requests may be submitted via SWIFT MT298 SMT550 message (letters sent through the 'viber' channel of GIROFile service of GIROHáló or encrypted 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 drawdown of which can be initiated after 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. After the preliminary arrangements made with the MNB's Department of Money and Foreign Exchange Market Offers may be submitted via Reuters Dealing or over an encrypted fax number. The MNB shall record the deals concluded over the phone. 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 particular provisions for Money Market Operations.
8. With regard to Offers submitted by fax the time registered by the MNB's facsimile machine shall be construed as the time of receipt. Offers sent by fax must bear the counterparty's authorised signature. The MNB shall accept Offers sent by fax only if all data and information on the offer form is legible, and if the Offer is in compliance with the requirements regarding form and content. Any Offer submitted not complying with the prescribed and relevant time limits and conditions shall be rejected.
9. With regard to offers submitted via GiroHáló, the time of arrival of the message that contains the Offer shall be construed as the time of receipt.
10. Bidders shall remain committed to their Offers until receiving notice from the other party as to the partial or full rejection or acceptance of the Offer. Procedures for the amendment of Offers are contained in the provisions of the Terms and Conditions pertaining to each Money Market Operation and the relevant Notices.
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, the MT298 SMT550 SWIFT message, in connection with other deposits with a maturity over one day MT320 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 (MT320 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 MT300 message or by way of fax, and concluded foreign currency deposit transactions by sending a SWIFT MT320 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 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. If the money market counterparty appointed as a quoting bank refuses to perform its obligations arising from the BUBOR Regulation, or, based on the data available, the MNB finds that the money market counterparty defaulted thereupon on multiple occasions, with the exception of overnight collateralised loans and based on the assessment of the liability of the money market counterparty, the MNB shall be entitled to ban – even multiple times, if the conditions occur repeatedly – the money market counterparty from the range of eligible counterparties allowed to participate in Liquidity-providing or Liquidity-absorbing operations for a period of maximum 3 months. The MNB shall notify the money market counterparty of the ban. 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 and arising from its Liquidity-providing or Liquidity-absorbing operations the MNB is entitled to a claim against collateral on the balance on the Customer's bank account managed by the MNB for the Customer as collateral security. When exercising this claim against collateral right, the MNB is entitled to reduce the balance on the Customer's bank account by the amounts of its receivables arising from the Liquidity-providing or Liquidity-absorbing operations concluded with the Customer. The collateral is created on the basis of Terms and Conditions, by the agreement on Active transactions and Passive transactions.
18. The outstanding receivables of the MNB originating from contracts concluded under the 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 bank 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 Terms and Conditions by mutual consent fixed in a separate agreement.
20. The MNB reserves the right to unilaterally amend the Terms and Conditions and the Notices. The MNB shall notify money market counterparties concerning the amendment of the Terms and Conditions 10 days before the amendment takes effect, 8 days in the case of the Notices, and shall send a copy of the amended Terms and Conditions or Notices.
21. The matters not regulated in the 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 or T+1 or T+2 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 Offers 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 Hungarian 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. (Government Debt Management Agency) 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 Offers in a documented format. In the case of fix rate Auction without maximum quantity, the MNB shall not send any confirmations since all Offers are accepted.
5. In fixed rate Auctions, if there is no maximum in the offered quantity all Offers will be satisfied. If the quantity offered is maximised and if the total of the Offers does not exceed the quantity offered, all Offers will be satisfied. If the total of the Offers exceed the quantity offered, the Offers 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 Offers, in light of their contents. If the amount of the qualified Offers received remains below the quantity offered, the quantity actually sold by the MNB may be maximum 25% below the total quantity of the Offers received.
7. In free Auctions, the MNB reserves the right to accept less than the quantity offered following the receipt of Offers, in light of their contents.
8. In variable rate and free Auctions, evaluation of Offers begins with sorting out the interest rate offers and arranging them in a sequence. Offers will be satisfied in a growing sequence beginning with the lowest yield up to the cumulated amount of the Offers, but only until the quantity offered by the MNB is exhausted.
9. In variable rate and free Auctions, if several Offers 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 Offers that have the same yield according to the principle of card allocation, meaning that each unsatisfied Offer 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
Date and place of notice/invitation	At least 3 business days before the Auction on the official MNB website, and on the Reuters NBHJ and Bloomberg NBH4 pages	
Contents of notice/invitation	According to the conditions of the public offer	
Eligible counterparties	Resident credit institutions subject to reserve requirements with direct VIBER membership and KELER securities account	
Proposed by	MNB	
Business hours for receiving Offers	On predetermined days between 09:00 and 10:30 CET	On the day of Auction between 09:00 and 10:30 CET
Content and formal requirements for Offers	Via Reuters Dealing or fax as indicated on the Auction offer form (Annex 3.)	
Number of Offers accepted from any bidder	No restrictions	5
Transaction limit	Minimum 10 million HUF for each offer at nominal value, multiples of the nominal value in round figures	
Corrections	Not allowed	Before the deadline for submission of Offers, on a new offer form with the indication 'Amendment', showing all Offers; previous Offers will be abolished
Allocation procedure	-	Card allocation
Acceptance measure	-	HUF 1 million
Date and place of announcements	On the day of Auction before 13:00 CET, on the official MNB website and on the Reuters NBHK and Bloomberg NBH4 pages.	
Description of announcements		- date of Auction, quantity offered
	- description of bill, ISIN code	- description of bill, ISIN code
	- financial settlement day	- financial settlement day
		- amount and number of Offers submitted
	- amount and number of Offers accepted	- amount and number of Offers accepted
		- highest, lowest and average yield approved
Financial settlement / date of settlement	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 order placed by depositor counterparty shall be also regarded as an authorisation of the MNB to debit the counterparty's bank account with the amount of the deposit to be placed with it on the appropriate value date.
5. The MNB will not execute the transaction if the account does not provide sufficient cover for it.
6. Upon maturity the MNB shall credit the amount of deposit plus interest to the bank 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 18:15 CET, on Saturdays qualified as business days, between 08:30 and 15:15.
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 Annex 12 of the Business conditions for maintaining bank accounts or by an encrypted fax or through the 'viber' channel of GIROFile service of GIROHáló.
Number of Offers accepted from any bidder	No restrictions
Transaction limit	No restrictions
Corrections	Not allowed
Financial settlement / date of settlement	T (transaction date)

