



MAGYAR NEMZETI BANK

Amended and consolidated

BUSINESS TERMS AND CONDITIONS

Business Terms and Conditions for bank accounts managed by the Magyar Nemzeti Bank and for settlements in forint and foreign exchange transactions

Effective as of 06 December 2011

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1. DEFINITIONS

For the purpose of the rules set forth in these Business Terms and Conditions, in their Annexes and Appendices (hereinafter collectively: Business Terms and Conditions) the following definitions apply:

Agreement on settlement finality:	Agreement concluded by the direct and indirect participants of VIBER on the enforcement of Act XXIII/2003 on Settlement Finality in Payment and Securities Settlement Systems.
Payment order:	Any instruction by a payer or payee to his payment service provider requesting the execution of a payment transaction, including official transfer orders and remittance summons.
Resident credit institution:	Credit institutions established in Hungary, foreign credit institutions established in the European Economic Area with a branch incorporated in Hungary by way of its Hungarian branch and the Hungarian branches of foreign credit institutions established in countries outside of the European Economic Area.
Investment firm:	Any enterprise established in the territory of the European Economic Area or incorporated as a branch that is engaged in the pursuit of investment service activities under Directive 2004/39/EC of the European Parliament and of the Council.
BKR:	Interbank Clearing System operated by GIRO Zrt.
BKR usable funds:	Funds specified by MNB to GIRO Zrt. on a daily basis as cover available for the execution of Customer payment orders submitted to BKR, consisting of the total of the bank account balance and the limit granted for the Customer of a resident credit institution. The negative value of the usable funds represent sufficient coverage in accordance with the applicable amount of usable funds. However, value of the usable funds is positive if MNB has prescribed the threshold of usable funds due to lack of sufficient funds on the account of the BKR member in question.
BKR minimum funds:	The positive sign of funds specified to GIRO Zrt. means insufficient coverage, where the Customer can only receive credit items in the BKR, and the Customer's transfers can only be executed after the credit items have exceeded the lack of funds.
BKR clearing position matrix:	The BKR clearing position matrix contains direct BKR participants' forint debts to and claims against one another on a specific settlement day.

DVP transaction:	Delivery versus Payment, the delivery, as final transfer of the securities occurs if, and only if, the final transfer of the funds occurs.
Other customer:	Any customer, other than payment service providers, investment firms and market infrastructures, who are not direct participants of BKR or VIBER.
Value date (T day):	A reference time used by MNB for the calculation of interest on the funds debited from or credited to a payment account.
Collateralised credit:	A credit covered by the securities deposited on the securities account of Customer under the “Terms and Conditions of the Central Bank’s Operations in Forint and Foreign Exchange Markets” at KELER and blocked in favour of MNB as beneficiary.
Cover check:	Comparison of the amount specified in the payment order with the actual balance of the bank account as increased by the line of credit, if any.
Insolvency proceedings:	Bankruptcy proceeding, liquidation proceeding and appointment of an temporary administrator in accordance with Act XLIX/1991 on Bankruptcy Proceedings and Liquidation Proceedings, and exceptional measures described under Article 157(1)b) and the supervisory measures according to Article 176/B(5), Article 181(2) and Article 153(2)c)6 of Act CXII/1996 on Credit Institutions and Financial Enterprises, Article 135(1), Article 128(1) and Article 164(1)h) and n) of the Act on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities, and Article 400(1)h), j) and r) and Article 400(4) of the Capital Market Act.
Payment transaction:	An act, initiated by the payer or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee, or an order initiated by an officer empowered to issue an official transfer order or a remittance summons.
Central bank transactions:	Money market transactions with the central bank under the “Terms and Conditions of the Central Bank’s Operations on Forint and other currency Markets”.
KELER:	Központi Elszámolóház és Értéktár Zrt.
Forced overdraft:	A credit with penalty interest provided, irrespective of the amount of cover available, as funds for a debit balance resulting from overdue and unpaid debts to MNB and extended to the Customer (without request).

Forward payment order:	An order to be executed on a specified date (date of execution) subsequent to submission.
Cash transactions:	Transactions defined in the Business Terms and Conditions relating to transactions carried out in cash for cash processing organisations and customers holding forint accounts at the Magyar Nemzeti Bank.
Positive limit:	A technical condition added to MNB client account management system or VIBER which requires that a (credit) balance (minimum balance) is available on the Customer's payment account, equivalent to the positive limit, at all times.
Intraday credit limit:	A roll-over credit line. From the portfolio deposited at KELER in favour of MNB as beneficiary, those securities can be used as collateral for the intraday credit line which have not been used by the Resident credit institution customer to cover collateralised credits.
Payment service provider:	Resident credit institutions, payment institutions established in the European Economic Area and institutions issuing electronic money instruments, the institution operating the Postal Clearing Centre, and Magyar Államkincstár (<i>Hungarian State Treasury</i>) (hereinafter: Treasury).
Market infrastructure:	Any financial institution established in the European Economic Area or incorporated as a branch subject to supervision or oversight within the EEA that is engaged in operating payment systems or in the activities of clearing houses, or in central counterparty or central securities depository activities.
PVP:	Payment versus payment, the final transfer of a payment between two VIBER participants and/or their clients takes place concurrently. ¹
SWIFT:	A financial mediation system operated by the Society for Worldwide Interbank Financial Telecommunication.
Date of execution:	The debit day specified in Decree 18/2009 (VIII. 6.) MNB on payment services activities.
VIBER:	Real-Time Gross Settlement System operated by MNB.
Customer:	Party to a bank account agreement concluded with MNB and any person to whom MNB provides payment services.

¹In effect as of 12 December 2011.

2. GENERAL PROVISIONS

2.1. Scope of the Business Terms and Conditions

These Business Conditions regulate the general contract terms and conditions between the Magyar Nemzeti Bank (hereinafter: MNB) and the Customer governing transactions, other than cash transactions, connected to bank accounts managed by MNB.

MNB shall perform its activities within the framework of the effective statutory regulations, thus in particular, pursuant to the provisions of the Civil Code of Hungary, the Act on Magyar Nemzeti Bank (hereinafter: MNB Act), the Act on Settlement Finality in Payment and Securities Settlement Systems, the Act on the Pursuit of the Business of Payment Services, MNB Decree on Payment Services Activities, the Act on the Prevention of Money Laundering and Terrorism Financing and its implementing decrees, and the relevant regulations of the European Union.

The contents of the relationship established between MNB and the Customer hereinafter: Parties) shall in principle be specified in the bank account agreement. In respect of issues which are not regulated in the bank account agreement, the provisions of these Business Conditions shall be authoritative, moreover, the Business Terms and Conditions for transactions performed for Customers that have a forint bank account with MNB and for cash processing organisations (hereinafter: Business Terms and Conditions for Large Cash Transactions) and the “Business Terms and Conditions the operations of the central bank on Forint and other currency Markets” shall also apply.

Parties may depart from the present Business Terms and Conditions subject to mutual consent in writing.

2.2. Fundamental Rights and Obligations of the Parties

In order to ensure continuous performance of the bank account agreement, and in respect of direct VIBER participant to ensure the proper and undisturbed operation of VIBER in compliance with regulations, MNB and the Customer shall mutually co-operate and, accordingly, report to each other - without delay - any and all facts and circumstances relevant to exercising their rights and discharging their obligations, as well as any changes therein. To this end, the Customer shall notify MNB without delay of any material change in its legal status (such as, in particular, if opening insolvency proceedings, if removed from any official or other similar register, or if its operating licence is withdrawn). Responsibility for failure to discharge this obligation lies with the Customer.

MNB shall not be liable for any delay or omission of notice and/or performance, if such non-compliance was influenced by law or by any action of the relevant authority.

It is the responsibility of VIBER participants to monitor the execution and queuing of payment orders, lack of funds, the refusal of such orders, as well as system messages and SWIFT messages relating to VIBER (under Appendix 1 of the Business Terms and Conditions), furthermore, where electronic connection exists, it is the responsibility of Customers to monitor the messages specified in Appendix 2 of the Business Terms and Conditions (confirmation of orders received, defective, erroneous and pending foreign exchange orders returned) during regular operating hours, and to make any comments in a fashion to allow MNB to remedy the problem in question.

The Customer shall pay the fees, costs and interests charged in accordance with the Notice without delay, at the time when due.

In the course of implementing the provisions of the Act on Settlement Finality in Payment and Securities Settlement Systems, MNB and the Customer with direct or indirect access to the Real-Time Gross Settlement System operated by MNB shall proceed in accordance with the Agreement on settlement finality.

2.3. Customer identification procedure

MNB shall perform the identification of the Customer in accordance with the Act on the Prevention and Combating of Money Laundering, in cases set forth by law, particularly when entering into a business relationship.

During the life of the business relationship, the Customer shall notify MNB of any and all changes in the information provided for the purposes of identification (including the data of persons vested with right of disposition over the bank account), or such related to the actual account holder's person within five business days of learning thereof.

2.4. Complaint procedures

Customers shall submit any comments and complaints they may have relating to system operations, to the handling of payment orders, business hours, etc., to MNB Back Office Department in writing. Customers shall supply any additional information MNB has requested for investigating the complaint on hand in due time. The time limit for the investigation of a complaint is 7 business days from the time of receipt of the complaint, or any additional information that has been requested, that may be extended by MNB on one occasion, however, the aggregate time limit may not exceed 15 business days. MNB shall notify the Customer affected concerning the outcome of its investigation in writing.

If the Customer is in disagreement with the result of complaint proceedings, the case shall be referred to the court of law if there is a legal dispute. All lawsuits against MNB must be launched at a venue of jurisdiction by reference to its registered address.

2.5. Liability

MNB shall not be liable for damages suffered by the Customer as a result of unavoidable reasons beyond the control of MNB, including, in particular, force majeure, domestic or foreign statutory regulations or provisions issued by Hungarian or foreign authorities, late issue or refusal of necessary official licences or permits, delayed submission or lack of other documents required for carrying out the payment transaction and further, erroneous or inaccurate provision of data, and the illegal use of cashless payment instruments and the unauthorised use of the Customer's means of electronic correspondence, or from any breakdown in the communications channel. If an agent's liability is restricted by statutory regulations or business terms and conditions, the liability of MNB shall be equivalent to that of the agent.

The Customer shall take all measures deemed necessary for mitigating imminent damages without undue delay. MNB shall not be liable for damages resulting from the Customer's failure to take said mitigating measures.

In connection with any damage resulting from defective performance of a payment order or due to lack of conformity, any compensation offered by MNB shall be due on the 5th business days following assessment of the respective claim.

2.6. Data protection

Provided that they affect the Customer, MNB shall hold any and all information on transactions under the bank account agreement as confidential without any limitation in time and - with the exception of cases defined in separate statutory regulations - disclose such information to third parties only and exclusively with the Customer's express written consent.

