

<p>Prior to submission</p>	<p><b>Q&amp;A</b></p> <ul style="list-style-type: none"> <li>• <b>Who may submit an application to the MNB for the foundation of a financial enterprise?</b> <i>Any legally capable person is entitled to submit an application to the MNB for the foundation of a financial enterprise.</i></li> <li>• <b>May an already founded company receive a licence to become a financial enterprise?</b> <i>No, this is not possible. According to the statutory requirements, the MNB issues the foundation and activity licence for financial enterprises simultaneously, and in advance. This means that the applicant must obtain the administrative licence prior to the registration of the company.</i></li> <li>• <b>Is it possible to submit the documents of a financial enterprise being in the process of foundation at the MNB to the Court of Registration for the purpose of registration?</b> <i>No, because the MNB licence is a mandatory annex to the document to be filed for the registration of the financial enterprise.</i></li> <li>• <b>Is it possible to reserve a name at the Court of Registration during the licensing procedure conducted by the MNB?</b> <i>It is possible to reserve a name in parallel with the foundation procedure; however, the MNB calls the attention to the fact that the time required for the assessment of the foundation procedure is not influenced by the fact that the applicant has submitted an application to the Court of Registration to reserve a name.</i></li> <li>• <b>What should be done if the Court of Registration registers the company before receiving the MNB's licence?</b> <i>In this case the applicant cannot receive a licence from the MNB; a company registered without a licence must be subjected to forced strike off and it cannot start its operation.</i></li> <li>• <b>Is it possible to create a financial enterprise from an existing non-financial enterprise by spin-off or other form of transformation?</b> <i>No. The Credit Institutions Act regulates merger and spin-off very strictly. A financial enterprise cannot be created in such a way that an already existing, non-financial enterprise is transformed into a financial enterprise, or by spin-off from an already existing non-financial enterprise.</i></li> <li>• <b>Is the foundation of a financial enterprise subject to a fee?</b> <i>Yes. Pursuant to MNB Decree 14/2015 (V.13) an administrative service fee of HUF 1,100,000 must be paid to the MNB's account no. 19017004-01673000-30900007 simultaneously with initiating the procedure.</i></li> </ul>
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<p><b>Application and annexes</b></p>	<p>IMPORTANT NOTICE! Prior to submitting the application you are kindly advised to read the general Q&amp;A on the MNB's website on the Licensing/General information tab!</p>
<p>Application</p>	<ul style="list-style-type: none"> <li>• <b>On what form should I submit the application?</b> <i>Form no. PVA_1011_v1, entitled "Foundation of financial enterprises" – available in ERA within the E-administration/Licensing service – should be filled in and submitted. When the applicant is a private individual and he or she opted for paper-based procedure, the application must be submitted on paper using the appropriate standard form.</i></li> <li>• <b>If any of the mandatory annexes has not been obtained, is it possible to submit it subsequently on a voluntary basis?</b> <i>Yes, the missing documents may be submitted also on a voluntary basis; however, it should be noted that the administration deadline is calculated from the date when all documents have been received.</i></li> <li>• <b>What kind of documents may be attached to the application?</b> <i>In the licensing procedures only original documents or authentic electronic copy may be submitted; the electronic copy made of the document held by the company cannot be accepted as authentic. In the paper-based procedure the original document or authentic copy must be submitted.</i></li> <li>• <b>Whose electronic signature should be on the appropriate form bear?</b> <i>The form must be submitted with the advanced electronic signature of the person or persons entitled to represent the founder (founders) of the financial enterprise (senior officers with individual or collective signature right or Bar member legal counsels or lawyers with right of representation) (the electronic form may be signed separately through the "External signature" service of ERA).</i></li> <li>• <b>How long is the procedure?</b> <i>According to the principal rule, the administration deadline is 3 months; however, the deadline restarts upon the submission of missing documents, and it is also possible to prolong the deadline.</i></li> </ul>
<p>Memorandum of Association</p>	<ul style="list-style-type: none"> <li>• <b>In what legal form may a financial enterprise be established?</b> <i>Pursuant to Section 11 (1) of the Credit Institutions Act, financial enterprises may operate as a joint stock company, cooperative society, foundation or branch office.</i></li> <li>• <b>What are the minimum requirements towards the Memorandum of Association of a financial enterprise?</b></li> </ul>