1. In the event of any extraordinary modification of VIBER business hours Offers are accepted understanding deposit facilities until 15 minutes past the closing of VIBER.

IV.C. THREE-MONTH CENTRAL BANK DEPOSIT TENDER

The rules governing three-month central bank deposit instrument tenders are laid down in a separate Notice available on the MNB's website (www.mnb.hu).

IV.D. DEPOSIT TENDERS AND QUICK TENDERS

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

Description of transaction	Deposit tender ¹	Deposit quick tender
Date and place of notice/invitation	Latest by 09:00 CET on the day of Tender on Reuters NBHK and Bloomberg NBH5 pages	Latest by 11:30 CET on the day of the quick tender on Reuters NBHK and Bloomberg NBH5 pages
Contents of notice/invitation	Date, type, maturity, quantity of Tender and/or interest rate conditions consistent with the type of Tender, type of allocation	
Eligible counterparties	Resident credit institutions subject to reserve requirements with direct VIBER or BKR membership	
Proposed by	MNB	
Business hours for receiving Offers	On the day of Tender between 9:00 and 12:00 CET	45 minutes following the quick tender notice
Content and formal requirements for Offers	Via Reuters Dealing or fax, containing the information specified in Annex 2	
Number of Offers accepted from any bidder	For variable rate and free Tenders 5, for fixed rate Tenders 1	1
Transaction limit	At least HUF 10 million per Offer, which may be increased by integral multiples of HUF 1 million	At least HUF 500 million per offer, which may be increased by integral multiples of HUF 10 million
Corrections	Before the deadline for submission of Offers, on a new Offer form with the indication 'Amendment', showing all offers; previous Offers will be abolished	Not allowed
Acceptance measure	HUF 1 million	
Date and place of announcements	On the day of Tender at 14:00 CET, on the official MNB website and on the Reuters NBHK 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 NBHK and Bloomberg NBH5 pages

¹ The variable rate tender of the two-week deposit is regulated in a separate Notice.