2.7. Interests, commissions, costs, fees and special fees

In a public announcement posted on its website in Hungarian and English, MNB shall inform the Customer regarding the fees, special fees, commissions, postal and other costs relating to account management and the method of settling such expenses and interests. MNB maintains the right to review fees, special fees, commissions and other charges annually, and to unilaterally modify the conditions of the Notice with a view to enforcing the principle of cost recovery.

2.8. Effect, amendment and publication of the Business Terms and Conditions

These amended and consolidated Business Terms and Conditions shall enter into effect on 06 December 2011.

MNB shall be entitled to unilaterally amend the Business Terms and Conditions. Where any provision of the present Business Terms and Conditions fails to conform with the provisions of the relevant legislation, authority or court decision, MNB shall amend the Business Terms and Conditions so as to bring the principles and goals contained therein into conformity with the legislation, authority or court decision in question.

MNB shall inform the Customers in writing of any proposed amendment of the Business Terms and Conditions at least 5 days in advance, or minimum 10 and maximum 15 days in advance in connection with comprehensive or extensive amendments to allow the Customers to make any comments they may have. MNB shall be entitled to reduce the above-specified time limits, or may forego sending the notice if the procedure is likely to jeopardise the safe and efficient functioning of the payment system. MNB shall notify Customers concerning the final version of the amendments 15 calendar days prior to the effective date of the amendment, or 30 calendar days if the amendment concerns orders submitted electronically, other than by way of the SWIFT network. MNB shall publish the Business Terms and Conditions - with restricted access to Annex 4/a, 4/b and 4/c for VIBER contact persons only - on its website in Hungarian and English. The proposal for amendment shall be posted on the website prior the effective date with the corrections indicated.

A) CONDITIONS FOR ACCOUNT MANAGEMENT SERVICES

3. BANK ACCOUNTS

3.1. Bank account agreement

On the basis of a bank account agreement and in accordance with these Business Terms and Conditions, MNB shall open and maintain:

- a) Forint bank accounts for direct participants in forint payment systems for payment service providers, investment firms and market infrastructures with a view to providing clearing and settlement services;
- b) Forint bank accounts for Other Customers with a view to providing payment services stemming from basic central bank functions;
- c) foreign exchange bank accounts for resident organisations, international institutions and central banks defined by the relevant legislation.

Forint and foreign exchange accounts hereinafter collectively: bank account.

Pursuant to the bank account agreement and the present Business Terms and Conditions, MNB shall manage and record the Customer's funds, execute regular payment orders to the debit of its balances, and inform the Customer of any and all credit and debit entries and balances on the account.

In addition to the relevant provisions laid down by law, a bank account agreement may be concluded on condition that direct BKR participants shall subscribe to the "szamvez" channel of the GIROHáló GIROFile service, and direct VIBER participants shall subscribe to the "viber" channel as well.

3.2. Disposition over the bank account

Upon conclusion of a bank account agreement, the Customer shall indicate the persons authorised to submit instructions to MNB concerning the bank account and shall have them sign the Bank's standard signature specimen form.

Two authorised persons may dispose over the bank account jointly.

For the purpose of notifying new signatories for exercising control over the bank account, a new signature card shall be submitted, noting that if the previous signature card is not yet full and if it contains any valid information, such information shall be carried over to the new one, while the previous signature card has to be abolished.

The Customer may determine which of the co-signatories on the signature card are authorised to sign jointly; MNB shall not accept any other restrictions (e.g. restrictions to specific orders, or to limits) on the authority to sign. The Bank shall accept dispositions exclusively as is laid down in the signature card by the Customer.

The Customer is required to notify any change in the authority for disposing over the account. Pending such notification made in writing, the Bank shall effect payments according to the previous status.

Disposal rights over the bank accounts may exercise:

- by means of payment order submitted directly to the payment or settlement system by direct participants of the payment system
- By Other Customers:
 - on a form submitted directly to MNB or by mail,

- electronically (via remote data transmission networks) by way of the means defined in Annex 3 and in Appendix 2,
- by SWIFT message.

MNB shall consider electronically submitted payment orders as if they were submitted and approved by the authorised signatories of the bank account. The Customer shall be responsible for ensuring that only authorised persons have access to the electronic facilities used for issuing orders.

3.3. General rules relating to bank accounts

MNB shall not accept authorisations for collection and direct debit orders, and shall not execute direct debit requests from accounts.

MNB shall execute the remittance summons and official transfer orders it has received from all accounts it manages on behalf of the Customer liable for the payment, provided that they satisfy the conditions set out in the present Business Terms and Conditions and the provisions of the relevant legislation.

Unless otherwise provided for by the Business Terms and Conditions, MNB shall accept messages from Customers by mail, encrypted fax, SWIFT message or through GIROHáló GIROFile. MNB shall dispatch and receive files through GIROHáló GIROFile only if executed by signature certified by GIROLock, in the form specified in Appendix 2.

The Customer shall be able to declare, using the statement form specified in Annex 10 executed as authorised, that the persons notified as the authorised signatories are entitled to represent the account holder jointly, as in the event of giving orders related to the bank account in connection with applying for VIBER Monitor service and entitlements, the notification of VIBER contact persons, and also with O/N collateralised credits.²

3.3.1. Regulations relating to direct participants of payment systems

Apart from the settlement of cash transactions and central bank transactions, MNB provides clearing and settlement services within the framework of account services only to direct participants, with the exception of Other Customers.

Accordingly:

- direct participants shall submit their payment orders directly to the payment system only, therefore they shall not be able to submit any payment order to MNB, in its capacity as the account carrier, outside the payment system, as MNB shall refuse any payment order that is submitted directly;
- only those payment transactions received through the payment system shall be credited to the accounts of direct participants, therefore MNB, in its capacity as the account carrier, shall refuse any payment transaction delivered directly to MNB to be credited to the Customer's account, outside the payment system.

²In effect as of 12 December 2011.

Participation may not be established and implemented through MNB, who itself is direct participant of the payment systems.

Postal payment services are not available to direct participants.

3.3.2. Provisions relating to Other Customers

Within the framework of clearing and settlement operations, MNB shall execute domestic forint payment orders of Other Customers through the national clearing and settlement system, i.e. BKR or VIBER, or, in respect of payments between Other Customers, by account transfer.

MNB shall provide the payment services referred to in Chapter II(1) and Chapter III(3) of the Postal Payment Services standard service agreement to Other Customers.

3.3.3. Requirements relating to payment orders

Payment orders shall clearly specify the subject of the transaction and all data and information required by the relevant statutory regulations and administrative requirements, or which are necessary for the execution of the order. MNB shall execute any official transfer order that has been submitted directly if the payer is other than a publicly financed entity and if able to supply sufficient proof of entitlement for submission.

MNB shall refuse to execute and shall return any and all deficient payment orders if the missing information requested is not received by the deadline specified by MNB.

MNB shall not assume responsibility for damages where the data the payer has supplied for execution is incorrect or incomplete, and such deficiency had not been remedied in good time.

3.3.4. Execution of Payment Orders

MNB shall execute payment orders up to the amount of the available funds on the account. In addition to the account balance, MNB shall automatically execute payment orders made by Customers with pre-authorised credit limit up to the applicable limit.

The following orders are irrevocable:

- payment orders to be executed in BKR that have already been forwarded to BKR on behalf of Other Customers;
- payment orders to be executed by account transfer for Other Customers that have already been booked;
- payment orders to be executed via SWIFT, but outside VIBER, for which SWIFT messages have already been sent; and
- payment orders to be executed via VIBER, that have already been settled in VIBER.

The date of execution of a defective payment order the Customer has submitted may not be altered subsequently.

3.3.5. Setting the settlement days, submission deadlines

MNB shall, at the latest 20 business days before the first day of each year, determine dates of settlement for that year, and shall publish the annual calendar for clearing and settlement on its website. The dates of settlement shall be determined in due consideration of the legislation on official holidays.

Procedural rules for the submission and execution of the different kinds of payment orders, as applicable to the dates of settlement, are provided in the Guide constituting Annex 2 to the present Business Terms and Conditions, whereas the procedures for submission and execution on Saturdays designated as business days in the stead of official holidays are contained in Annex 2/a.

3.3.6. Order of execution

Of the receivables of the central bank, uncollateralised HUF loans and settlement costs (interest and turnover commission) are booked at the beginning of the due business day, provided that sufficient funds are available.

MNB shall be entitled to debit the Customer's account, without the Customer's specific instruction or consent, for recovering any claims (principal, interest, commission, fee, special fee, cost) it may have in connection with:

- account management (including the corrections of any crediting or debiting errors made by MNB),
- cash transactions,
- MNB activities relating to its monetary policy.

MNB prioritises the central bank receivables (for monetary purposes) listed under Article 7 of MNB Act before the payment orders to be debited to the Customer's bank account (including official transfer orders and remittance summons). However, other central bank receivables (central bank receivables for non-monetary purposes, other than those mentioned under Article 7 of MNB Act) are ranked following official transfer orders and remittance summons, but before other payment orders.

3.3.7. Delay in settlement, forced overdraft

MNB charges default interest on central bank receivables, which are still in the queue at the end of the day until settlement. The default interest rate is twice the prevailing central bank base rate.

In central bank transactions, the Customer may not cancel a concluded transaction. Where the liabilities of a Customer of a resident credit institution from central bank transactions toward MNB cannot be satisfied at the end of the business day due to insufficient funds, MNB provides a forced overdraft on its accord to cover these liabilities, of which the Customer of the resident credit institution shall be notified. The overdraft becomes due and matured upon disbursement. The interest rate charged on forced overdraft is twice the prevailing central bank base rate.

3.3.8. Items booked directly in MNB customer-account management system

MNB shall carry out the following payment-related booking operations on the Customer account:

- d) amounts of debit and credit of I. BKR clearing position matrix produced by BKR;
- e) the sum of daily VIBER turnover of VIBER participants;
- f) incoming payment transactions sent to MNB on behalf of Other Customers in BKR or VIBER;
- a) payment orders initiated by Other Customers in BKR or VIBER;
- b) postal intermediary payment services provided to Other Customers;

- c) incoming payment transactions marked “terminate queuing” sent from VIBER to direct BKR participants with no VIBER participant status;
- d) for all Customers, payments resulting from transactions and settlements with MNB (e.g. settlement costs, provision and redemption of collateralised overnight credits and longer-term credits, placement of deposits, the forint leg of foreign exchange transactions, etc.);
- e) cash transactions affecting the Customer’s account, conducted outside of VIBER business hours;
- f) placement of deposits, if the transaction cannot be booked in the real-time system due to the closing of VIBER.

