MNB identification number: **D01, D02**

**Completion instructions for the**

**Daily operative report on the changes of foreign exchange positions of credit institutions (D01)**

**Daily operative report on the changes in the group members' foreign exchange position (D02)**

**I. General instructions and information**

**1. The following information shall be contained in the report**

The report must contain evaluatable foreign currency stock data as of the day preceding the date (in case of D01) and as of the 2nd day preceding the date (D02) of reporting as value date, and as a default, turnover data for the same day as trading day. Hungarian branches registered abroad shall report the transactions in their own name (even though due to their legal status such data suppliers report the transactions on behalf of their non-residential head office). The report should not contain any transactions concluded in the name of the non-residential head office. In regards of data supply of MNB ID code D02 only the daily open positions must be reported, at the level of open positions by individual subsidiaries.

**2. Data reporting**

When preparing the data supply, the currencies specified in Section 4.4. of Annex 3 – listed in the technical manual published on the MNB's website – must be shown separately, while the stock and turnover data for the currencies not listed there and for gold must be converted into forint and reported under ‘EGY’ ISO code (other currency) in the data supply of MNB ID code D01.

The official exchange rates published by the MNB are to be used for HUF conversion. For stock and open position data the exchange rates at the value date, and for transaction data those of the trading date have to be applied. There is no reporting obligation for Saturdays considered as working days. In the case of the currencies to be reported in the data supply of MNB ID code D02, if the MNB does not publish the exchange rate for the respective currency on a daily basis, the reporting agent must determine the exchange rate based on inputs from the market and then apply such exchange rate.

As regards the data supply of MNB ID code D01 in Tables 01 and 02 and 06 data must be reported in units of one thousand — rounded to thousands without decimals. Data in Tables 03 and 04 must be reported in HUF millions, also rounded, without decimals. Table 05 on turnover: Transaction data (including option fees) must be reported in thousands with six decimals.

In the data supply of MNB ID code D02, the data must be reported in million forints, rounded without decimals

3. For the definition of the terms used in the tables and these completion instructions, please see point I. E. 1 of this Annex.

# **II. Detailed filling instruction for the tables in the data supply of MNB ID code D01**

## 1. Logical relationships between the tables as well as the checking rules can be found under point 5., while the contents of the columns and the methodological guidelines under point 9. of Annex 3 of the technical guidelines published on the MNB website.

The codes to be used for completing the tables are listed in point 4.4 of Annex 3 of the technical guidelines published on the MNB website.

**2. Table 01: Foreign stock data, and Table 02: Domestic stock data**

2.1. Tables 01 and 02 must contain FX stock data which in accordance to the accounting regulations applied by the data supplier are to be considered revaluatable positions.

2.2. Table 01 must contain assets and liabilities vis-à-vis non-residents, while Table 02 must contain assets and liabilities vis-à-vis residents. The definition of the resident and non-resident categories is provided under I. A. 3. of this Annex.

2.3. Unless otherwise provided, the evaluation principles applicable to the “Statistical balance sheet and profit and loss statement of credit institutions” (identification code: M01) [MNB Decree 20/2016. (VI. 6.)] must be applied. Consistency between the lines of data supply M01 and the stock data of the daily operative report shall be ensured as instructed in the technical guidelines available on the MNB website in accordance with Point 5 of Annex 3 hereto.

2.4. HUF stocks are not be included in stock data, except when the data provider’s functional currency – against which it performs the valuation – is other than forint, which results in an open position and a foreign exchange stock to be revalued in forint.

2.5. Stock data must reflect value date balances. Accordingly, data suppliers using the method of non-value date accounting must adjust their respective balance sheet items with the recorded stock of the transactions that affect total open positions.

2.6. Data suppliers keeping their foreign currency profit/loss accounts in foreign currencies during the month may report items of their foreign currency profit/loss accounts as foreign currency balance sheet items, provided that these are recorded in foreign currencies.

2.7. In case the general ledger recordkeeping of stocks occurs in a foreign currency, the part of fair value of derivative transactions which appear in the balance sheet shall be presented among other assets or other liabilities.

2.8. In case of settlement and conversion of instant payment transactions launched in HUF but arriving on a foreign currency account the changes of stock and transactions on foreign currency accounts shall be reported in accordance with settlements in relation to the reference day.

**3. Table 03: Open positions**

When balance sheet and total net open positions are calculated, data on open foreign currency positions must be provided for each currency type in separate rows.

