

Credit institution – authorisation of acquisition of qualifying holding

	Q&A
Prior to submission	<ul style="list-style-type: none">• What is the amount of the administrative service fee to be paid? <i>The administrative service fee for the procedure aimed at the authorisation of the acquisition of qualifying holding in a bank or specialised credit institution is HUF 500,000, except when the acquisition of qualifying holding takes place due to a change beyond the control of the applicant (e.g. inheritance, succession); in this case the administrative service fee is HUF 350,000. The administrative service fee for the procedure aimed at the authorisation of the acquisition of qualifying holding in a cooperative credit institution is HUF 200,000. When the acquisition of qualifying holding takes place due to a change beyond the control of the applicant (e.g. inheritance, succession) the service fee payable for the procedure aimed at the authorisation of acquisition of qualifying holding shall be HUF 150,000.</i>• How long is the administration deadline? <i>The administration deadline is 60 working days, commencing on the day of issuing the acknowledgement of receipt.</i>• Is the reduction of a qualifying holding subject to authorisation? <i>It is not subject to authorisation, but the owner of the qualifying holding has notification obligation. If it terminates its holding, or it falls below the threshold of 20, 33 or 50 percent, two days prior to concluding the contract it must reported to the MNB on form entitled “Notification related to the reduction of qualifying holding in a credit institution below the threshold value of twenty, thirty-three or fifty percent, or the termination of such holding” or on the standard form published on the MNB’s website.</i>• What is the consequence if the acquirer of the qualifying holding fails to submit the application? <i>The MNB may forbid the exercise of voting rights stemming from the contract aimed at the acquisition of holding or the provision of benefits until such time as the statutory conditions are duly fulfilled.</i>• Does the credit institution have any obligation if it obtains knowledge of the acquisition of qualifying holding? <i>Within 5 working days from obtaining knowledge of it, the credit institution shall inform the MNB in</i>

	<i>writing on the acquisition, alienation or amendment of the holding.</i>
Application and annexes	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!
Application	<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 acquirer of the qualifying holding is a natural person acting without a legal representative, he or she may also opt for electronic 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 by the law.</i> • On which form do I need to submit the application? <i>The application should be submitted on form entitled "Acquiring and increasing qualifying holding in credit institutions". Natural persons acquiring qualifying holding, acting without a legal representative, remain entitled to submit the application on paper, using the form available on the MNB's website, attaching to it the annexes specified by the law.</i> • What kind of annexes do I need to submit? <i>The list of annexes to be submitted is available in Sections 126 of the Credit Institution Act and in the licensing guides on the MNB's website.</i> • How can a natural person applicant submit the application? <i>Natural person applicants – unless they rely on the services of a legal</i>

	<p><i>representative – are entitled to submit the applications and the annexes to it to the MNB on paper.</i></p> <ul style="list-style-type: none"> • Is it necessary for non-resident applicants to translate the documents into Hungarian? <i>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.</i>
	<ul style="list-style-type: none"> • What percentage of the holding is regarded as qualifying holding? <i>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).</i> • How should the rate of the indirect holding be calculated? <i>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% x 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 x 16 % = 16%.</i> • What kind of documents should be used to prove that the acquirer of a qualifying holding has no outstanding debt to the tax authority, customs authority, health insurance fund and pension insurance fund? <i>The certificate issued by the National Tax and Customs Administration <u>and</u> by the local government having competence based on the place of residence or registered office.</i> • 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? <i>Natural persons do not fall within the Accounting Act, and thus they do not need to make the declaration.</i> • What should the strategy related to the acquisition of equity stake, to be submitted by the acquirer of qualifying holding, cover? <i>The strategy should include the express</i>

intention of the acquirer of qualifying holding 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 willingness of the acquirer of qualifying holding 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.

- **How can the origin of the financial resources be proved?** *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:*

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;
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;

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;

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

	<p><i>lender is not a supervised financial institution – information related to the origin of the loans;</i></p> <p><i>e) information related to the financial agreements concluded with other shareholders of the credit institution;</i></p> <p><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> <p><i>The applicant must support the lawfulness of the items stated in the declaration and in the detailed explanation by instruments.</i></p>
<p>Rejection of the application</p>	<ul style="list-style-type: none"> • In which cases is the application rejected? <i>The MNB will reject the application if the applicant('s) – including its member of senior executive –</i> <ul style="list-style-type: none"> - <i>activity or influence exerted on the financial institution jeopardises the independent, reliable and prudent control of the financial institution by the members,</i> - <i>the nature of its business activity and relations, or the structure of its direct and indirect ownership share outstanding in other companies hinder the supervisory activity, or</i> - <i>it has no good business reputation,</i> - <i>there are reasonable grounds to suspect that, in connection with the acquisition of a qualifying holding, money laundering or terrorist financing ,within the meaning of the relevant legislation, is being or has been committed or attempted, or that the contemplated acquisition of qualifying holding could increase the risk thereof.</i> • Does it influence the procedure if there is a pending criminal procedure against the natural person applicant? <i>In certain cases yes. If no circumstance giving cause for denying the authorisation of the qualifying holding exists, but the public prosecutor's office brought charges against the applicant natural person for a crime specified in Chapters XXVII and XXXV-XLIII of the Criminal Code, or there is pending criminal procedure abroad for</i>

	<p><i>property or economic crime, the MNB issues the authorisation by suspending the member's voting right until the completion of the criminal procedure.</i></p>
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