3.3.9. Submission of payment orders by Other Customers electronically

The Customer shall be entitled to dispose of his account electronically, other than by way of the SWIFT network, if the electronic data exchange has been tested in co-operation with MNB, and MNB has made out a certificate of the test result for the Customer, valid for the given method of data transmission.

MNB shall consider payment orders submitted electronically, other than by way of the SWIFT network, valid only if forwarded in the form of messages executed with double electronic signatures.

The Customer shall initiate payment orders in the format determined by the standard described in Appendix 2 of these Business Terms and Conditions.

MNB shall also inform the Customer of the result of the processing of messages sent by way of electronic means - and of items received on paper or from other systems (e.g. VIBER) as well - in an e-mail message following the closure of the business day.

In the event of a failure of the electronic correspondence system or a line fault, the party which perceives the irregularity shall immediately and shortly (e.g. through telephone, fax, SWIFT or the Internet) inform the other party. Until the defect is remedied, data transmission shall be performed on a paper basis, through GIROHáló GIROFile, or by delivering floppy disks or CDs, or by way of encrypted fax.

MNB shall be liable for the accuracy and completeness of the data in relation to the part between the time of receipt and the time of initiating the return of the data.

As for the deadline of submitting electronic orders by the Customer, the provisions set forth in Annex 2 shall apply.

MNB shall forward the result of the accounting day in several steps, depending on the course of processing. The data contain the processed and erroneous items in separate files.

3.3.10. Cash desk services

The general contract term and conditions for Customer transactions for the depositing and/or withdrawal of banknotes and coins to and from the Customer's bank account are laid down in the Business Terms and Conditions for Large Cash Transactions.

3.4. Provisions relating to BKR settlements

MNB shall inform GIRO Zrt. regarding the funds available for the settlement of the payment orders of Customers with direct access to BKR (hereinafter: usable funds) every day upon closing.

The usable funds shall be the total of:

- a) the daily closing account balance and
- b) the credit line of a Customer with pre-authorised credit limit.

Deductions from the Customer's usable funds:

- a) Where the balance of funds on the account is found insufficient for the priority execution of official transfer orders and remittance summons, MNB shall notify the Customer and simultaneously decrease the usable funds provided by the Customer by the amount required for execution of these payment orders;
- b) Sums of matured central bank receivables;
- c) Forced overdrafts;
- d) Amount of a loan provided based on lack of funds for a sanction imposed in relation to minimum reserve requirements;
- e) Minimum account balance requirement resulting from the revaluation of collateral;
- f) Sums blocked for the execution of FX payment orders on the day(s) prior to the day of execution.

If the usable funds available fail to cover the amount of the payment orders, MNB shall specify the BKR minimum account balance to GIRO Zrt., which means that as long as the account has insufficient funds, in the BKR the Customer is allowed to receive only credit entries, and debit transfers may only be effected after the credit items have exceeded their lack of funds.

Orders submitted by the Customer to BKR but not executed due to insufficient funds or late forwarding may be processed in BKR in the morning hours, if the Customer provides funds for the total amount of such orders by the time specified in Annex 2.³ If the funds have been provided and the Customer has submitted a written request for re-processing the same morning, MNB shall instruct GIRO Zrt. to perform processing in the morning hours. A request for re-processing may be sent by way of encrypted fax, through GIROHáló GIROFile or by an MT 299 type SWIFT message to code MANEHUHH BIC. GIRO Zrt. will return to the Customer any and all orders which cannot be re-processed and executed for lack of sufficient funds.

If insolvency proceedings have been initiated against a Customer with direct participation in BKR, for the settlement of the Customer's payment orders accepted in accordance with the BKR Business Rules and adequately cleared in BKR, MNB, as settlement agent, shall use the credit limit provided for the Customer for clearing in BKR and shall simultaneously seize the securities which serve as collateral and which are deposited at KELER in favour of MNB as beneficiary.

Subsequent to closing the account, MNB shall send a notice to the Customer with direct participation in BKR on its current usable funds (I. Advice of Usable Funds).

³Although MNB does not provide VIBER correspondent banking services to direct participants of BKR only, in exceptional cases, sums transmitted from VIBER marked "terminate queuing" for the purpose of queuing shall be credited to the accounts of BKR participants in the customer-account management system with a view to queuing in BKR.

MNB shall quantify the values specified in I. Advice of Usable Funds by the re-valued central bank collateralised loans (as the system accumulates interest) and by revaluation of the blocked securities portfolio (values are shown at the new, updated prices). After setting the collateral for the BKR credit line at KELER, MNB sends another notice to the Customer (II. Advice on Usable Funds). MNB shall dispatch the aforementioned notice on usable funds to customers through GIROHáló GIROFile in the form specified in Appendix 2. If MNB sets the positive limit for the Customer in the notice, MNB shall specifically indicate if additional collateral is required.

3.5. Extension of credit by the central bank to Customers of resident credit institutions with a limit

3.5.1. Pre-authorized credit limit

‘Customer with pre-authorized credit limit’ means a Customer who is qualified as a Money Market Counterparty and eligible for standing collateralised lending facilities under the “Terms and Conditions of the Central Bank’s Operations on Forint and Other Currencies Markets” (hereinafter: “Terms and Conditions of the Central Bank’s Operations”). From the portfolio deposited at KELER in favour of MNB as beneficiary, those securities can be used as collateral for the credit line which have not been used by the Customer to cover collateralised credits.⁴ The rules governing adequacy of collateral assessment and the method of calculating the limit are set forth in a guide entitled “The Central Bank’s System of Adequacy of Collateral Assessment” published by MNB.⁵

The limit may be used:

- by VIBER participants for the execution of payment orders during VIBER business hours,
- for night BKR clearing transactions,
- for items booked directly in MNB customer-account management system.

A Customer with pre-authorized credit limit may initiate the increase or decrease in the limit at any time during the period specified in Annex 2 by way of manipulating the amount of blocked securities at KELER, according to the General Business Rules of KELER.

If insolvency proceedings have been initiated against a Customer with pre-authorized credit limit, MNB, after receipt of the notification thereof and in accordance with the Agreement on settlement finality, shall not comply with the request made by the Customer with pre-authorized credit limit to change the credit line.

3.5.2. Collateralised credits

Without the specific request of the Customer with pre-authorized credit limit, MNB shall provide an overnight credit facility at the end of the business day up to the debit balance of the account against securities collateral blocked.

Upon the specific request of the Customer with pre-authorized credit limit, in addition to the debit balance of the account, MNB shall also provide overnight credit up to the value of the blocked securities portfolio (standing collateralised lending facilities). Collateralised loans may be called, following notice by phone, by way of an MT298 SMT500 SWIFT message, or by post according to Annex 5, encrypted fax or through the ‘viber’ channel of GIROHáló GIROFile. When the loan is in fact made available the Customer is notified by means of an MT581 message (Appendix 1, chapter 12), or if the loan application is refused the Customer is notified, including the reasons, by the same means as the application had been submitted.

⁵Annex 1

A description of MT298 SMT500 type SWIFT messages is available in Annex 9.

Longer-term collateralised credit is provided under the Terms and Conditions of the Central Bank's Operations.

Such collateralised credits are reviewed according to the Terms and Conditions of the Central Bank's Operations, and carried out after VIBER business hours.

3.5.3. Collateral revaluation

The collateral value of the blocked securities portfolio, and the portfolio of collateralised central bank loans are revalued at the end of each day according to Annex 1. MNB reserves the right to re-evaluate the securities portfolio pledged as collateral for collateralised credit anytime during the day (12.4 Extraordinary revaluation).

If collateral is still found to be insufficient after revaluation, MNB shall automatically define a positive limit.

A positive limit may be eliminated by blocking additional collateral. Until this is done, MNB requires a positive balance on the payment account up to the positive limit, thus ensuring collateral. If the Customer has more liquidity than the minimum balance, the Customer's payment orders can be executed from any available account balance above the minimum balance.

If the Customer fails to eliminate a positive limit set on the previous day by 12:00 a.m. on the next business day and also fails to fulfil the minimum balance requirement, MNB shall have the right to cancel all its loan transactions with the Customer in question with immediate effect, and may also enforce the securities portfolio blocked for collateral in accordance with the Terms and Conditions of the Central Bank's Operations.

3.5.4. Procedure in the event of termination of partnership with MNB

When a Customer's money market counterparty status is terminated, this customer is entitled to access MNB transactions on the last day of its partnership. Changing the credit line may be requested within the time limit specified in Annex 2 (in the case of any changes in the operating hours this time limit varies accordingly). At this time the Customer may request overnight credit either under the automated debit system or under special request. No additional changes in the credit line are allowed, for it will be abolished (set to zero, or a minimum balance requirement will be established) before the transfer of usable funds to BKR, and no intraday credit will be available the next day. The deadline for repayment of an overnight credit obtained on the last day of partnership is 12:00 hours on the next business day. If at this time the credit cannot be repaid (due to insufficient funds on the Customer's account), enforcement of collateral is initiated.

3.6. Procedural rules for foreign exchange payment transactions

MNB shall maintain foreign exchange accounts for resident organisations, international institutions, central banks and payment service providers specified in the relevant legislation. With the exception of the Treasury, MNB shall not perform foreign exchange payment orders, and shall not carry foreign exchange accounts for direct participants.

MNB shall perform the following foreign exchange account transactions for its Customers to the credit or debit of bank accounts carried by MNB:

- a) customer foreign exchange payment orders by order or in favour of the Treasury, its customers and Other Customers,

- b) acceptance of cheques for collection on behalf of the Treasury, its customers and Other Customers,
- c) MNB accepts orders for issuing letters of credit only from organisations belonging to Treasury on condition that the competent Treasury branch office gives evidence of sufficient funds and its authorisation to sign on behalf of the Treasury,
- d) correction of incorrect entries due to mistakes for which MNB is liable.

In the absence of an agreement MNB shall not execute foreign currency to forint or foreign currency to foreign currency conversions for the Customer arising from payment orders or payment transactions. Accordingly, MNB shall not execute any payment orders debited to payment accounts it maintains, if the currency of the payment order is other than the currency of the account. Consequently, MNB shall refuse any payment transaction addressed to the Customer if made out in a currency other than the currency in which the Customer's account is denominated.

MNB assumes no liability for any risks of damage arising from changes in the exchange rate during the execution of foreign exchange payment orders.

3.6.1. Payment transactions to the credit of accounts managed by MNB

In the absence of a notice of payment transaction made out to the Customer, if the credit entry is recorded only in the statement of MNB's account held abroad, MNB shall not credit the sum of the transaction to the Customer's account.

Based on a payment transaction made in favour of the Customer, with a settlement date prior to the day of issue, MNB shall perform payment only upon the Customer's express request. For interest-bearing bank accounts, interest shall be credited in the amount charged by the correspondent bank of MNB for the period between the original and the revised date of execution, in the case of conversion orders MNB shall not make exchange rate adjustments (that is to say, the difference between the exchange rates between the two value dates).