Article 352 of the CRR shall apply to the calculation of the open positions, and in addition, the open position of spot transactions must also be calculated. Spot positions must be reported separately from the net futures positions.

The effect of derivative transactions on total foreign-exchange position shall be presented among total net open position data regardless of the regulation rules (IFRS or Hungarian accounting rules) applied by the data supplier (the effects of fair valuation shall be left out of consideration and the conversion of the notional values into forints shall be performed at the official – and on the certain day valid – exchange rate announced by the MNB) in the following breakdown: spot positions, net futures positions, irrevocable guarantees positions, future income/expenditure positions, option positions.

**4. Table 04: Total open positions**

#### 4.1. The table contains data on the intra balance sheet as well as total net open positions in separate columns.

4.2. Values of overall net foreign-exchange position must be recorded with the correct positive/negative sign.

#### **4.3.** To allow for balance sheet data calculation the data included in column f) of Table 03 (Open positions) must be used. Values in the total net open position must be consistent with data in column l) of Table 03 (Open positions).

#### 4.4. Values must be identical in the two columns of the table in the row of regulatory capital. As the Hungarian branches of non-resident companies do not have their own registered capital, they must report a value of 0 in the corresponding data rows.

**5. Table 05: Transaction data**

5.1. The table contains all spot, forward, futures, options, simple currency swap and non-amortizing cross currency interest rate swap (i. e. CCIRS) transactions, including internal non-treasury conversions, concluded on the business day prior to the submission date in foreign currency against foreign currency or in foreign currency against HUF.

In the case of non-amortizing cross currency interest rate swaps, the table should only contain the exchange of principals at initiation and at maturity, while the exchange of interests should not be indicated.

The rollover in the case of non-amortizing cross currency interest rate swaps has to be reported as a new transaction (i. e. when a swap is evaluated, the difference settled between the parties, and then the transaction restarted with the new principal).

Principals of mark to market swaps are to be reported at initiation, and so are changes in the principals at interest periods, where the date of the change in the principal is to be reported as the value date of the corresponding transaction, and the original date of maturity as the date of expiry. These transactions are to be marked with ‘TH’ (technical transaction) in column s).

Amortizing cross currency interest rate swaps (i. e. CCIRSs) shall also be reported, and both the original transaction and the transactions related to amortization are to be marked with ‘TH’ (technical transaction) in column s).

If in the case of a forward, futures or swap transaction the two parties jointly decide to completely close the given transaction prior to the forward value date (they do not close using counter trade, but close before the date due), the original transaction shall be cancelled with a cancellation item, then, taking a modifying item, the forward value date of the original transaction shall be changed to the date of the closing.

Cash/foreign currency, cash/cash and cash/HUF transactions should not be reported.

If the report fails to include some of the transactions concluded on the business day prior to the submission of the report (e.g. those recorded after the submission of the report), the data supplier must include them in his report on the following day, and at the same time, an explanation must be provided for the delay in reporting the relevant transactions. For transactions marked with a separate modifier code as described below under point 6 in connection with this Table, no explanation is needed for the retrospective value date of the reported transaction.

5.2. All transactions must be reported in a separate row, except for the following cases below.

a) Transactions under HUF 5 million are to be recorded a consolidated manner. Consolidation is to be performed for identical transaction types, foreign currency pairs, maturities and transaction platforms (i. e. stock exchange or OTC), Codes under the ‘Cancellation/modification’, ‘Delivery of forward and futures transaction/calling of options’ and ‘Technical transactions’ columns are to be identical, as well. In such cases, columns k), l) and m), containing data on counterparties, may be left blank.

b) In the case of internal non-treasury conversions with a transaction value equal to or above HUF 5 million each, data providers have an option to record consolidated data. Consolidation may be applied for transactions of identical types, foreign currency pairs, maturities and transaction platforms (i. e. stock exchange or OTC) and if the codes under the ‘Cancellation/modification’, ‘Delivery of forward and futures transaction/calling of options’ and ‘Technical transactions’ columns are identical. In such cases, columns k), l) and m), containing data on counterparties, may be left blank. The completion of columns k), l) and m) of the table, containing data on counterparties, is not mandatory for internal non-treasury conversions even if the transactions are recorded separately.

