

## Abstract of the articles

### **THE RISK OF SECURITY – STRUCTURED FUNDS IN A COMPLEX APPROACH GÁBOR DÁVID KISS– BEÁTA VAJDA**

This article investigates the question whether there is an instrument investing in which we can share in the yield without taking risks on a market which usually (but not always) is effective, in a comprehensive way.

The most basic form of structured funds is close-ended – which can yield a significant premium for the issuer by validating the difference between full cost ratio and real, low operating costs.

Besides, we intend to reveal that open-ended, fund of funds (based on own emitted funds) design brings further incidental benefits for fund managers. Furthermore, open-ended and minimum-income guaranteed constructions come off at the expense of the rate of real return – yielding options within funds.

We broadened our investigation by examining psychological dimensions of investment behavior in order to be able to explain why structured funds are popular in Hungary.

In the light of the aspects above, we drew up our results containing that classic „buy and forget” technique is less recommended because of indirect presence of hedge funds which are causing higher risk. At the same time, higher sales premiums and being close-ended can result serious losses in yields when selling fund units. As for the demand side, we found that insistence on security of Hungarian investors – complemented with marketing campaigns building upon this feature – can be an explanation of the boom in structured funds market.

### **THE METHODOLOGICAL QUESTIONS COMPUTING OF CLIENT LIMITS IN THE MIRROR OF THE BASEL II REGULATION LAJOS HORVÁTH**

The client limit used in borrowing and which numerically expresses what commitment the bank can take regarding a client, plays an important role in the bank's risk management.

In the frame of the Basel II. regulation, the Hungarian banks developed high level methodological tools in connection with the credit risk measurement.

These developing process didn't reach the client limit's calculation methodology, but the question of credit-worthiness is closely connected to the question of the amount of loans as well.

In the first part of the article I give an overview about the development of the limit calculation methods used in the home Banks, and I shortly mention the regulation by the law using of client limits.

In the second part I introduce the factors defining the short and long term financial goals and need's of companies.

In the latest and closing chapter I describe the simple and the more complex limit calculation methods using by some banks. Based on the comparison of these procedures, I give proposals how could be improve the limit calculation methods.

### **CONFLICTS IN THE NEW SURETY-SHIP LAW** KATALIN GULYÁSNÉ CSEKŐ

The new Hungarian Civil Code, among others the rules of personal securities, such as bank-guarantees and surety ship have been being revised, reshaped and discussed. The main objective of the modification is to fit it to regulations of other European countries, adapting their legal solutions. The new Hungarian Act in that present form comprises contradictions and seems to back the position of creditors. This paper aims to rebuild the balance of power between parties (debtor, creditor, and guarantor), giving guarantor larger legal protection in case of critical situations such as bankruptcy of a debtor. This works includes suggestions how to solve the present lack of balance, especially in case when the surety ship is ensured by a natural person.

### **CHALLENGES FOR THE SUPERVISION OF THE HUNGARIAN INSURANCE MARKET IN XXI CENTURY** JUDIT PINTÉR

These papers show how the subsidiaries of insurance companies in Hungary became „local financial conglomerates” with being a member of a wide network of their mother companies due to the impacts of the world globalization and integration processes by the beginning of the 21st century. In order to be able to measure and check the possible risks the Hungarian Financial Supervisory Authority should be flexible and ready for implementing new methods in the supervisory procedures of transnational insurance companies. At the same time – in the compliance with the European Union regulation and standards and other international rules – there is a need for developing of the cooperation of the financial supervisory authorities.