Based on a notice of payment transaction made out to the Customer, MNB shall credit the account prior to the actual collection of funds provided as coverage. In the absence of the funds to cover the account, MNB shall re-claim (debit the account by) the amount in question together with the applicable interest and exchange rate difference from the beneficiary, or if the cover is collected with delay, it shall be entitled to charge interest to the debit of the Customer in the same amount charged by the entity carrying MNB's nostro account.

3.6.2. Payment orders to the debit of accounts managed by MNB

In the absence of the Customers instructions thereof, MNB shall be entitled to choose the method of performing and forwarding payment orders at its own discretion.

If in the course of executing the order MNB relies on an intermediary institution, then its accountability for the services of a foreign intermediary shall be governed by the relevant provisions of private international law, international standards and agreements.

In connection with cross-border payment orders in euro addressed to Member States of the European Economic Area the beneficiary's account number shall be indicated in the IBAN format along with the BIC of the destination bank, and in the absence of either MNB shall refuse the order.

In connection with any transfer order to be executed via a payment service provide established in an EEA⁶ Member State, in the currency of an EEA Member State, MNB shall apply the "shared" option for costs, specifically, it shall charge the fees and costs specified in the Notice to the Customer. MNB shall refuse any transfer order submitted by a Customer if it does not contain the "shared" option for costs.

Unless otherwise instructed by the Customer, MNB shall forward documents, drafts, cheques and other securities, bank notes and other valuables by insured mail at the cost and risk of the Customer.

The procedures of submitting and executing foreign exchange payment orders are specified in Annex 2 of the present Business Terms and Conditions. MNB shall execute payment orders up to the amount of funds available on the bank account on the date of the payment order. If there are insufficient funds, the order remains in a queue until the end of day of submission. MNB keeps suspended all payment orders in a queue at the end of the day, except for payment orders sent electronically, other than by way of the SWIFT network, which are refused at the end of the day. MNB attempts to settle the payment again on the subsequent business day at the time defined in the Guide; if this fails, it returns the orders to the Customer at the end of the day (unless the Customer has withdrawn such in the meantime).

The issue, effect, withdrawal, or acceptance of cheques for collection shall be regulated by the statutory provisions governing cheques. If the account keeper advances (pays) the amount of the cheque to MNB, MNB shall credit this amount to the account of the Customer. In this case, if the paying bank makes any objection after the sum is credited, the MNB shall have the right to deduct the amount from the Customer's account along with any legitimate expenses.

3.6.3. Documentary transactions

If MNB is required to inspect documents relating to a transaction, it shall proceed as prescribed in the international agreements (standards) to which it is a party.

If in the documents received by MNB there are discrepancies the assessment of which, according to international standards, falls within the competence of the bank charged with the inspection of documents in the first place, neither the opening bank nor any other bank inspecting the documents submitted under the letter of credit, nor the party who made the payment order shall be entitled to lodge a claim against MNB on account of such discrepancies at its discretion.

Unless otherwise specified in documentary collection orders, MNB shall apply the standards specified in the Uniform Rules for Collections, issued by the International Chamber of Commerce, as effective.

Unless otherwise provided for, in the course of banking activities related to letters of credit MNB shall apply the standards specified in the latest version of the Uniform Customs and Practice for Documentary Credits, issued by the International Chamber of Commerce.

In its capacity as an opening bank, MNB may not effect payment under reserve in respect of the documents submitted under the letter of credit, but shall either perform payment or refuse the documents. In the latter case MNB may accept the documents, but shall perform disbursement only and exclusively upon explicit order from its principal.

3.7. Customer notification of account transactions

MNB shall prepare a statement of account containing any and all credit and debit entries booked on the account, and shall send it to the Customer without delay. As agreed with the Customer, notification may be performed electronically and by mail, or may be collected at MNB.

MNB shall inform the Customer of foreign exchange transactions by sending copies of a statement or via SWIFT messages in accordance with the prevailing standards.

3.8. Termination of the bank account agreement

Unless otherwise regulated in the agreement concluded between the Customer and MNB or stipulated in these Business Terms and Conditions, both MNB and the Customer shall be equally entitled to terminate the bank account agreement with a 60-day notice period by written notification to the other party.

Together with the bank account agreement, the agreement on settlement finality shall also be terminated in respect of the Customer.

The Business Terms and Conditions of MNB shall be applicable in the entire period from the effective date of termination until the complete closing of settlement.

In the event of termination, MNB and the Customer shall settle all accounts.

Following settlement of debits and credits between MNB and the Customer, MNB shall pay the sum remaining that is due to the Customer on the first working day after the period of notice expires.

B) VIBER BUSINESS CONDITIONS

4. SYSTEM DESCRIPTION, GOALS AND PRINCIPLES

VIBER is a real time gross settlement system for high-value forint payments managed by MNB, where settlement and execution takes place in a single step by debiting the account of one direct VIBER participant and crediting that sum to the account of another direct VIBER participant; for both parties this means that the payment order has been finally and irrevocably settled.

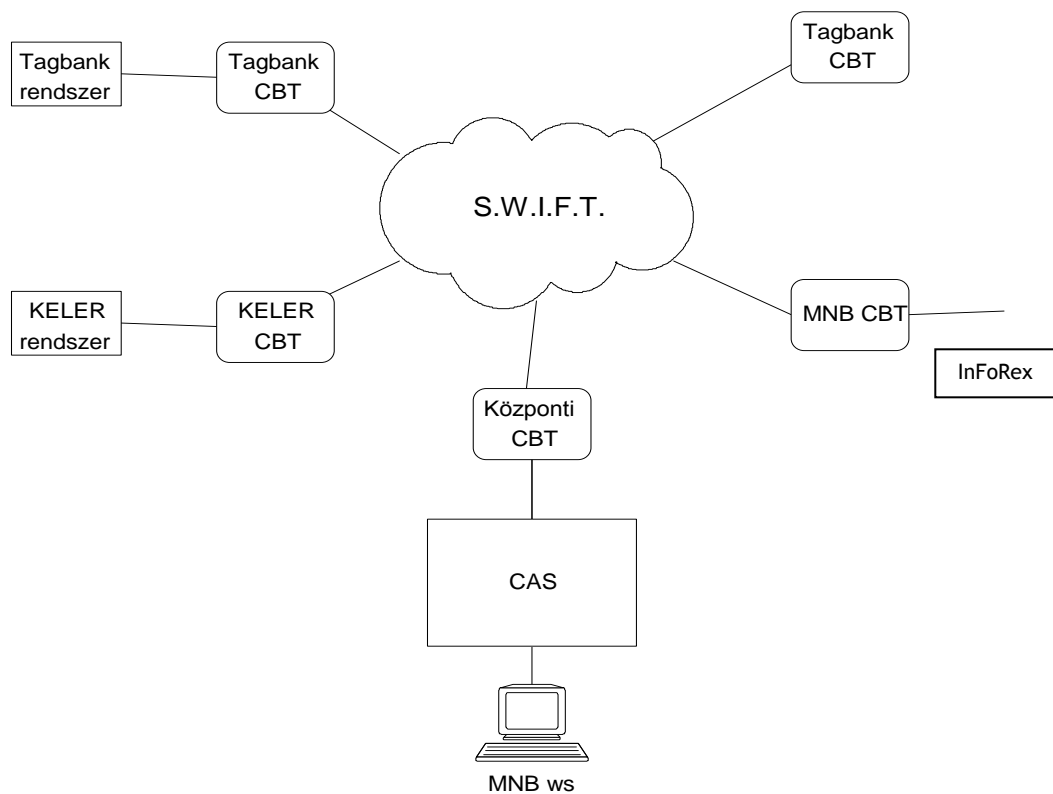
In VIBER, MNB (1054, Budapest V. Szabadság tér 8-9) functions as the settlement agent, and the system operates under Hungarian law. VIBER functions as the payment system designated under Act XXIII/2003 on Settlement Finality in Payment and Securities Settlement Systems.

The VIBER operates on the basis of the following relevant legislation and agreements:

- Act LVIII/2001 on the Magyar Nemzeti Bank;
- Act CXII/1996 on Credit Institutions and Financial Enterprises;
- Act XXIII/2003 on Settlement Finality in Payment and Securities Settlement Systems;
- Act LXXXV/2009 on the Pursuit of the Business of Payment Services;
- Decree 35/2009 (XII.28.) MNB on the material, technical, security and business continuity requirements related to the operation of the payment system;
- Decree 34/2009 (XII.28.) MNB on the requirements of the business regulations and other regulations of operators of the payment system;
- Decree 18/2009 (VIII. 6.) MNB on payment services activities;
- Interbank agreement for the execution of payment orders on behalf of customers in the Real Time Gross Settlement System (VIBER);
- Agreement concluded by the indirect and direct participants of VIBER concerning the implementation of Act XXIII/2003 on Settlement Finality in Payment and Securities Settlement Systems.

5. COMPONENTS OF SYSTEM ARCHITECTURE

- **SWIFT FIN-Copy** network: a communication system between system participants for settlement of the payment orders of members.
- **Member CBT** (Computer Based Terminal). The CBTs of VIBER participants serve as an interface via the SWIFT network between VIBER participants, through which they send payment orders in VIBER. Under a separate agreement, the VIBER monitor is optionally usable for monitoring and modifying payment orders.
- **CAS** (Central Accounting System): the central accounting system of VIBER.
- **Central CBT - CIM** (Central Interface Module): an interface between CAS and the SWIFT network.
- **KELER** (central clearing house and depository) the securities accounting system which provides DVP (Delivery Versus Payment) settlement by item for securities transactions in the current accounts of the parties concerned managed by KELER, through CAS.
- **MNB CBT**: connects to the system with a similar function as the other VIBER participants.



Legends:

Tagbank rendszer	Participating bank network
Tagbank CBT	Participating bank CBT
KELER rendszer	KELER system
KELER CBT	KELER CBT
Központi CBT	Central CBT

6. SYSTEM PARTICIPANTS

1. **MNB** operates VIBER and performs the tasks of the participant specified under Article 3(1)c) of the Act on settlement finality in payment and securities settlement systems, based on the authorisation granted in the Agreement on settlement finality in VIBER and, as a central bank, regulates and supervises the payment system. As regards VIBER, MNB functions as the clearing house and settlement agent in one.
2. **KELER** operates the central securities settlement system providing DVP-based securities settlement and securities blocking for collateral purposes for the limit.

3. The following may be **VIBER participants**:

1. resident credit institutions and other payment service providers established in any Member State of the European Economic Area;
2. investment firms;
3. market infrastructures;
4. MNB.