5.3. In exceptional cases, when the purchase-side data cannot be matched to the sale-side data of the transaction and if one of the sides is reported in HUF, then the data supplier may proceed as follows: while recording the amount and the currency type of the HUF side, he must indicate that another (non HUF) currency is at the other side. Its amount must be recorded in HUF thousands, and the ISO code as ‘DEV’ (standing for foreign currency). When reported, such transactions must be marked with the specific codes.

5.4. Reporting forward and futures transactions: transactions must be reported as part of the daily data reporting on the day following the day of the conclusion of the contract at contractual price. In the case of settlement by delivery (as opposed to off-setting), the cash-flow must be reported as a spot conversion marked with the specific code. Such conversion must be reported using the date of the conclusion of the corresponding spot contract as value date.

5.5. The reporting of options: transactions must be reported as part of the daily data reporting on the day following the day of the conclusion of the contract at the contractual price. In the case of calling an option concluded earlier, the cash-flow must be reported as a spot conversion marked with the specific code. Such conversion must be reported using the date of the conclusion of the corresponding spot contract as value date.

5.6. When detecting errors related to transactions that have been reported before (e.g. prior data supply), the already reported transaction shall be adjusted – if necessary by cancellation or amendment transactions – as follows

* When transactions are cancelled, the original transactions must be reported again, using the original parameters, and marked with a cancellation code.
* When transactions are modified, the original transactions must be reported again, each marked with the same parameters and cancellation code. In addition, the new modified transaction, also marked with a separate code, must be included again in the data reporting.

5.7. Data suppliers who include their respective foreign currency profit/loss accounts in data reporting must also include the conversions applied for the conversion of the profit/loss items reported as stock data into HUF into their transaction data, marking each conversion with the specific code. Columns k), l) and m) of the table, used for data on counterparties, must be left blank. If the profit/loss account item is not included in the report, the foreign currency balance sheet item conversion booked against it should not be reported.

5.8. Technical transactions not indicated above should not be included in the report. If they still are, the use of the technical code ‘TH’ is mandatory. Columns k), l) and m) of the table, used for data on counterparties, must be left blank.

## 5.9. If there is a margin account requirement attached to the transaction, this must be indicated in column t). As regards the margin account requirement, due to the change in market values it may not always arise, even if the agreement made with the counterparty indicates that the transaction involves a margin, so also in this case the fact that a margin account requirement is attached to the transaction must be indicated. The codes to be used for completion are contained in the technical guidelines available at the MNB website, as set out in Point 9 of Annex 3.

## 5.10 Column u) of the table must contain the bank's transaction ID. This is the unique transaction identifier applied in the reporting agent's own systems for the purpose of identifying the deal. In the case of cross-currency interest rate swaps, the bank's transaction ID used in the field of the same content in data supply of MNB ID code K14 must correspond to the transaction ID shown in this column.

**6. Table 06: Margin accounts**

6.1. Of the balance sheet items of Tables 01 and 02 margin accounts held with the purpose of reducing counterparty risk shall be highlighted in the table. Table 06 shall also contain the amounts on margin accounts outstanding in forints, in addition to the balance sheet items outstanding in foreign currency and to be reported in Tables 01 and 02. Margin accounts held in relation to the bank’s own transactions shall be reported, whereas stocks related to client items do not have to be reported. The amounts on the margin accounts to be shown in rows 01 to 23 of the table shall be given in the original denomination, in units of one thousand, rounded to thousands without decimals, whereas in row 24 the margin accounts shall be reported as an aggregate amount, converted into forints.

6.2. Assets and liabilities arising from margin accounts relating to forward, futures transactions, options, simple currency swap or FX swap, non-amortising and amortising cross-currency interest rate swaps (CCIRS), only interest rate swaps and other (e.g. futures securities) transactions shall be identified in the table by transactions and classified according to currency, as well as reported in a breakdown by residents and non-residents in the adequate columns of b), d), f) and h). Columns c), e), g) and i) shall highlight the amounts of assets and liabilities of domestic and foreign margin accounts relating to swap transactions from the total amounts shown in columns b), d), f) and h). The table shall report all margin account receivables relating to transactions, irrespective of the fact that certain foreign exchange risk bearing transactions (e.g. only interest rate swap) only have to be reported in the data supply with identification number K14, or they are not foreign exchange derivative transactions (i.e. interest rate swap).

The distinction between residents and non-residents is based on the counterparty’s being a foreign one or a domestic one.