	<p><i>Necessary content elements of the Memorandum of Association (legislative background: Civil Code and Credit Institutions Act)</i></p> <ul style="list-style-type: none"> <li>- name and registered office of the company</li> <li>- activity types – it is required that the activities are also shown with the description using the terminology of the Credit Institutions Act, in addition to the NACE (TEÁOR) codes</li> <li>- share capital (if the foundation involves a premium, the rate of the premium)</li> <li>- types of shares, pre-emption right on shares</li> <li>- competence of the General Meeting/founder, rules applicable to the convening and conducting of the General Meeting</li> <li>- members of the Board of Directors,</li> <li>- competence of the Board of Directors, organisation of the Board of Directors meeting</li> <li>- members of the Supervisory Board</li> <li>- competence of the Supervisory Board, organisation of its meetings</li> <li>- mandate and rights of the auditor</li> <li>– representation, signature of the firm</li> </ul> <ul style="list-style-type: none"> <li>• <b>Is it possible to modify the Memorandum of Association during the licensing procedure?</b> <i>Yes. If during the procedure the MNB calls upon the applicant to this effect, the Memorandum of Association should be modified in accordance with such call.</i></li> <li>• <b>What kind of activities may a financial enterprise pursue?</b> Financial enterprises may pursue one or several financial services – with the exception of the activities stipulated in Section 3 (1)a), d) and e) and Section 8 (2) of the Credit Institutions Act – or operate payment systems. At the same time, the activity of the financial enterprise must be of clean profile, which means that it may only pursue the activities listed in Section 3 (1) – considering the aforementioned exceptions – and in Section 7 (3) of the Credit Institutions Act; financial enterprises must not pursue other economic activities.</li> <li>• <b>Does the MNB licence apply to the NACE (TEÁOR) codes as well?</b> <i>No. The MNB issues the licence in respect of the activity the enterprise wishes to pursue based on the Credit Institutions Act rather than on the basis of the NACE (TEÁOR) codes.</i></li> </ul>
Start-up capital	<ul style="list-style-type: none"> <li>• <b>What is the minimum amount of the start-up capital?</b> <i>HUF 50,000,000 Pursuant to Section 13 (1) of the Credit Institutions Act the start-up capital must be paid up in cash in a credit institution</i></li> </ul>

that does not participate in the foundation, in which the founder has no ownership share and which has no ownership share in the founder. Please note that it is not possible to use the start-up capital during the foundation licensing procedure.

- **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 reserves and the retained earnings, whereas in the case of financial enterprises operating in the form of foundation it comprises the capital put by the founder at the disposal of the foundation on long-term basis, without limitation and free from encumbrances for the purpose of realising the foundation's objectives.

- **What may be used as funds?**

The law contains no specific requirements or itemised list in this respect, and thus it does not limit the range of usable funds; however, pursuant to Section 18 (2) of the Credit Institutions Act, the founder must confirm the legal origin and availability of the financial resources. If the founder is a company, the financial resources may primarily comprise its profit and retained earnings calculated in accordance with the Accounting Act, while in the case of natural persons this may be their confirmed income from previous years. Revenues from property sales or estate may also serve as funds for the foundation, if the availability thereof can be ascertained (e.g. property sales contract, bank transfer documents, grant of probate, etc.). If a foundation is financed from a loan, the MNB also examines in all cases whether the lender has sufficient funds for the lending (with the exception of financial institutions engaged in lending based on a licence), and it is also examined from what source the borrower will repay the respective loan.

- **What are the basic rules of confirming the legality of the source of funds?**

E.g. primarily the personal income tax certificates issued in respect of previous years, sales contracts, instruments confirming the fact of inheritance, instrument confirming the payment of dividends should be submitted. When the foundation is financed from a loan, the loan contract and the payments confirming the repayment should be submitted.