7. CONDITIONS FOR JOINING AND VIBER PARTICIPATION, ADMISSION

1. Technical conditions for direct VIBER participation:

- a) A **HUF bank account** must be kept at MNB.
- b) SWIFT membership with own BIC (Bank Identifier Code).⁷
- c) **Membership** in the HUF Closed User Group formed by SWIFT for VIBER purposes.
- d) Successful **testing** to certify that the applicant has the technical means for sending and receiving VIBER messages. Upon successful completion of the test, MNB shall make out a Technical Certificate within 5 business days to the participant.
- e) The candidate VIBER participant shall apply in writing for registration in the Routing table as a VIBER participant.

Where an indirect participant is granted the status of a direct VIBER participant the regulations on the admission of new participants shall apply.

Application for joining the HUF Closed User Group shall be submitted to SWIFT, upon which MNB shall authorise HUF CUG membership upon being contacted by SWIFT.

MNB shall have the right to conduct on-site inspection so as to verify compliance with the conditions for joining, and for participation, at any time, of which the participant must be informed in advance.

2. Other conditions for VIBER participation:

- a) The **Agreement** on the finality of settlement shall be signed and accepted by each direct and indirect VIBER participant.
- b) Non-resident direct and indirect VIBER participants shall submit a written declaration made by the head of their legal department, in conformity with the terms of reference provided by MNB as System Operator, stating that the requirements set out under Article 10ea) - ec) of Act XXIII/2003 on Settlement Finality in Payment and Securities Settlement Systems are satisfied in full. Concerning the manner and content of confirming full compliance with the requirements set out under Article 10ed) of the aforementioned Act, MNB shall, in accordance with the legislative intent, make the relevant decision on a case-by-case basis.

3. MNB shall render a decision concerning the application for admission within 10 business days following the time of verification of compliance with requirements. If all of the above-specified requirements are satisfied, MNB may refuse the application for admission only if, in its opinion, admission of the applicant to VIBER is likely to entail extra risks that would jeopardise the reliable

⁷Existing BIC is used for VIBER purposes.

and safe functioning of the payment system. MNB shall notify the applicant of its decision without delay. If refused, the applicant may file a complaint in writing within 10 calendar days.

8. TERMINATION, CANCELLATION AND SUSPENSION OF VIBER PARTICIPANT STATUS

1. VIBER participant status shall terminate:

- a) upon the VIBER participant's dissolution without succession;
- b) if the technical conditions referred to in point 7.1.a)-d) are no longer satisfied;
- c) upon cancellation.

In the cases mentioned under points a)-b), VIBER participant status shall terminate at the end of the settlement day, when MNB learns about the grounds for termination.

Direct VIBER participant status shall terminate when the VIBER participant is granted indirect status.

2. Cancellation of VIBER participant status:

- VIBER participants may cancel their participant status in writing, effective as of the last settlement day of the following month. VIBER participant status shall terminate, if cancelled by the VIBER participant, only if the participant has satisfied all its obligations existing with other system participants.
- MNB may terminate a VIBER participant status in writing, effective as of the last settlement day of the following month, if the participant in question fails to comply with the requirements set out in Business Terms and Conditions and its annexes upon being requested to do so in writing, or if maintaining VIBER participant status is likely to entail risks that would jeopardise the reliable and safe functioning of the payment system, or if the participant is undergoing liquidation, or if its operating permit had been revoked or surrendered voluntarily.

MNB shall register the termination of VIBER participant status in the Routing table.

3. VIBER participant status cannot be suspended.

9. TYPES OF CONNECTION TO VIBER

1. Direct VIBER participants:

Institutions that keep a HUF account at MNB and send and receive payment orders using their own interface.

2. Indirect VIBER participants:

Correspondent clients of direct VIBER participants. Direct VIBER participants and their correspondent clients settle payments between themselves using traditional methods. Payment transactions between indirect VIBER participants and direct VIBER participants (other than their correspondents) are settled through the VIBER account of the correspondent.

10. ACCOUNT MANAGEMENT AT THE CENTRAL BANK

10.1.1. Accounting systems

a. Analytical customer accounting system

MNB's analytical customer accounting system keeps payment accounts and other HUF and foreign exchange accounts, as well as loan and deposit accounts, and other accounts for direct VIBER participants and Other Customers. During a specific period of the business day,⁸ it manages the positions of direct VIBER participants, completes the end-of-day closing, with this closing balance also currently also functioning as mandatory reserves.

b. Settlement in CAS

During VIBER operating hours, CAS (Central Accounting System) takes over the management of the payment or HUF accounts of direct VIBER participants from MNB's customer accounting system (i.e. no items may be booked on the HUF accounts in MNB's system); payment account and HUF account management of non-direct VIBER participants and other customers is still the responsibility of the analytical customer accounting system even during this business time. If, in addition to the payment or HUF account, a transaction relates to another account as well, e.g. loan, deposit, repo, etc., the item is also automatically booked in the CAS account in VIBER and the account in the analytical customer accounting system (credit, deposit, repo account, etc.).

10.1.2. Account management in CAS

Each direct VIBER participant has one account in CAS. CAS maintains a database of the data on all its participants. The system contains the individual code (BIC: Bank Identifier Code), account number and name of each participant. The payment order submitted via SWIFT by VIBER participant settles in VIBER in case of "HUF" FIN Service Code in Field 103 of the message.

11. THE PERIMETER OF VIBER, SCOPE AND RESPONSIBILITIES AND RIGHTS AND OBLIGATIONS OF PARTICIPANTS

The technical perimeter of VIBER constitutes the SWIFT endpoint of MNB, consequently, the SWIFT network, the SWIFT endpoints of participants and related internal banking systems, as well as the connection between the participant's system and its correspondent partners and customers do not constitute parts of VIBER.

11.1.1. Responsibilities of direct VIBER participants

- a) providing for SWIFT RMA (Relationship Management Application) and authorisation (Authorisation to send & Authorisation to receive) between MNB MANEHU2A BIC and the VIBER participant for the purpose of conveying MT298 messages;
- b) responsibilities at sending:
 - accepting a payment order from their own customers,
 - sending the payment order into the SWIFT system (both customer and bank-to-bank payments),
 - sending the payment order to SAP (SWIFT Access Point),
 - providing sufficient funds for the execution of payment orders,
 - notify MNB immediately regarding any technical or liquidity problems;
- c) responsibilities at receiving:
 - receiving the transaction orders from the SWIFT system without any delay,

⁸See Annex 2 of the Business Terms and Conditions (Guide on the procedures of submitting and executing orders related to current accounts or forint bank accounts).

- ensuring that the beneficiary of the payment transaction is the payee institution, or its client,
 - returning erroneous payment transaction received on the current day whenever possible (taking into account the deadline stated in the agreement between credit institutions),
 - for customer payments, crediting the amount of the payment transaction received on the payee's account without delay in accordance with MNB regulations and agreement between credit institutions,
 - notification of the customer of the crediting based on the agreement between the receiving institution and its client,
 - in the event of extension of business hours, accept payment transactions for settlement on the same day;
- d) notify MNB of all events and changes in due time, that may have an impact on his own operations and on VIBER;
- e) communicate the name, title, phone number and email address of the VIBER contact persons and deputy contact persons, and any subsequent changes therein, on the data disclosure form a model of which is contained in Annex 8 to MNB (Account Services Department) within 5 business days of learning thereof by mail, encrypted fax or through GIROHáló GIROFile.

rights of participants:

- each participant has the right of access to all functions of VIBER (initiation and modification of payment orders, using of the central queue management and gridlock resolution, VIBER monitor, etc.);
- registering another credit institution as an indirect participant under correspondent banking services;
- request extension of business hours according to the rules laid down in the Business Terms and Conditions;
- lodge complaints in connection with non-satisfactory services;
- make comments within the prescribed time limit relating to any proposed amendment of the Business Terms and Conditions.

11.1.2. SWIFT responsibilities

- Sending payment orders from the sending VIBER participant's SAP to the receiving VIBER participant's SAP.
- Encryption and validation of the SWIFT message.
- Archiving of the message for 4 months.
- Sending a 'copy' of a specific part of the payment order to MNB SWIFT CBT.
- Sending the response regarding settlement/non-settlement to the addressees.

11.1.3. Responsibilities of MNB

- Ensuring that the system is open, capable of receiving messages and operates properly during the operating hours published.
- Receiving payment orders, queries and instructions from MNB SWIFT CBT, and returning the order to central CBT after settlement (to be sent automatically to the VIBER participants by SWIFT).

- MNB shall ensure that information from CAS (statements) are sent to VIBER participants.
- MNB endeavours to ensure that VIBER is kept operational 99.7% of the business hours published and is at the service of the participants.
- With a view to facilitate better coordination among VIBER participants a VIBER contact list will be drawn up and maintained by MNB, and - in the event of any changes registered - sent to those shown in the VIBER contact list through GIROHáló GIROFile or by way of e-mail.

rights of MNB:

- amendment of VIBER functions, upon consulting with the participants;
- amendment of Business Terms and Conditions, with facilities for the participants to make comments;
- establish and charge a service fee;
- announce the extension of business hours;
- where a VIBER participant resident credit institution is undergoing insolvency proceedings, MNB, after receipt of the notification thereof and in accordance with the Agreement on settlement finality, shall not comply with the request made by the VIBER participant resident credit institution to change the limit and shall stop accepting payment orders from such VIBER participant;
- in the event of a VIBER participant's failure to comply with the requirements set out in Business Terms and Conditions and its annexes upon being requested to do so in writing, MNB shall be entitled to terminate its VIBER participant status under Chapter 8.2.

11.1.4. Responsibilities of KELER

- submit payment orders for the financial settlement of DVP securities transactions;
- manage the securities portfolio pledged in collateral for central bank loans, and blocked on behalf of MNB, and notify MNB of any changes in the portfolio;
- at the end of the day, report to MNB on the securities portfolios of partners blocked in security for intraday credit line, broken down by securities;
- proceed as instructed by MNB in connection with enforcement of collateral;
- notify MNB without delay of all events that may have an impact on the operation of the system;
- at the request of MNB, extend the business hours available for modification of limit;

rights of KELER:

- submit payment orders in the amount of DVP transactions, payable from the account of a VIBER participant according to KELER General Business Rules;
- request extension of business hours on account of any extension of credit institution repo business hours.

