

	Q&A
<p>Prior to submission</p>	<ul style="list-style-type: none"> • Who may submit an application for the foundation of a credit institution to the MNB? <i>Any legally capable person is entitled to submit an application for the foundation of a credit institution to the MNB.</i> • In what corporate form may the credit institution be founded? <i>Banks and specialised credit institutions may operate as a joint stock company or a branch office, cooperative credit institutions may operate as a cooperative society, or as a joint stock company qualifying as a bank or specialised credit institution. Financial institutions shall be governed by the provisions of the Civil Code applicable to legal entities, while the financial institutions operating in the form of a branch office shall be governed by the provisions of the Branch Office Act¹ with the derogations specified in the Credit Institutions Act.</i> • What is the lowest amount of the start-up capital of a credit institution? <i>Banks and the branch office of credit institutions registered in third countries may be established with a start-up capital and endowment capital, respectively, of HUF 2 billion.</i> • What kind of licences are necessary for the credit institution to enter the market? <i>The licensing procedure aimed at the foundation of a credit institution consists of two steps. First, the founders of the credit institution must submit the application for the foundation of the credit institution to the MNB. In possession of the foundation licence, the application for the activity (operating) licence must be submitted by the credit institution to the MNB within 6 months after the receipt of the foundation licence by the founders.</i> • Is it necessary to prove for the submission of the application for the foundation licence that the full amount of the start-up capital is available? <i>No. Credit institutions must submit, as an annex to the application, a confirmation related to the actual payment of fifty percent of the start-up capital by the founders and the availability thereof.</i> • What does the MNB accept as the start-up capital of the credit institution? <i>The start-up capital for the foundation of a financial institution may only be fulfilled by cash contribution. The start-up capital may only be paid up and held until the commencement of the operations in a credit institution that does not participate in the foundation, in which the founder has no ownership share and which has no ownership share in the founder. Until the issuance of the activity licence, the start-up capital of the credit institution may only be used for the purpose of the foundation and the creation of the operating conditions set forth in the law.</i> • What is the amount of the administrative service fee to be paid? <i>The administrative service fee for the licensing of the foundation of banks, specialised credit institutions and third</i>

¹ Act CXXXIII of 1997 on the Hungarian branch offices and representative offices of enterprises registered abroad.

	<p>country credit institution's branch office is HUF 1,100,000, while for the procedure aimed at obtaining the activity (operating) licences it is HUF 1,300,000.</p> <ul style="list-style-type: none"> • How long is the administration deadline? <i>In the MNB's procedures – unless the law regulates otherwise – the administration deadline is three months. If the MNB called upon the client to submit missing documents, the administration deadline shall be calculated from the submission of all documents in full. In the procedure aimed at obtaining the foundation and activity licence, the administration deadline may be prolonged in justified cases on one occasion by three months at the most.</i> • May an already founded company receive a licence to become a credit institution? <i>No, this is not possible. The foundation – and not only the start of the activity – of credit institutions is subject to the MNB's licence. The sequence of the MNB's foundation licensing procedure, and of the registration by the Court of Registration is governed by the provisions of the Credit Institutions Act and of the Civil Code. Pursuant to Section 3:100(2) of the Civil Code regulating the time of registration with the Court of Registry: "If the foundation of the company is subject to an administrative licence, the registration shall be performed within 15 days from the receipt of the final licence." Section 3:329 (1) of the Civil Code contains the same rule in respect of the cooperative societies. Since the Credit Institutions Act prescribes the MNB's licence also for the foundation of a credit institution, the supervisory proceeding must precede the registration by the Court of Registration. The proceeding of the Court of Registration may only be initiated in possession of the foundation licence. That is, no foundation licence may be issued to a joint stock company or cooperative society that has already been registered in the trade register prior to the MNB's proceeding.</i> • May the credit institution commence its operation following the receipt of its foundation licence? <i>NO, for that the activity (operating) licence must be also obtained. In possession of the foundation licence, the credit institution may only perform activity related to the establishment of the banking infrastructure.</i> • Following the receipt of the foundation licence, how much time does the institution have to submit the application for the activity (operating) licence? <i>The resolution licensing the foundation of a credit institution shall lapse if the credit institution fails to submit the application for activity (operating) licence to the MNB within six months from the receipt of the resolution. No justification may be submitted if the deadline is missed.</i>
<p>Application and annexes</p>	<p>IMPORTANT NOTICE! Prior to submitting the application, you are kindly advised to read the general Q&A on the MNB's website on the Licensing/General information tab!</p>
<p>Application</p>	<ul style="list-style-type: none"> • How can I submit the application? <i>Legal entities and legal representatives may only submit the application electronically through the MNB's dedicated "ERA" service. If the founder is a natural person, he or she may also opt for electronic</i>