6.3. Requirements for the reporting of margin accounts

* If the custodianship agreement (CSA) is concluded with a bank registered abroad, but – based on the agreement – transactions concluded with other banks (some of which may even be domestic ones) belonging to the group of companies also serve as a basis for the margin calculation, correspondingly to the custodianship agreement and the general ledger statement, the holdings shall be exhibited as foreign ones according to the seat of the partner (irrespective of the fact that in the accounting with the foreign counterparty there are also margins belonging to transactions made with domestic banks).
* If the margins vis-à-vis the given counterparty contain the receivables/payables in net terms (the netted market value of the transactions), it is still not the netted balance of transactions that shall be reported in Table 06, but it has to be established and classified in the appropriate column whether there is a claim or liability due to the given transaction.
* If, in line with the provisions of the custodianship agreement, the margin is determined as the sum of all outstanding transactions vis-à-vis a given counterparty, and the custodianship agreement stipulates between the two parties that the settlement of accounts with the given counterparty is carried out not for each transaction separately but on the basis of margin levels/bands resulting from several transactions, estimation can be applied for a transaction-level distribution.

If the total margin vis-à-vis the given counterparty/client is divided as Total Margin = Initial Margin (IM) + Variation Margin (VM), the following method of estimation is recommended for the decomposition into transaction level. During the distribution it is of key importance to avoid conflicts with the provisions of the agreement:

* the Initial Margin (IM) shall only be distributed onto the transactions in connection with which it came into being, i.e. it should not be distributed onto transactions where it is not applicable. In this case the IM is proposed to be distributed on the basis of the value of the transaction upon its conclusion.
* the Variation Margin (VM) is always proposed to be distributed on the basis of the change in net present value (NPV) with regard to the remaining transactions concluded earlier; it cannot be distributed onto the new transactions concluded on the given day.
* If a transaction is covered by securities, it also shall be reported. Only the securities shown in the data supplier’s own balance sheet shall be reported. The received securities collateral that does not appear in the data supplier’s own balance sheet does not have to be exhibited.
* Upon the evaluation of margins, reporting shall always be based on the evaluation method applied by the data supplier as well; daily market valuation is not expected.
* Margins behind all transactions shall be reported among the margin accounts, i.e. not only the ones related to derivative transactions. Only the liquid margins that are included in the balance sheet as well shall be reported; margins that do not entail any liquidity effects (e.g. escrow, distraint deposit, bank guarantee as collateral) do not have to be reported. All transaction-related margins that entail a liquidity effect shall be reported in the table, irrespective of whether there is any custodianship agreement related to it.

# **II. Detailed filling instruction for the table in the data supply of MNB ID code D02**

The filling of the table is governed by provisions applicable to table 03 of the data supply of MNB ID code D01, with the following additions.

1. The positions against the group members' accounting/evaluation currency must be reported; column a) most contain the ISO code of the respective accounting currency, while column b) must contain the currency which against the subsidiary's open position occurs.

2. If the subsidiary's accounting/evaluation currency is other than forint, the net position in the subsidiary's currency must be also reported.

3. The open position data must include the positions against the evaluation currency and also against forint. The table must contain the net positions in the respective currencies, with the exception of HUF [financial asset (valued at the current exchange rate) – financial liabilities (valued at the current exchange rate), e.g. RUB-RUB, EUR-EUR positions].

4. It is not necessary to provide a detailed breakdown of the foreign exchange position; only the balance sheet net open position, the off-balance sheet net open position (by combining columns g) to k) of Table 03 in data supply of MNB ID code D01) and the total net open position must be reported.

5. Column f) must contain the LEI code of the group member with open foreign exchange position. The table may contain the open position of several group members. In this case, at the end of each row column f) will identify the group member to which the open position value may be allocated.

6. The report must be submitted only in regards of the open position of important subsidiaries. A subsidiary is deemed important when it is included in the consolidation under CRR, but does not submit the data supply of MNB ID D01 and it is a

1. credit institution, or
2. the open foreign exchange position, as specified in CRR Article 352, reaches or exceeds HUF 300 million at the end of the quarter preceding of the reference date.

Upon reaching the threshold, the open position of the respective subsidiary must be reported by the end of the next quarter in the data supply of MNB ID code D02. If at the end of the next quarter the individual open position is below the threshold, the respective subsidiary may be omitted from the next quarter's data supply of MNB ID code D02.

7. The open position of subsidiaries that are included in the consolidation, but do not qualify as credit institution, must be reported in accordance with the latest status of the accounting events. It is not necessary to ensure concordance with the finalised reports due to the different time horizon.