11.1.5. Technical limits of responsibilities

a) Responsibilities of direct VIBER participants:

- preparing VIBER messages according to standards and dispatching them to the system via the SWIFT network;

- providing services according to VIBER regulations to the indirect participants for which it provides connection;
 - receiving VIBER messages from SWIFT and processing them in its own system;
- b) Responsibilities of SWIFT:
- transmitting payment orders, other messages and statements between the VIBER participant interface and MNB SWIFT interface;
- c) Responsibilities of MNB:
- receiving the participants' SWIFT messages (payment orders and the like) from the SWIFT interface and processing them as they arrive;
 - generating replies and transmitting them to the SWIFT interface;
- d) Responsibilities of KELER:
- preparing DVP payment orders according to standards and dispatching them to the system via the SWIFT network;
 - receiving VIBER messages from SWIFT and processing them in its own system;
 - managing collateral for the intraday credit line and automatically notifying MNB of any changes therein;

11.1.6. Types of evidence mutually recognised by system participants

System participants shall recognise in connection with VIBER operations the orders, notices, excerpts, letters executed by the authorised signatories, email messages transmitted through the SWIFT network and other communication channels listed in Annex 4/a (GIROHáló GIROFile, on paper, encrypted fax), as well as data recorded in MNB systems for the eventuality of any dispute arising out of or in connection with clearing and settlement transactions.

12. LIQUIDITY MANAGEMENT ISSUES IN CONNECTION WITH THE DIRECT VIBER PARTICIPANTS

12.1. Concept of liquidity

Liquidity of direct VIBER participants consists of two parts:

- positive balance available on the accounts of VIBER participants,
- the limit (intraday credit line) of customers eligible for pledging collateral.

12.2. Limit definition

Of the portfolio deposited at KELER with MNB as beneficiary, those securities can be used as collateral for the intraday credit line of which have not been used by the VIBER participant eligible for pledging collateral for covering collateralised credits.⁹ There is no upper limit for the limit (apart from the liquid securities portfolio of resident credit institutions). The credit line is calculated in accordance with the provisions of the collateral management system published by MNB.¹⁰ The use of credit line is free of charge during the day. During the business day (during the specific period of VIBER operational period

⁹Banks may not only deposit securities for limit generation, but for other purposes as well (longer-term collateralised credits).

¹⁰Annex 1

defined in Annex 2), the limit amount may be freely changed by changing the volume of securities pledged at KELER.

MNB has an infinite limit.

12.3. Limit setting and modification

Limit setting rules:

- If a VIBER participant eligible for pledging collateral intends to set a limit for the subsequent business day relying on the I. Advice on Usable Funds, it shall submit an order to KELER through the KID system to pledge securities for the limit, indicating the securities to be blocked for such purposes. MNB shall notify the VIBER participant concerning end-of-day revaluation by means of a SWIFT MT581 message, indicating the changes in the limit and the new value of intraday credit line.
- By the time specified in Annex 2, the customers receive another notice (II. Advice on Usable Funds), indicating the new limit set in accordance with the modifications approved by MNB, as requested after the I. Advice on Usable Funds. If the customer receives a positive limit in the advice, additional collateral must be provided; this is also separately indicated by MNB.
- MNB generates a limit on the accounts of Customers eligible for pledging collateral according to Annex 1.

Customers eligible for pledging collateral may request to have their limit changed during VIBER business hours, in accordance with the following rules:

Pledge of collateral:

- The Customer eligible for pledging collateral indicates to KELER that it intends to pledge collateral: it submits an order through the KID system to pledge securities for the limit with designation of the securities to be blocked.
- Following verification of securities cover, KELER pledges the designated securities on the securities account of the customer and sends an MT298-SMT600 SWIFT message to MNB indicating the increase in pledged securities at the face value shown in the currency of the securities.
- MNB shall define the acceptance value of the pledged securities and increases the limit of the Customer eligible for pledging collateral. MNB shall notify the customer of the increase by means of a SWIFT MT581 message, indicating the changes in the limit and the new value of intraday credit line, and sends confirmation to KELER with an MT298-SMT600 message.
- KELER notifies the customer regarding the blocking of the securities.

Unblocking:

- Customers eligible for pledging collateral also can request a limit decrease at KELER, using the KID system, designating the securities to be released.
- KELER sends an MT298-SMT600 SWIFT message to MNB, indicating the request for a decrease based on the face value of the blocked securities shown in the currency of the securities, but does not release the securities.
- If the acceptance value of the securities remaining after the reduction of collateral exceed the VIBER participant's debts originating from the collateralised credit, MNB shall decrease the limit as requested.

- If the reduction of the limit is approved, MNB notifies KELER in an MT298-SMT600 message that the securities can be released. If the decrease cannot be performed in full or in part, MNB refuses the request for the decrease and notifies KELER accordingly. MNB shall notify the customer of the reduction by means of a SWIFT MT581 message, indicating the changes in the limit and the new value of intraday credit line. If MNB refuses the request for the decrease of the limit, the customer shall not receive an MT581 message.
- KELER notifies the customer that securities have been released, or that the request has been rejected.

12.4. Extraordinary revaluation

If the price of securities acceptable as collateral falls significantly, there may be a need for an extraordinary (intraday) revaluation of the securities portfolio. MNB suspends processing of orders to pledge and release collateral received from KELER and intraday credits until the conditions of acceptance have been modified. Because of extraordinary revaluation, MNB suspends VIBER for the revaluation period and, for the purpose of collateral calculation, it also takes into account the actual intraday credit portfolio (including any funds that is available on the account at the time). MNB shall notify the VIBER participant concerning extraordinary revaluation by means of a SWIFT MT581 message, indicating the changes in the limit and the new value of intraday credit line, if the intraday credit line of the VIBER participant has changed. Extraordinary revaluation may result in positive limits. MNB shall allow ample time between the extraordinary revaluation and end-of-day closing to have the positive limit terminated, and the operating hours will be extended if deemed necessary.

A positive limit can be eliminated by blocking additional collateral. Until this is done, MNB requires there to be a positive balance on the payment account (minimum balance), up to the positive limit, thus providing collateral. If the Customer has more liquidity than the minimum balance, the payment orders can be executed from any available account balance above the minimum balance.

13. RISKS COVERED BY THE SYSTEM PARTICIPANTS

- a) *'liquidity risk'* means when a business partner of a participant - that is also a participant or whose account is maintained by another participant - fails to satisfy its payment obligation in full at the time when due. It does not necessarily mean that the business partner or the other participant is insolvent, for it may be able to pay the sum owed at a later time.
- b) *'operational risk'* means when unexpected losses occur due to inadequate or faulty operation of the computer systems or internal processes, due to human error or to mistakes on the part of management, the heads and members of the supervisory board or executive officers;
- c) *'legal risk'* means any event where the relevant law enforcement bodies interpret the law in ways contradicting with the rules laid down in the business regulations that cannot be foreseen by the participants, hence rendering the provisions of the business regulations inapplicable;
- d) *'system risk'* means when a participant is unable to satisfy its obligations in the system or is unable to carry out its responsibilities in due time, and thereby triggering a series of events to deprive other participants of the ability to satisfy their obligations. If this process results in a liquidity crisis that has the capacity to jeopardise financial stability, it constitutes a system risk.

Given that in VIBER payment orders are executed gross, i.e. when the funds necessary are in fact available, the "risk of default" that is typical of net settlement (where payment orders accepted by the system during the day cannot be executed due to insufficient funds) does not exist. On the other hand, there exists a liquidity risk (temporary, intraday liquidity shortage) and system risk (liquidity crisis), for which the system features the following management functions:

- VIBER participants are given the option to request an intraday credit line (on a voluntary basis, subject to special rules in terms of eligibility);
- VIBER features central queue management and an algorithm for abolishing gridlock;
- VIBER manages 99 priorities, available to participants in a prearranged scheme;
- participants are given real time notice upon the completion of their payment orders, regarding the opening of a queue and on any event of import in the system;
- queries can be made with a SWIFT message, and the VIBER Monitor is also available for better liquidity management.
- MNB functions as a management agent in providing services to KELER in its capacity as a clearing house in connection with the money leg of DVP securities transactions. Settlement of transactions on the securities side may be hindered by the liquidity shortage of the VIBER affected (that is handled as explained above), as well as any operational error.

The operational risks that may arise in VIBER, and the related procedures are made available to system participants in Annex 4/a of the Business Terms and Conditions.

14. PAYMENT ORDERS MANAGED BY THE SYSTEM

14.1. Types of payments

- Payments initiated by customers of direct and indirect VIBER participants (customer payments),
- DVP items,
- Inter-bank items of VIBER participants (bank-to-bank items),
- Account transfers of the central bank, using the CAS workstation (central bank transactions).

14.1.1. Payments between VIBER participants

14.1.1.1. Customer payments and bank-to-bank payments

VIBER participants initiate their payments for the beneficiary to be credited using MT102, MT103, MT103+, MT202 and MT202COV (optionally MT205) SWIFT messages.

Bank-to-bank items are payments ordered by direct or indirect VIBER participants with MT202 messages, when the beneficiaries are direct or indirect VIBER participants as well.

A payment order is considered a customer payment if it is initiated with an MT103 message.

MT102/103 and MT202/205 messages received by VIBER participants can only be considered settled in VIBER if the 'HUF' code word (and the subsequent numbers) is contained in the appropriate field of the message. (Payment will only be shown on the VIBER account statement as a settled payment in such cases.) Payments cannot be rejected through VIBER; the receiving VIBER participant shall return erroneously sent/received items as new items, and the two VIBER participants shall settle the applicable cost between themselves.

For VIBER participant credit institutions established in Hungary or abroad the head office, for the Hungarian branch of credit institutions registered abroad the branch shall receive customer payments, and branches shall be prepared for sending and receiving customer transactions in accordance with the information contained in the Routing table.

After business hours MT103 payment orders will not be accepted, however, queued items will remain in the system - waiting for funds - and are performed prior to VIBER closing if funds are available.

14.1.1.2. PVP-based customer and inter-bank payment orders

PVP MT103 and MT202 payment orders submitted by two direct VIBER participants with the same identification code and made out according to Appendix 1 shall be executed in VIBER concurrently, if the fund for covering the net payment requirement for the matched items is available on the payer's account.

Upon receipt of a PVP-based payment order, when the system locates another PVP-based order that has the same identification code and a PVP code word, the two orders are matched, and executed if there are sufficient funds available. In the absence of any instruction from the other side, or if there are insufficient funds, the order be pending, i.e. waiting for settlement.

Two PVP orders can be matched if:

- both of them has the PVP code word,
- both payment transactions are carried out between the same two direct VIBER participants in opposite directions,
- they have the same identification code,
- they have the same value date.

The two orders may be submitted in different forms of messages.

The PVP orders that cannot be matched and those paired up PVP orders that cannot be executed due to insufficient funding shall be rejected by the system automatically, when VIBER closes.

The direct VIBER participant having submitted the order may request to have the order cancelled by sending a MT298 SMT200 SWIFT message during VIBER business hours.

14.1.2. DVP-based securities transactions

KELER performs the settlement of DVP-based securities transactions by credit institutions who are direct VIBER participants in securities, whereas the cash leg is executed in VIBER.¹¹ In respect of DVP-based securities transactions, the Customer shall exercise control over the bank account indirectly, through KELER, as according to its business rules KELER is entitled to submit payment orders - which affect the accounts of direct VIBER participants - directly for settlement of the cash leg of securities transactions.