	<p>administration; pursuant to Article 58 (2) of the MNB Act, natural persons not subject to mandatory electronic communication may also submit their application on the electronic form, available in the ERA system, dedicated to the respective application, notification or other submission, or on the ÁNYK (General Form Filling Framework) form, dedicated to the respective application, notification or other submission, available in the storage space within the Central Client Registration database, simultaneously uploading the additional documents prescribed by the MNB. The ÁNYK forms are also available on the MNB's website. Natural persons remain entitled to submit the application on paper, using the form available on the MNB's website, attaching to it the annexes specified in the law.</p> <ul style="list-style-type: none"> • On which form do I need to submit the application? The application for the foundation shall be submitted on form no. HITA_1033_v2 entitled "Application for the licensing of the foundation of a credit institution". Natural person founders remain entitled to submit the application on paper, using the form available on the MNB's website, attaching to it the annexes specified in the law. • What kind of annexes do I need to submit? The list of annexes to be submitted is available in Sections 18-19 of the Credit Institution Act and in the licensing guides on the MNB's website. • Is it necessary for non-resident applicants to translate the documents into Hungarian? Non-resident applicants must use an agent for service of process during the procedure, and attach the official Hungarian translation of the documents/instruments issued in a foreign language.
Start-up capital	<ul style="list-style-type: none"> • How much is start-up capital for the foundation of banks? Banks may be founded with a minimum start-up capital of HUF 2 billion (Section 12 (1) of the Credit Institutions Act) • How much is start-up capital for the foundation of a cooperative society credit institutions? Cooperative society credit institutions may be founded with a minimum start-up capital of HUF 300 million. The requirements related to the start-up capital shall not apply to credit institutions permanently affiliated to the central body (Sections 12 (1) and (2) of the Credit Institutions Act). • How much is start-up capital for the foundation of building societies? Building societies may be founded with a minimum start-up capital of HUF 2 billion (Section 3(5) of Act CXIII of 1996) • How much is start-up capital for the foundation of mortgage banks? Mortgage credit institutions may be founded with a minimum start-up capital of HUF 3 billion (Section 2(3) of Act XXX of 1997). • What is the composition of the start-up capital? Pursuant to Section 6 (1)44) of the Credit Institutions Act, the start-up capital comprises the subscribed capital, the capital reserve and the retained earnings. • Is it possible to fulfil the start-up capital requirement with contribution in kind? No, the start-up capital requirement may only be fulfilled by cash contribution (Section 13 (1) of the Credit Institutions Act)

	<ul style="list-style-type: none"> • Where do I need to pay the start-up capital? <i>The start-up capital shall be paid and held until the start of the operation on a payment account kept with a credit institution that does not participate in the foundation, in which the founder has no ownership share and which has no ownership share in the founder (Section 13 (1) of the Credit Institutions Act).</i> • Is it necessary to confirm the payment of the total start-up capital upon the submission of the application for the foundation licence? <i>No, during the foundation licensing process the actual payment and availability of fifty percent of the start-up capital must be confirmed.</i>
Organisational and Operational Regulation (OOR)	<ul style="list-style-type: none"> • What are the main content elements of the OOR? <ul style="list-style-type: none"> - <i>The basic data of the company (name, registered office, legal status, activities, etc.).</i> - <i>The legal status of the Company's executive bodies and other corporate actors of governance (General Meeting, Board of Directors, Supervisory Board, Audit Committee, Remuneration Committee, standing committees, etc.), the main rules of their establishment, main duties, separation of powers, conflict of interest rules (Sections 135-153 and 155-158 of the Credit Institutions Act)</i> - <i>Organisation of the Company, cooperation between the organisational units, branch network</i> - <i>Forms of the Company's representation and signing authorities (Sections 140-142 of the Credit Institutions Act)</i> - <i>Detailed rules of exercising employers' rights</i> - <i>Organisation and operation of the work organisation (Section 158 of the Credit Institutions Act)</i> - <i>Governance levels (in accordance with the hierarchy, project management)</i> - <i>General rules of decision making</i> - <i>Rules applicable to the employees of the work organisation</i> - <i>Reporting and notification obligations</i> - <i>Confidentiality and protection of information</i> - <i>Rules of internal policies and regulations</i> - <i>Rules applicable to external communication</i> - <i>Internal audit scheme (Section 154 of the Credit Institutions Act), compliance function (Section 153/A of the Credit Institutions Act), risk management area</i> • Is it necessary to attach any annex to the OOR (organisation chart, etc.)? <i>The organisation chart should be attached.</i>
Personnel conditions	<ul style="list-style-type: none"> • Does the approval of the senior executives take place as part of the foundation licensing? <i>No. The MNB assesses and approves the senior executives of the credit institution during the activity licensing process. During the licensing of the foundation, it is necessary to provide the name and data of the senior executives (primarily the members of the Board of Directors and the Supervisory Board).</i> • Are the personnel conditions examined during the foundation licensing? <i>No. The MNB examines the personnel conditions during the activity licensing procedure.</i>
Material conditions	<ul style="list-style-type: none"> • Are the material conditions examined during the foundation licensing? <i>No. The MNB examines the material conditions during the activity licensing procedure.</i>