Description announcements	of	- Tender conditions as contained in the notice	
		- amount of Offers submitted	
		- amount of Offers accepted	
		- highest, lowest and average interest approved for the type of Tender, where applicable	
Financial settlement / date of settlement		T (same as the trade date)	

V. COLLATERALISED CENTRAL BANK LOANS

V.A. GENERAL CONDITIONS FOR COLLATERALISED LOANS

1. The MNB provides loans to Money Market Counterparties in the context of Collateralised loan transactions against collateral in the form of securities owned by the Money Market Counterparty with value established according to the rules of Pooled collateral valuation and pledged as collateral to the benefit of the MNB and blocked at KELER Zrt. in favour of the MNB by the Money Market Counterparty. The procedure for the valuation of the stock of securities shall be defined by the MNB.
2. The MNB determines the Collateral value of the pledged securities or the stock of Collateralised loans every day based on the rules of End-of-day collateral revaluation. At the end of every business day, the MNB compares the stock of outstanding Collateralised loans with the Collateral value of the stock of securities serving as collateral. At the MNB's request, the Money Market Counterparty shall provide additional collateral if the Collateral value drops below the revalued Collateralised loan value.
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 previous 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 Money Market Counterparties and market participants of 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. By concluding Collateralised loan, the Money Market Counterparty guarantees that the securities pledged as collateral are free and clear of encumbrances and free of any legal defects.
6. The interest on securities provided as collateral for the Collateralised loan for the duration of the Transaction is due 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 to repay the Collateralised loan amount indicated in the agreement on the value date of repayment plus interest.
9. Upon the collateral valuation of the Collateralised loans, the MNB shall take into consideration the underlying securities pledged for the maturing Collateralised loan. The MNB takes the securities representing collateral for the Collateralised loan repaid by the Money Market Counterparty into account as the collateral for the Collateralised loan concluded on the day of settlement of the central bank claim arising from the Collateralised loan. If a central bank claim arising from 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 Money Market Counterparty's account are insufficient – not counting the underlying securities pledged as collateral for the Collateralised loan – or the Money Market 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 – also in the absence of a specific new loan application on the part of the Money Market Counterparty – extend an overnight collateralised loan to the Money Market Counterparty in conformity with Point V.B of the Terms and Conditions for the same amount as the claim arising from the maturing Collateralised loan transaction. The Money Market Counterparty shall pledge securities meeting the requirements defined in the Terms and Conditions for eligible collateral for such overnight collateralised loans to the MNB. The MNB shall notify the Money Market Counterparty of the disbursement of such overnight collateralised loan. If the total Collateral value of the Money Market Counterparty's free securities portfolio and the securities underlying the maturing loan remain below the

receivable due from this new overnight collateralised loan, the MNB shall define a Minimum account balance for the Money Market Counterparty.

10. If the volume of the Money Market Counterparty's Collateralised loans exceeds the Collateral value of the stock of securities pledged as collateral in the course of End-of-day or Special collateral revaluation, additional collateral shall be requested. If the Money Market Counterparty fails to block additional collateral to the benefit of the MNB, the MNB shall define a Minimum account balance for the Money Market Counterparty. If by 12:00 CET of the following business day the Money Market 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 exercise its claim against collateral on the stock of securities pledged to the MNB (Enforcement of collateral).
11. In performing the Enforcement of collateral the MNB provides for obtaining title to the securities pledged as collateral through direct enforcement. The MNB shall open a separate account for central bank's claims originating from the cancelled Collateralised 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 Money Market 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. In the context of collateral enforcement, 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 Money Market Counterparty, the MNB shall credit the difference to the Money Market Counterparty's bank account. If the money received does not cover the total amount due by the Money Market Counterparty, the MNB shall debit the difference to the Money Market Counterparty's bank account. If the difference cannot be recovered, the MNB shall record the amount as an outstanding receivable from the Money Market 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 Money Market 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 bank account.
 3. In the event of any extraordinary modification of VIBER business hours Offers are accepted under collateralised lending facility until 15 minutes past the closing of VIBER.
 4. If the money market counterparty appointed as a quoting bank refuses to undertake or to perform its obligations arising from the BUBOR Regulation, upon the money market counterparty's receipt of the MNB's notice thereon, the
-