DVP transactions are settled in real time, item by item; in case of insufficient funds the transaction is queued (both on the securities and cash sides). In the process of settlement of transaction, KELER first checks the securities available within its own system, which - if successful - is followed by financial settlement. If either or both parties to the transaction are VIBER participants, KELER submits an MT298-SMT100 payment notice to VIBER for the purpose of financial settlement of the transaction. When the transaction is executed KELER receives an MT298-SMT703 message, on the basis of which it records the transaction on the securities accounts affected. VIBER participants are notified when their account is debited by way of an MT900 message, and by an MT910 message on credit. The payment order may be withdrawn by KELER only, by means of an MT298-SMT200 message. KELER, and the account holders to be debited and credited are notified by way of an MT298-SMT701 message concerning the items withdrawn or rejected or cancelled items queued at the end of the day. KELER is connected to its customers by way of its own KID terminals.

¹¹KELER is not authorised to submit an order on behalf of a credit institution that is a correspondent bank of MNB and is not a direct VIBER participant in connection with securities transactions payable from MNB's VIBER account, for the system does not have facilities to check the account of the correspondent bank to ascertain coverage.

DVP-based securities transactions:

- guaranteed BÉT transactions (multi-net settlement, derivatives)
- non-guaranteed securities deals concluded in BÉT (fixed-price, auctions and free-market transactions)
- non-guaranteed securities deals concluded outside of BÉT (OTC deals, primary market transactions, repos)

14.1.3. Transfers between central bank accounts in CAS

MNB make transfers between two VIBER accounts manually through the workstation. This means a debit and credit between two direct VIBER participants, or between MNB and a direct VIBER participant, initiated by MNB. Following successful transfer between accounts, CAS automatically notifies the debited (MT900) and credited (MT910) VIBER participant. MNB uses transfers between central bank accounts for making payments from II. IBI matrix and bankcard settlements, correcting central bank errors, settlement of cash payments and deposits, placing deposits, and for transferring balance differences at the beginning of the day.

14.1.3.1. Settlement of BKR II. IBI matrix and late sending

If the payment orders of a VIBER participant¹² cannot be settled during BKR night processing due to lack of funds or delay in sending, processing may take place in the morning hours. Any intention of processing in the morning must be reported to MNB by the time specified in Annex 2. MNB makes a transfer between accounts with a high priority, with which it blocks the funds on its own account by debiting the account of the VIBER participant in the queue. After that the funds must be made available.

The account transfer initiated by MNB in VIBER is in the queue until the funds are provided. If the VIBER participant is unable to provide funds for the BKR morning processing by the time specified in Annex 2 either, MNB shall delete the transfer between accounts for blocking the collateral.

When the II. IBI matrix is received, MNB credits the VIBER participant(s) in a credit position debiting its own account.

GIRO Zrt. notifies BKR members on the list of sent and received and settled items.

14.1.3.2. Bankcard settlements

Clearing positions for bankcard settlement are received at MNB during VIBER operating hours. They are processed manually, with account transfers between accounts: MNB debits the accounts of credit institutions in a debit position, collecting the amount on its own account, and then, provided that all debits have been successfully completed, credits the credit institutions with a credit position debiting its own account by the time specified in Annex 2.

Given the funds for card settlement are not blocked in advance, the account of some credit institution(s) may not contain sufficient funds. In such cases, no forced booking entries are made, but MNB account transfer remains in the queue with a high priority. The credit institution cannot withdraw such transaction orders nor change their priority. If any transaction order arising from bankcard settlement is still in the queue at VIBER closing, the system shall not reject them: before closing, MNB shall make an overnight credit collateralised with securities blocked for MNB to cover settlement. In these cases the closing time of VIBER shall be extended by the time necessary for granting the credit, but sending in other payment orders shall not be allowed.

14.1.3.3. Cash deposits and withdrawals at MNB cash desk

¹²Naturally, non-VIBER participant BKR members can also use processing in the morning, but it does not fall within the scope of this document.

VIBER participants can make cash deposits and withdrawals at MNB cash desks according to the Business Terms and Conditions for Large Cash Transactions. Withdrawals are preceded by a check of funds. If amount available is sufficient, the debit entry is made and the cash is disbursed. If there are insufficient funds, the order is rejected.

14.1.3.4. Placing deposits at the central bank

Following a transaction between a resident credit institution and MNB the deposit is placed upon MNB's initiation with a transfer between accounts during VIBER operating hours.

14.1.3.5. Redemption of securities of MNB's own issue upon maturity

On the day of maturity of the securities of MNB's own issue, at the time of opening of VIBER MNB shall credit - upon receipt of advance notice form KELER - the account of the beneficiary resident credit institution (or the correspondent with a VIBER account if the securities holder is not a VIBER participant), by way of transfer between accounts.

14.1.3.6. Transfers due to bank errors

Any error made by the MNB will be corrected during VIBER business hours, by way of transfer between accounts.

14.1.3.7. Official transfer orders and remittance summons

Funds for official transfer orders and remittance summons received during VIBER business hours are blocked in VIBER. The account holder is notified regarding the debit in an MT900 message.

14.1.4. Prepayment of central bank credits, end of day credit repayment

A resident credit institution may prepay overnight collateralised credits even during VIBER operating hours. VIBER participants may initiate repayments with an MT202 message, indicating MNB's MANEHUHH BIC code for the beneficiary and the number of the credit account in Field 72.

14.1.5. Central bank receivables not settled before VIBER opening

Of the central bank receivables, uncollateralised HUF credits and settlement costs (interests and commissions) are booked at the beginning of the business day providing that there are sufficient funds. If there are insufficient funds, the order is put in a queue in VIBER. MNB charges default interest on central bank receivables, which are still in the queue at the end of the day until settlement.

15. SENDING AND RECEIVING PAYMENT ORDERS

15.1. SWIFT FIN Y-Copy

The communication system of VIBER is SWIFT. SWIFT FIN Copy is designed to convey messages for domestic real time gross settlement systems.

Payments orders may be dispatched into the system if made out according to SWIFT standards and the rules laid down in the VIBER standards book (Appendix 1 of the Business Terms and Conditions entitled "Description of messages used in VIBER").

SWIFT FIN Copy receives the payment orders (MT102/103/103+, MT202/205 and MT202COV messages, containing the 'HUF' code in Field 103 of the message header: it is an instruction to send the item to VIBER. Following a formal control, it automatically sends a settlement request (MT096 message) to CAS, containing the full elements of the payment order for performance. Based on the settlement request, CAS debits the sender's VIBER account and credits the beneficiary's VIBER account. It sends an MT097 response message to FIN Y Copy with the result of the transaction. Based on an affirmative answer, i.e. a settled debit-credit, the beneficiary VIBER participant receives an MT102/103 or MT202/205 message. For the receiving VIBER participant this verifies that the payment order has been finally and irrevocably

settled by the central bank, and it may credit the received payment transaction to the account of its customer.

SWIFT notifies the holder of the debited account regarding settlement of the payment with an MT012 message.¹³

Invalid payment orders will be rejected by the system and the reason for rejection will be communicated in an MT019 message.

15.2. Checking payment orders in various phases of CAS

a.) CAS has not been opened for the day yet

In this status, VIBER does not work; it does not receive payment orders or other orders, the items are not settled, and nor can any queries be made. However, SWIFT FIN Copy receives and verifies (in terms of the SWIFT standards) the messages and stores them until the system opens.

b.) The date of execution has been set in CAS

If the date of execution has already been set in CAS, but the payments have not been settled yet (not Open for Business), the system checks the date of execution of the order when a payment order is received. Payment orders may be submitted to VIBER for the set date of execution (effective date) or for 7 calendar days later. A payment order submitted with a later execution date is stored in the system (warehouse) and processing begins in CAS on the value date indicated after the date of execution is provided. Payment orders submitted for an execution date outside the time limit permitted shall be rejected, of which the sending VIBER participant will be notified by means of an MT019 and KELER an MT298-SMT701 SWIFT message, respectively.

If the date of execution of the payment order is the same as the date of execution set in CAS, the item will be pending, i.e. waiting for settlement, until CAS opens for business.

Insofar as the settlement process begins, but the current day is already set in CAS as the date of execution (i.e. it is open), the system stores the incoming orders, queries and commands.

c.) CAS is 'Open for Business'

If VIBER is open for business when the payment order is received, the process starts by verifying the date of execution as described above, followed by the examination of duplication.

The conclusion of duplication takes place based on the transaction number (TRN), the SWIFT message type, the date of execution and the BIC of the sending VIBER participant. CAS considers a transaction duplicated if the individual key generated from the aforementioned codes occurs a second time as well. When this rule is violated, the VIBER participant receives an MT019 SWIFT message, and KELER receives an MT298-SMT701 message regarding rejection of the transaction order. If the payment order is for the current day and it has been checked, the payment order is put into the settlement queue (Ready). If the settlement of payments is pending, or the end of performance command has already been issued, the payment orders are stored (pending).

VIBER participants must log onto the SWIFT interface for this period, for their system to be ready to send and receive messages. They will see that VIBER is open for business when they receive the first SWIFT message from VIBER, typically (MT900 or 910) on the debit or credit arising from the opening settlement transfer between accounts of CAS and MNB customer account system, provided that a change has occurred compared to the end-of-day VIBER balance of the previous day.¹⁴

MNB ordered this advice at SWIFT.¹³

¹⁴The CAS balance is modified with the VIBER closing balance of the previous day and balance of items booked in MNB analytical customer account management system before VIBER opening as the opening item, following which the two account managing

d.) CAS has already been closed (Closed for Business)

If VIBER is closed, the system rejects the payment orders delivered at that time, as well as the payment orders for which the execution date had been set in CAS, whereas other payment orders are checked according to point b.

If a payment order with a same-day execution date is received in VIBER after the final closing of the system (shut down status), it shall not send the rejection message on the current day, only after the opening of the system on the subsequent day.

15.3. Acceptance of payment orders

a.) Time of acceptance of payment orders between VIBER participants (customer items and bank-to-bank items), specified under point 14.1.1

VIBER does not consider these payment orders accepted until settlement.

b.) Time of acceptance of payment orders related to DVP-based securities transactions initiated by KELER

In terms of cash settlement of DVP-based securities transactions already lawfully accepted under KELER's business terms and conditions, the time of acceptance of payment orders under point 14.1.2, initiated by KELER shall be identical with their date of acceptance by KELER, regardless of actual receipt in the payment system, provided that the order is not rejected due to logical (formal or content-related) reasons.

c.) Time of acceptance of other payment orders sent by KELER

VIBER does not consider these payment orders accepted until settlement.

d.) Time of acceptance of BKR settlements under point 14.1.3.1

The time of acceptance of payment orders already lawfully accepted and settled under the business terms and regulations of BKR is identical with the time of acceptance in BKR, regardless of their actual receipt in the payment system, provided that the order is not rejected due to logical (formal or content-related) reasons.