Acquisition of qualifying holding by the founder

- **Is the founder with qualifying holding examined during the foundation licensing procedure?** *Yes, the founder with qualifying holding should submit the documents stipulated in Section 18 (2) of the Credit Institutions Act.*
- **What percentage of the holding is regarded as qualifying holding?** *Qualifying holding means a direct or indirect holding in an undertaking which represents 10 percent or more of the capital or of the voting rights (Article 4(1)36 of Regulation 575/2013/EU).*
- **How should the rate of the indirect holding be calculated?** *The entity with indirect holding should multiply its voting rights or ownership share in the intermediate undertaking by the higher of the intermediate undertaking's voting right or ownership share in the undertaking. If the voting right or ownership share in the intermediate undertaking exceeds fifty percent, it should be regarded as one whole (Annex 3 to the Credit Institutions Act). (Example 1: Natural person "A" has 36 percent ownership share in enterprise "B". Enterprise "B" has 46 percent ownership share in credit institution "C". Ownership of "A" in credit institution "C" = $36\% \times 46\% = 16.56\%$. Example 2: Natural person "A" has 96 percent ownership share in enterprise "B". Enterprise "B" has 16 percent ownership share in credit institution "C". Ownership of "A" in credit institution "C" = $1 \times 16\% = 16\%$.)*
- **What kind of documents should be used for proving that the founder has no outstanding debt to the tax authority, customs authority, health insurance fund and pension insurance fund?** *The certificate issued by the National Tax and Customs Administration **and** by the local government having competence based on the place of residence or registered office.*
- **Are natural persons required to make the declaration prescribed by Section 18 (2)h) of the Credit Institutions Act on the contingent and future liabilities under the Accounting Act?** *Natural persons do not fall within the Accounting Act, and thus they do not need to make the declaration.*
- **What should the strategy related to the acquisition of equity stake, to be submitted by the founder with qualifying holding, cover?** *The strategy should include the applicant's express intention whether he plans the investment for a shorter or longer period, the potential plans to raise, reduce or maintain his share within the foreseeable future, information whether the person wishing to acquire ownership interest is a strategic (professional) or financial investor, including whether it is a private equity fund or hedge fund. In addition, the strategy should contain information on the applicant's willingness to support the credit institution with additional equity if it is necessary for the development of its activities or in the event of financial difficulties. The strategy – in view of the size of the equity stake to be acquired – should provide details on the influence planned to be exerted based on the present financial situation of the credit institution, including – among other things – the dividend policy to be followed, the strategic development and the distribution of funds.*

	<ul style="list-style-type: none"> • How can the origin of the financial resources be proved? <i>The confirmation of the lawful origin of the financial resources include the proof of the lawful origin and the continuous availability. The applicant should attach a declaration detailing the components of the financial resources necessary for the acquisition of the qualifying holding, and a detailed explanation on the sources of financing the acquisition of the equity stake, including the following:</i> <ul style="list-style-type: none"> <i>a) detailed information related to the use of private financial resources, and the origin and availability of the financial funds, including relevant documents to prove for the competent authority that no attempt for money laundering is made through the contemplated acquisition of equity stake;</i> <i>b) detailed information related to the method of paying for the contemplated acquisition of equity stake and to the network used for the transfer of funds;</i> <i>c) detailed information related to the access to the sources of capital and financial markets, including the detailed information related to the financial instruments to be issued;</i> <i>d) detailed information related to borrowing, including the name of lenders and the provided credit instruments including the maturity dates, tenors, collaterals and guarantees, the sources of income to be used for the repayment of such borrowings, and – if the lender is not a supervised financial institution – information related to the origin of the loans;</i> <i>e) information related to the financial agreements concluded with other shareholders of the credit institution;</i> <i>f) information related to those assets of the person wishing to acquire equity stake or of the credit institution that they wish to sell to foster the funding of the contemplated acquisition of equity stake, and the conditions of sales, including the price, the valuation, the details related to the features of the assets, and the information related to the time and manner of acquiring the assets.</i> <p><i>The applicant must support the lawfulness of the items stated in the declaration and in the detailed explanation by instruments.</i></p>
Rejection of the application	<ul style="list-style-type: none"> • In which cases is the application for the foundation rejected? Pursuant to Section 30 (1) of the Credit Institutions Act, the MNB will reject the application if the applicant <ul style="list-style-type: none"> a) provides any misleading or false data during the licensing procedure, b) the financial institution proposed to be established by the applicant fails to satisfy the statutory conditions related to the start-up capital, corporate form, company form, ownership and management bodies, c) the applicant is a non-resident entity and does not have an agent for service of process; or

	<p>d) the legislation in the third country applicable to the person closely related to the credit institution does not permit the fulfilment of the supervisory duties on a consolidated basis,</p> <p>e) there are reasonable grounds to suspect that, in connection with the activity of the applicant, money laundering or terrorist financing within the meaning of the relevant legislation is being or has been committed or attempted, or that the contemplated activity could increase the risk thereof.</p> <p>According to Section 30 (2) of the Credit Institutions Act, the MNB also rejects the application for the establishment of a branch office, if any of the conditions listed in Sections 18 (1) or 19 of the Credit Institutions Act is not satisfied.</p>
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