	<ul style="list-style-type: none"> <li>• <b>What are the basic rules of confirming the availability of the funds?</b>  <i>It must be proved that the funds of legal origin are continuously available for the applicant from the date of the origination until the acquisition of the holding, i.e. the “legality” thereof must be maintained.</i> </li> <li>• <b>Is it permitted to take a loan for the foundation?</b>  <i>Yes, it is permitted.</i> </li> <li>• <b>What rules do apply to the confirmation of legal origin and availability when the funds are provided through credit/loan?</b>  <i>The lender may be a financial institution, company, or other non-natural person or natural person. In these basic cases the legal origin of the loan amount must be examined in different ways, and on the other hand the borrower must make it probable that the loan will be repaid.</i> <ul style="list-style-type: none"> <li>- <i>It is not necessary to examine separately the legal origin of loans from a financial institution, it is regarded as such by default based on the loan contract to be submitted.</i></li> <li>- <i>Loan contract from a financial institution may be accepted, if the purpose thereof is in line with the acquisition of the qualifying holding.</i></li> <li>- <i>If the lender is a private individual, we examine his or her funds (whether he or she had sufficient funds to provide the loan).</i></li> <li>- <i>If the lender is a company or other non-natural person, it must be examined whether the entity has sufficient profit, retained earnings and liquid assets – not used for other purposes – that makes it capable of granting the loan.</i></li> </ul> </li> </ul>
Organisational and Operational Regulation (OOR)	<ul style="list-style-type: none"> <li>• <b>What should the OOR contain?</b>  <i>The OOR should contain, conforming to the work organisation of the company to be founded, at least the basic data of the company, the individual duties and responsibilities of the employees, the duties and responsibilities of the managers and the management bodies, the subordination relations and the rules of substitution.</i> </li> <li>• <b>Which documents should the OOR be connected with?</b>  <i>The Statute, the Business Regulation and General Contractual Terms and Conditions, Internal Audit Policy, the Regulations of the Board of Directors, the Regulations of the Supervisory Board.</i> </li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Is it necessary to attach any annex to the OOR (organisation chart, etc.)?</b> <i>Yes, it is necessary to attach the organisation chart to the OOR without exception.</i></li> </ul>
<p><i>Material, technical and personnel conditions</i></p>	
<p>Personnel conditions:</p>	<ul style="list-style-type: none"> <li>• <b>Is it necessary to nominate a Board of Directors and a Supervisory Board at the financial enterprise?</b> <i>Yes, it is necessary without exception. The Credit Institutions Act prescribes corporative control and governance. Exemption from this may only be provided by the law (e.g. Magyar Fejlesztési Bank Act).</i></li> <li>• <b>Is it necessary to elect a managing director?</b> <i>Yes, it is necessary. Please note that the managing director must be in an employment relationship with the enterprise.</i></li> <li>• <b>Are the members of the corporate bodies also subject to licensing?</b> <i>No. At financial enterprises, only the election and the appointment of the chairman of the Board of Directors, the chairman of the Supervisory Board and the managing director are subject to licensing.</i></li> <li>• <b>Is it possible to employ several managing directors?</b> <i>Yes, this is possible. Please note that all managing directors must have employment relationship with the enterprise, and all managing directors and deputies must satisfy the conditions of employment prescribed by the Credit Institutions Act.</i></li> <li>• <b>How can we prove the existence of management experience?</b> <i>By submitting the curriculum vitae, filling in the good business reputation questionnaire and by an employer's certificate. Please note that if you wish to prove management experience with practice gained in other economic area (Section 155 (4)cc) of the Credit Institutions Act), you must take into consideration the MNB's related requirements published on the website.</i></li> <li>• <b>Is it possible to nominate one-person chief executive?</b> <i>No. Unless the law provides otherwise, the Board of Directors may only function in corporative form, and it is not permitted that a financial enterprise is governed solely by one chief executive. However, the chairman of the</i></li> </ul>

*Board of Directors and the managing director may be one and the same person.*

- **What should the certificate of clean record contain according to the expectations of the MNB?**

*Pursuant to Section 137 (4)c) of the Credit Institutions Act, in order to prove that the person to be elected as senior executive is with a clean record, the candidate's certificate of clean record with enhanced content, not older than 90 days, should be attached.*

*The certificate of clean record with enhanced content contains the facts specified in Section 71 (3)b)-d) of Act XLVII of 2009 on the criminal record system, the registration of judgments handed down by courts of the Member States of the European Union against Hungarian citizens and the recording of criminal and law enforcement biometric data of third-country nationals, i.e. in addition to the clean record also that the candidate is not banned from exercising civil rights, not disqualified from occupation or activity.*

- **Is it sufficient to delegate only one internal auditor?**

*Yes, according to Section 154 (5) of the Credit Institutions Act, the financial enterprise employs at least one internal auditor.*

- **Is it possible to employ the same internal auditor at several financial enterprises?**

*Yes, but the same person may be employed as internal auditor at not more than three financial enterprises. If the internal auditor to be employed already fills a similar position at another company, the declaration of the other company, according to which it consents to the collective employment of the internal auditor, must be submitted during the licensing procedure.*