MNB shall offer the overnight collateralised loan to the money market counterparty against an interest rate 200 basis points higher than the announced interest rate.

Description of transaction	Standing collateralised lending facility
Date and place of notice/invitation	Standing facility
Eligible counterparties	Resident credit institutions subject to reserve requirements with direct VIBER or BKR membership and with KELER securities account, who specify directly their bank 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
Proposed by	Counterparty
Business hours for receiving Offers	On business days between 08:30 and 18:15 CET, on Saturdays qualified as business days, between 08:30 and 15:15
Content and formal requirements for Offers	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
Number of Offers accepted from any bidder	No restrictions
Transaction limit	The securities portfolio pledged in security for the loan
Corrections	Not allowed
Financial settlement / date of settlement	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 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:

Description of transaction	Collateralised loan tender	Collateralised loan quick tender
Date and place of notice/invitation	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 tender on Reuters COLLATLOAN and Bloomberg NBH7 pages

Contents of notice/invitation	Date, type, maturity, quantity of Tender and/or interest rate conditions consistent with the type of tender, type of allocation and date of settlement	
Eligible counterparties	Resident credit institutions subject to reserve requirements with direct VIBER or BKR membership and with KELER securities account, who specify directly their bank 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 membership and with KELER securities account, who specify directly their bank 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
Proposed by	MNB	
Business hours for receiving Offers	As specified in the tender notice	45 minutes following the quick tender notice
Content and formal requirements for Offers	Via Reuters Dealing or fax (in case of fax the tender-offer form attached as Annex 2 shall be used) in accordance with Point 7 under the General Conditions.	
Number of Offers accepted from any bidder	As specified in the tender notice	1
Transaction limit	At least HUF 100 million per offer, which may be increased by integral multiples of HUF 10 million	At least HUF 500 million per offer, which may be increased by integral multiples of HUF 10 million
Corrections	Before the deadline for submission the last received Offer shall be accepted for processing	Not allowed
Acceptance measure	HUF 1 million	
Date and place of announcements	On the day of Tender until 15:45 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
Description of announcements	<ul style="list-style-type: none"> - Tender conditions as contained in the notice - amount of Offers submitted - amount of Offers accepted - highest, lowest and average interest approved for the type of Tender, where applicable 	

Financial settlement / date of settlement	T, T+1 or T+2	T (same as the trade date)
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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 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 margin account to the counterparty in forints and shall reevaluate 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 (margin) defined by the process described in the Notice announced by the MNB regarding the current type of transaction. The current balance of the margin account shall serve as collateral to cover the claim of the MNB arising from the FX-swap transaction of the central bank. 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 bank 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 bank 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 bank 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 bank account at the MNB on the last day of the month. If the FX rates or yields change in the market by more than the usual extent, the MNB reserves the right – up to the extent of the changes – to modify the margin values defined according to the process described in the Notice published by the MNB on the given transaction type, even within the same day, about which the MNB shall notify the Customer.
3. In relation to those operations when the MNB receives foreign currency in the starting leg of the transaction, the MNB maintains a margin account to the counterparty in forints.
4. 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. In the case of operations where there is a delay in fulfilment upon maturity, unless the MNB provides otherwise, the Customer shall keep the margin amount defined by the MNB, compliant with the current market conditions on the margin account, until the amount belonging to the maturity leg of the operation has been received or the MNB has terminated the operation.
5. 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.
6. Relating to its FX swap transactions, the MNB shall apply fixed, variable or free Tenders.
7. 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
Contents of notice/invitation	Time for submission of Offers, date of settlement of the starting and maturing legs (value date and maturity date), , the current spot exchange rate used in the transactions, maximum or minimum acceptable swap point and maximum offered amount or the price of the foreign exchange liquidity expressed in swap point
Date and place of notice/invitation	On the designated Reuters and Bloomberg pages defined in the Notice
Eligible counterparties	Those resident credit institutions subject to reserve requirements with direct VIBER or BKR membership, that comply with conditions set out in the Notice
Proposed by	MNB
Business hours for receiving Offers	As specified in the Notice
Content and formal requirements for Offers	Offers may be submitted via Reuters Dealing or fax with the content described in the Notice
Content of Notice beyond the aforementioned	<ul style="list-style-type: none"> • Allocation procedure • Number of Offers accepted from any bidder • Transaction limit • Corrections • Date and place of announcements, description • Settlement date of the starting leg (value date) • Conditions of completion of the payment obligations toward the MNB

