



## Regulatory framework and approach

- The National Bank of Hungary regulates exchange rate policy, and is also responsible for implementing monetary policy (<http://www.mnb.hu>).
- The principal policy rate is the rate on the three-month NBH deposit (base rate). The NBH deposit is available through a fixed rate tender for the counterparties, with the rate set as the policy rate. From the tender held on 26 October 2016, access to the three-month deposit facility is subject to quantitative restriction, currently fixed at HUF75bn as of end-2017. NBH maintains an asymmetric overnight interest rate corridor. Rate on O/N deposits equals to the base rate minus 105bps, while on O/N collateralized loans it is equal to the base rate.
- The Hungarian forint is a fully deliverable and convertible currency.

## HUF products

### FX spot

Avg. ticket size:	EUR 10mn
Bid/ask spread:	HUF 0.2
Avg. daily volume:	EUR 1bn
Ref. source:	ECB fixing <ECB37>

### FX forward/swap

Avg. ticket size:	USD 20mn (FX forwards); USD 75mn (FX swaps)
Liquid tenors:	<1Y
Bid/ask spread:	HUF 0.4-1.4
Avg. daily volume:	USD 100-200mn (FX forwards), USD 2-3bn (FX swaps)

### FX options

Avg. ticket size:	EUR 20mn
Liquid tenors:	<1Y
Bid/ask spread:	0.5 vols

### IRS + FRA

Avg. ticket size:	USD 10k DV01
Liquid tenors:	IRS 1Y-10Y and FRAs out to 9X12
Bid/ask spread:	2-4bp
Daily volume:	FRA \$50k dv01, IRS \$150k dv01
Fixing:	3M BUBOR for 1Y IRS; 6M BUBOR for IRS 2Y+
Ref. source:	Reuters page <BUBOR=>

### Government T-bills and bonds

**Regulatory:** T-bills and Bonds trade OTC and on Budapest Stock Exchange (BSE). Bonds are dematerialised bearer securities. Clearing and settlement of trades occur on the Central Clearing House and Depository (KELER). There is no withholding tax on interest paid on Hungarian securities owned by a legal entity. Individuals are charged withholding tax at 20% but this can be reduced or eliminated through double taxation treaties. There are no restrictions on non-resident ownership of Hungarian government bonds and T-bills.

Liquid tenors:	3Y-15Y
Avg. ticket size:	USD 3mn
Bid/ask spread:	4bps