- **May the internal audit activity be outsourced?**

*No. The internal audit activity may not be outsourced, but the internal auditor may also be in agency relationship, do divided working hours or be in dual employment.*

- **What are the expectations towards the auditor?**

*A contract of agency may be concluded with an auditor listed in the register of the Chamber of Hungarian Auditors and entered into the register of financial institution auditors by*

	<p><i>resolution, who declares that he or she is not subject to disqualifying reasons specified in the Credit Institutions Act. (Section 260 of the Credit Institutions Act)</i></p> <ul style="list-style-type: none"> <li>• <b>What are the expectations towards non-resident candidates (certificates, qualifications)?</b> <i>For non-resident citizens the authentic Hungarian translation of the certificate of clean record must be also attached to the application.</i></li> </ul> <p><i>If any doubt arises in respect of the authenticity or the content of the public instrument issued abroad, the MNB calls upon the client to present the legalised public instrument issued abroad.</i></p> <p><i>If the judgement of a foreign qualification is questionable (whether or not it is a higher education qualification), the MNB will send an inquiry to the Hungarian Equivalence and Information Centre of the Educational Authority, as competent authority.</i></p> <ul style="list-style-type: none"> <li>• <b>What is the minimum number of employees a financial enterprise must employ?</b> <i>There is no exact rule for this; it is up to the financial enterprise to decide on the minimum number of employees it needs for the performance of the activity. The managing director must be in an employment relationship with the enterprise without exception.</i></li> <li>• <b>Is it possible to fill the position of the data protection officer through a contract of agency?</b> <i>Yes, the data protection legislation permits this.</i></li> <li>• <b>May the person in charge of consumer protection and the contact person to the MNB be one and the same individual?</b> <i>Yes, this is possible.</i></li> </ul>
Material and technical conditions	<ul style="list-style-type: none"> <li>• <b>How can we confirm the fulfilment of the material and technical conditions?</b> <i>The MNB primarily expects a declaration, which – depending on the activity the enterprise wishes to pursue – lists the material and technical conditions.</i></li> <li>• <b>What are the minimum requirements of the MNB towards the financial enterprise being in the phase of foundation?</b> <i>This primarily depends on the types of activity that the company wishes to pursue (e.g. the number of computer workstations, the firewall</i></li> </ul>



system used by the company, etc.). When the company offers pawnbroking or safety deposit box/custody services, the existence of the material conditions must be proven during the procedure (existence of suitable safe deposit room, insurance, security systems, etc.).

- **How can we confirm the right to possess the registered office/business site free from any restriction?**

E.g. title deed, lease or sublease contract.

- **Is it necessary to submit the floor plan, if the registered office is located in a larger office building?**

Yes, it is necessary. It must be indicated on the floor plan where exactly the financial enterprise can be found within the office building and which premises it uses.

- **How many workstations/telephone lines does a financial enterprise being in the phase of foundation have to establish?**

This is determined by the organisational framework of the financial enterprise to be founded; no exact, numeric requirement applies to this.

- **How can I confirm compliance with the material and technical conditions in the case of custody/safe deposit box services?**

In this case the applicant must present the type of safe deposit system it wishes to operate, whether it owns or leases such system, and the security conditions (24-hour guarding, surveillance camera, etc.). under which it wishes to operate it. The declaration of the insurance company confirming that the safe deposit room has been properly insured must be also attached.

- **When the financial enterprise does not wish to fulfil any of the technical conditions (e.g. IT) on its own, is it possible to outsource it?**

Yes, outsourcing is permitted in accordance with the rules stipulated in Section 68 of the Credit Institutions Act. The financial enterprise must indicate the outsourced activities and the entities performing those both in the OOR and in the Business Regulations, and during the procedure it must submit the outsourcing contracts (at least in draft format).