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	<i>Spot foreign exchange transactions at the edge of the intervention band</i>
Date of notice/invitation	Standing facility
Contents of notice/invitation	—
Eligible counterparties	Resident credit institutions with an MNB bank account and with a SWIFT code
Proposed by	Counterparty
Business hours for receiving Offers	Between 9:00 and 17:00 CET
Number of Offers 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
Quoted 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 Terms and Conditions (Standard Instructions).

The procedures referred in a) and b) may not be alternated in relation to a given counterparty.

3. The notification or the modification of the list 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 Terms and Conditions relating to forint and foreign currency conversions are contained on the official MNB website.
4. The MNB shall accept all Offers for forint and foreign currency conversions at the edge of the band under the Terms and Conditions.
5. 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. Intraday spot foreign exchange transactions

Description of transaction	<i>Intraday spot foreign exchange transactions</i>
Date of notice/invitation	During business hours
Contents of notice/invitation	Conversion Offer or invitation
Eligible counterparties	Resident credit institutions with an MNB bank account and with a SWIFT code, and non-resident credit institutions with MNB-limit and SWIFT code
Proposed by	Counterparty/MNB
Business hours for receiving Offers	Market business hours
Number of Offers accepted from any bidder	No restrictions
Transaction limit	No restrictions
Corrections	Not allowed
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 foreign 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 Terms and Conditions (Standard Instructions).

The procedures referred in a) and b) may not be alternated in relation to a given counterparty.

3. The notification or the modification of the list 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 Terms and Conditions relating to forint and foreign currency conversions are contained on the official MNB website.

VI.C. FOREIGN CURRENCY DEPOSIT TRANSACTIONS

Description of transaction	<i>Foreign currency deposit transactions</i>
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 08:30 and 16:00 CET Friday: Between 08:30 and 15:00 CET O/N - daily, between 8:30 and 12:00 CET
Number of Offers 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.

ANNEXES

DECLARATION

We, the undersigned, as the Money Market Counterparty of the Magyar Nemzeti Bank (hereinafter: MNB) hereby

– declare to understand the Terms and Conditions of the operations of the central bank in forint and foreign currency markets (hereinafter: Terms and Conditions)

– 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.

Our contact person money market dealers:

Telephone:

E-mail:

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.....
.....
.....

Particulars of the KELER Zrt. securities account:

KELER securities account number and type:

.....

Budapest,..... 20

.....

Authorised signature of money market counterparty

TENDER OFFER FORM¹

– FOR DEPOSIT TENDERS

– FOR COLLATERALISED LOAN TENDER

.....
name of bidder

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

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

.....
date

.....
authorised signature

¹ Clearly indicate the type of transaction (e.g. by circling).

² For 360 days, rounded to two decimal places.

³ 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.

AUCTION OFFER

FOR MNB BILL PURCHASES

Counterparty name:.....

Name of 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 ¹ (%) ²
1.
2.
3.
4.
5.

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

.....

date

.....

authorised signature

¹ Rounded to two decimals

² Does not apply to fixed rate Auctions. 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.