15.4. Settlement of payments

If the payment order has been submitted properly, it is put into the settlement queue on the value date.

Payment orders are settled in the order of receipt (based on the FIFO principle - First-in-first-out) within the business priority.

Settlement of a payment order means that one account is debited and another account is credited. It takes place in the same work process, and both participants receive the same performance time stamp with regard to the payment.

If a VIBER participant is unable to send or receive payment transactions due to technical reasons and his VIBER account is not suspended, the received payment transactions are settled, only the participant in question is not informed regarding this in real time.

15.5. Suspension of payments

MNB, in connection with:

systems are synchronised. For the rest of the business day, CAS will function as MNB's authentic account manager until VIBER is closed.

- a) extraordinary revaluation,
- b) lending with bank card security,
- c) extraordinary events,

may suspend VIBER.

Suspension shall affect the entire VIBER system, covers sending and receiving alike. All VIBER participants receive a notice on suspension by way of an MT298-SMT700 message. If the account to be debited or credited is suspended, the system blocks the transactions submitted until the end of suspension, or the end of the VIBER business day. If the account to be credited is suspended, after blocking the payment orders submitted CAS continues to settle the items towards the other accounts to be credited.

MNB shall not be liable for damages resulting from the suspension of VIBER under points a) and b).

15.6. Priorities in VIBER

Participants sending payment orders have the option to send their transaction orders with a priority code. Unless otherwise instructed by the sender, VIBER assigns the priority code 98.

CAS manages 99 priorities, where the payment orders with the lower code numbers are given priority.

<u>Priority</u>	<u>Payment transactions</u>	<u>Sender</u>
0	VIBER START	MNB
1	Central bank receivables for monetary purposes	MNB
2	Official transfer orders, remittance summons	MNB
3	Central bank receivables for non-monetary purposes	MNB
4	II. BKR clearing position matrix, queuing, bank card settlement, cash transactions	MNB
6	Primary market transactions	MNB, KELER
7	Derivatives	MNB, KELER
8	Multi-net settlement transactions	MNB, KELER
9	Other DVP transactions	MNB, KELER
10-98	Payment orders	VIBER participants

If a VIBER participant sets a priority which is lower than the priority allowed for it, the system overwrites it with the lowest priority allowed for the VIBER participant in question.

Only the sender of the payment order may request a **change in priority**, by way of an MT298-SMT202 SWIFT message or using the VIBER monitor, prior to the settlement of the transaction order (the transaction order is in the queue or it is to be settled at a later date of execution). The system does not send a message on a successful priority change, but notifies the sender with an MT298-SMT252 message if it fails.

MNB may change the priority of a VIBER participant at the request of the VIBER participant, if it has a technical problem.

15.7. Queue managing mechanism

Each VIBER account has a queue, and each payment order stands in the same queue, depending on their priority.

CAS notifies the VIBER participant with an MT298-SMT700 message, if the order at the top of the payment queue does not move for 90 seconds due to insufficient funds. If the payment order in the front of the queue changes (e.g. settled or drops back in the priority order) and the payment order next in the queue is not settled in 90 seconds either, CAS sends another message. Similarly, the VIBER participant receives a message if its queue has been emptied. A payment may be entered into the queue due to the following reasons:

- CAS is not open for business yet.
- The account to be debited or credited is suspended.¹⁵
- The account to be debited does not have sufficient funds; there may already be transaction orders in the queue.
- Automatic gridlock resolution is in progress, and the account is also involved in this process.
- CAS is overloaded.

The payment order remains in the queue:

- Until funds arrive on the account, sufficient for settlement. There is no partial settlement.
- If the sender VIBER participant cancels a payment order for a higher amount standing in front of it in the queue or lowers its priority, and the liquidity on the account is sufficient.
- If a new or existing payment order for a lower amount receives a higher priority than the first order in the queue and the funds of the VIBER participant covers its settlement.
- Gridlock has been resolved successfully.
- CAS is no longer overloaded.

15.8. Withdrawal of payment orders

The sender may withdraw all payment orders in the queue before such are settled (or cancel them by an MT298-SMT200 message or using the VIBER monitor). The system rejects this command if, for example,

- payment has already been performed in the meantime,
- the payment order has been withdrawn previously.

CAS sends an MT298-SMT250 message on failure of withdrawal. If withdrawal is successful, the transaction is deleted from the queuing system and the VIBER participant automatically receives an MT019 message regarding such from the SWIFT centre (not from MANEHU address), and the beneficiary of the withdrawn order also receives an MT298/SMT701 message. The withdrawn payment order appears as a deleted transaction order on the monitor.

¹⁵The payment orders to be transferred to a suspended account are put into the queue but the processing of subsequent payments to be transferred to a different VIBER participant continues (provided that there are sufficient funds). The queuing system is notified about the termination of the suspension and it can start processing the withheld item.

Payments in the queue, sent by KELER in VIBER may be withdrawn only by KELER with an MT298-SMT200 message. In such a case, KELER and the parties to be debited and credited receive an MT298/SMT701 message regarding withdrawal.

If transactions requested to be settled on the issue date of the payment order are still insufficiently covered or not settled for other reasons by the closing time of the VIBER business day in question, they shall be cancelled.

15.9. Gridlock

Gridlock occurs if the payment orders of two or more VIBER participants are in a queue while they have a debt to each other, but in total there is no liquidity shortage.

Gridlock can be resolved by putting more liquidity into the system, or using a gridlock resolution algorithm. The frequency of starting such an algorithm can be defined with parameters, or it can be launched from MNB workstation. With this algorithm, the sequence of the transaction orders does not change in the process.

15.10. Insolvency proceedings

If insolvency proceedings have been initiated against a direct VIBER participant Customer, MNB shall act in accordance with Point 3 of Part IV of the Agreement on settlement finality.

15.11. Notification of transactions, queries

VIBER participants shall be informed of transactions settled in VIBER via SWIFT statements, broken down according to items, and also by means of a SWIFT statement after the closing of VIBER, VIBER transactions are indicated in the statements of account as one aggregate debit or credit item, respectively. VIBER participants having a VIBER monitor can follow their account positions and the data related to their payment orders on-line during operating hours. Queries are made with a SWIFT message, contained in the VIBER book of standards.

15.12. Extraordinary situations

VIBER participants shall immediately notify MNB if due to malfunction or other reason it becomes temporarily incapable of sending or receiving messages, and if MNB is required to intervene due to the length of time required for repairs. The Customer shall also indicate the expected time of recommencing operations.

The document entitled “Extraordinary circumstances affecting VIBER participants” defines the concept of major malfunction, as well as the alternative means available for the execution of payment orders in VIBER if such circumstances occur.¹⁶ The Customer shall prepare its own contingency plan for such situations and keep such plan updated.

16. USE OF THE VIBER MONITOR

The monitor works using the ‘Browse’ and ‘InterAct’ services of SWIFTNet. Its pre-conditions are as follows:

- registration in the SWIFT monitor Closed User Group (CUG), by MNB,
- requesting user names,
- testing.

¹⁶ Annex 4/a

There are two basic user groups according to authorisation:

- entitled to query and modification and/or,
- entitled to query and approval of modification.

At least 2 users are required (a modification always has to be approved based on the four-eye principle) for the commands (cancellation of payment order, changing of priority). The modification can be changed and cancelled until approval.

Functions of the Browser Participant Workstation:

- monitoring participants' liquidity position,
- queries: participants' queuing and settled payment orders according to flexible selection aspects,
- commands to modify queuing transaction orders through cancellation and priority changing,
- data exporting for compiling reports and statistics.

The following data and information are available through the queries:

- settled debit orders,*
- settled credited payment transactions,*
- status of PVP transactions,
 - unmatched - there are no orders in the system that can be matched,
 - matched, there are conforming items in the system, however, the items are not yet executed due to insufficient funds,
 - executed.

For each PVP transaction there are two additional fields available on the Payment Details screen: PVP reference and PVP Matching Information. The PVP reference field is a hyperlink, pointing to the other order of the PVP transaction executed.

- account balance of the VIBER participant,
- submitted, queuing payment orders,*
- organisational information relevant to the VIBER participant,
- free-format messages,
- information on the operational day.

Commands allow the management of the queue, that is to say cancellation of queuing payment orders and changing of priorities.

Reports available before Close for Business:

- Interim Report - with the same contents as of the End of Day Report
- Monthly Report
- Unsettled Transactions Report*
- Outgoing Transactions Report*

Reports available after Close for Business:

- All Transactions Report*
- Balance History Graph
- Cancellations Report*
- Domestic Payment Distribution Histogram
- End of Day Report
- Forward Transactions Report*
- Monthly Report
- Settled Transactions Report*
- Settlement Report

In the reports marked with an asterisk (*) deals in PVP transaction are shown separately.

The reports can be exported in Text, Excel and XML formats.

The VIBER participant shall assign the VIBER monitor identifiers to persons, and it is always the VIBER participant that is liable for the activities performed using the identifiers. If an identifier is used jointly by direct VIBER participants, the VIBER participant shall be obliged to include additional checks in the process in order to be able to call the users to account, and to keep records indicating which access belongs to which person.

Requests for VIBER Monitor shall be submitted on the application form contained in Annex 7, and the related entitlements may be requested upon receipt of the Certificate CAS/VIBER Monitor authorisation application form (Annex 6) dispatched by mail, encrypted fax, GIROHáló GIROFile or MT299 SWIFT message (BIC: MANEHUHH).

ANNEXES

- Annex 1: Information on the Central Bank's collateral assessment system
- Annex 2: Guide on the procedures of submitting and executing orders related to payment accounts
- Annex 2/a: Special rules concerning payment orders involving forint bank accounts executed on Saturdays which have officially been declared working days
- Annex 3: Rules for the administration of certificates used in communication
- Annex 3/a: Notification form for Annex 3
- Annex 4/a: Extraordinary circumstances affecting VIBER participants
- Annex 4/b: List of those to be notified in case of extraordinary circumstances
- Annex 4/c: Sample letter sent by MNB: 'Notification of VIBER participants of a delay in operating hours'

(Annex 4/a, b and c is available for downloading for VIBER contact persons on MNB website)
- Annex 5: End-of-day credit request
- Annex 6: CAS/VIBER Monitor authorisation application form
- Annex 7: VIBER monitor application form

- Annex 8: VIBER contact person notification form
- Annex 9: O/N credit MT298 SMT500 SWIFT message description
- Annex 10: Statements, for instructions made in the name and on behalf of account holders
- Appendix 1: Description of messages used in VIBER
- Appendix 2: Exchange of information between MNB and its Customers