- **What are the MNB's expectations with regard to the outsourced activity?**

When concluding the outsourcing contracts attention should be paid to the data protection regulations and the restrictions specified in the Credit Institutions Act, e.g. ownership relation

	<p><i>of close relations (Section 68 (11) of the Credit Institutions Act), and the outsourcing contract must provide for the audit of the entity performing the outsourced activity at least once a year by the company's internal auditor.</i></p>
Property insurance	<ul style="list-style-type: none"> <li>• <b>How can a financial enterprise being in the phase of foundation confirm the existence of the property insurance?</b> <i>By submitting the property insurance proposal signed by both parties.</i></li> <li>• <b>Are there any special requirements concerning the property insurance when the enterprise offers safe deposit box/custody services or pawnbroking services?</b> <i>When the applicant renders pawnbroking services, the property insurance must be aligned with the maximum volume of loans that may be placed (see the relevant Recommendation). When the applicant renders safe deposit box services, the sum insured must be aligned with the assets the applicant plans to store in the safe deposit boxes.</i></li> </ul>
<b>Policies</b>	
Prudential policies general requirements activity-specific requirements	As regards the detailed expectations and minimum requirements related to the policies, please take into consideration the guides and Q&A related to Policies.
Business Regulations and General Contractual Terms and Conditions general requirements activity-specific requirements announcement contract templates	As regards the detailed expectations and minimum requirements related to the policies, please take into consideration the guides and Q&A related to Policies
IT policies general requirements management of security risks availability, BRP/BCP conflict of interest rules use of cloud services outsourcing	As regards the detailed expectations and minimum requirements related to the policies, please take into consideration the guides and Q&A related to Policies
Anti-money laundering (AML) policies general requirements risk-based approach enhanced procedure	As regards the detailed expectations and minimum requirements related to the policies, please take into consideration the guides and Q&A related to Policies
Persons acquiring qualifying holding legal origin and availability of the funds necessary for acquiring the holding (see start-up capital) methods of proving the legal origin of the funds confirming the availability (usable documents, etc.) other documents, certificates (tax, customs, social insurance certificate)	<ul style="list-style-type: none"> <li>• for the answers to part of the questions see the start-up capital section (legal origin and availability)</li> <li>• <b>What counts as qualifying holding?</b> <i>Qualifying holding: a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking (Section 6 (1) of the Credit</i></li> </ul>

*Institutions Act, Article 4 (1)36 of Regulation 575/2013/EU). Entities*

*a) wishing to acquire qualifying holding, or  
b) wishing to modify their qualifying holding to reach the limit of twenty, thirty-three or fifty percent, are obliged to apply to the MNB for authorisation (Section 126 (1)a and b) of the Credit Institutions Act).*

- **May the ownership share and the voting right be separated? Does it create a qualifying holding if only one of these reaches or exceeds the limit?**

*The voting right should be taken into consideration in the same way as the ownership share; if either the voting right or the ownership share reaches the aforementioned limit, the authorisation procedure is mandatory.*

- **Is it necessary to combine the holdings when close relatives acquire any share that is not a qualifying holding on its own?**

*Yes. In the case of natural persons, the ownership shares held or the voting rights exercised together with their close relatives must be combined.*

- **How non-resident acquirers of qualified holding can comply with their obligation to submit customs, social insurance and tax clearance certificates?**

*It is a mandatory requirement that the foreign authorities should issue the certificate of appropriate content, even if the applicant is not subject to the customs authorities' proceedings in the respective country. In this case the MNB expects the respective authority to issue a negative statement to this effect.*

- **What documents should be used by non-resident founders/acquirers for confirming the legal origin and availability of the funds?**

*The basic logic of the rules is the same as the conditions applicable to resident applicants. It is necessary to confirm the legal origin and availability of the funds in the same way, with the proviso that the authentic translation of the foreign language documents must be attached without exception.*

- **Is it necessary for non-residents to translate the documents into Hungarian?**

*In the foundation procedures authentic, Hungarian translation must be attached without exception.*

- **If the funds to be used for the acquisition of holding originates from inheritance/gift/division of marital estate, what documents may be acceptable for the confirmation of legal origin and availability?**

	<p><i>In respect of the giver the MNB examines whether the giver obtained the amount used for the gift legally. The realisation of the transaction, i.e. the actual transfer of the gift, must be proved in this case as well. The income certificate issued by the National Tax and Customs Administration (NTCA) is suitable for this purpose. When the funds come from inheritance, the non-appealable grant of probate or court judgement must be attached. When the funds come from the division of marital estate the notarised, or countersigned by a lawyer, marital property agreement or a non-appealable court judgement must be attached to the application.</i></p> <ul style="list-style-type: none"><li>• <b>If only one of the spouses intends to participate in the foundation, but the funds to be used for this purpose is joint property, what should the other spouse do?</b> <i>Does she or he have to provide any document/make a declaration? Yes, in this case the other spouse must declare that he or she consents to the use of the appropriate part of the joint marital property for this purpose.</i></li></ul>
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