

Frequently asked questions and answers about the procedure

Before submission

1. Who can apply to the MNB to set up a financial undertaking?

Any person with legal capacity is entitled to submit an application to the MNB for the establishment of a financial undertaking.

2. Can a company already established be authorised to become a financial undertaking?

No, this is not possible, as in the case of a financial undertaking, the MNB is required by law to grant the authorisation to establish and operate a financial undertaking at the same time, in advance.

This means that the official authorisation must be obtained by the applicant before the company is registered.

3. Can the documents of a financial undertaking in the process of being established with the MNB be submitted to the registry court for registration?

No, because the MNB authorisation is a compulsory annex to the documents required for the registration of a financial undertaking in the register of companies.

4. Is it possible to reserve a name at the registry court during the authorisation procedure with the MNB?

It is possible to reserve a name in parallel with the incorporation procedure, but the MNB points out that the fact that the applicant has filed an application for name reservation with the registry court does not affect the time required for the foundation procedure.

5. What to do if the company is to be registered by the registry court before the MNB's authorisation?

In this case, the applicant cannot obtain an authorisation from the MNB, and the company registered without an authorisation must be compulsorily deleted from the register of companies and cannot start operating.

6. Can a financial undertaking be created by a spin-off or other type of transformation from a company already operating as a non-financial undertaking?

No, the rules on mergers and divisions are strictly limited by the Credit Institutions Act. A financial undertaking cannot be created by transforming an existing company that is not a financial undertaking into a financial undertaking, nor can a financial undertaking be created by the division of an existing non-financial undertaking.

7. Is the authorisation procedure for the establishment of a financial undertaking subject to a fee?

Yes, pursuant to MNB Decree No. 32/2023 (VII.19.), an administrative service fee of HUF 1,900,000 must be paid to the MNB's account No 19017004-01673000-30900007 at the same time as the procedure is opened.

Application and annexes

1. Which form should be used to submit the application?

In the table under the heading Authorisation form registration (form search, ERA navigation), you must select the form corresponding to the authorisation subject. In the case of a private person applicant, if the private person has opted for the paper-based procedure, the application must be submitted on paper using the appropriate form.

2. If an annex to be attached has not been obtained, is it possible to submit it voluntarily afterwards?

Yes, documents can be submitted as part of a voluntary exercise for remediation of deficiencies, but please note that the procedural deadline is calculated from the date of complete submission of the documents.

3. What documents can be attached to the application?

Only the original document or a certified electronic copy may be submitted for authorisation procedures, and an electronic copy of a document held by the entity is not acceptable as a certified copy. In paper-based procedures, an original document or a certified copy must be submitted.

4. Whose electronic signature should be used to submit the relevant form?

The form must be submitted with the electronic signature of the person or persons authorised to represent the founder(s) of the financial undertaking (executive officers with individual or joint power of procuration or barristers of the Bar Association with the right of representation, lawyers), with at least enhanced security (the electronic form can be signed separately through the ERA "External signature" service).

5. How long does the procedure take?

As a general rule, the time limit for administration is 3 months, but in case of the submission of missing documents, the time limit starts again and can be extended.

Articles of Association

1. In what corporate form can a financial undertaking be founded?

Pursuant to Section 11 (1) of the Credit Institutions Act, a financial undertaking may operate as a company limited by shares, a cooperative, a foundation or a branch.

2. What are the minimum requirements for the articles of association of a financial undertaking?

The necessary content of the statutes (legal background: Civil Code and the Credit Institutions Act)

- company name, registered office
- scope of activities – it is expected that activities are indicated using the terminology of the Credit Institutions Act in addition to the TEÁOR [NACE] designations
- initial capital (if the company is founded with a share premium, the extent of share premium)
- classes of shares, types of shares, pre-emption rights on shares
- powers of the general assembly/founder, convening and rules for its conduct
- board membership
- powers of the board of directors, conduct of board meetings
- supervisory board membership
- powers of the supervisory board, the conduct of its meetings
- auditor's mandate and powers
- representation, company registration.

3. Can the articles of association be amended during the authorisation procedure?

Yes, if the MNB calls on the applicant to do so in the course of the procedure, the Memorandum and Articles of Association must be amended in accordance with the call.

4. What activities can a financial undertaking carry out?

A financial undertaking may engage in one or more financial services or operate a payment system, with the exception of the activities specified in Section 3 (1) a), d) and e), and Section 8 (2) of the Credit Institutions Act. However, the activity of a financial undertaking must be profile cleaned, which means that it may only carry out the activities listed in Section 3 (1) of the Credit Institutions Act, subject to the exceptions mentioned above, and Section 7 (3) of the Credit Institutions Act, and may not carry out any other economic activity.

5. Does the MNB authorisation also apply to TEÁOR [NACE] codes?

No, the MNB does not issue the authorisation on the basis of the TEÁOR codes, but on the basis of the activities to be carried out under the Credit Institutions Act.

Initial capital

1. What is the minimum amount of initial capital?

HUF 100,000,000 or HUF 150,000,000, depending on the activity the company wishes to carry out. The higher initial capital is applicable if the company intends to engage in financial service activities including the provision of credit and money lending. Pursuant to Section 13 (1) of the Credit Institutions Act, the initial capital must be paid in cash, namely at a credit institution which is not involved in the foundation, in which the founder does not hold any shares or which does not hold any shares in the founder. Please note that it is not possible to use the initial capital during the foundation authorisation procedure.

2. What are the elements of initial capital?

Pursuant to Paragraph 44 of Section 6 (1) of the Credit Institutions Act, the initial capital includes the subscribed capital, the capital reserve and the accumulated profit reserve, and in the case of a financial undertaking operating in the form of a foundation, the capital made available to the foundation by the founder on a permanent, unrestricted and unencumbered basis for the purpose of achieving the foundation's objective.

3. What can be used as a source?

In this respect, the law does not contain any specific provisions or a taxative list, and does not limit the scope of the sources that may be used, but the founder must prove the legitimate origin and availability of the financial source pursuant to Section 18 (2) b) of the Credit Institutions Act.

If the founder is a business organisation, the source may be primarily the profit or loss or accumulated profit reserve according to the Act on Accounting, while in the case of a natural person, the source may be his/her certified income from previous years.

For example, proceeds from the sale of real estate or an inheritance may be accepted as a source of funds for the establishment of the company, provided that its availability can be established (e.g. real estate sales contract, transfer receipts, or grant of probate order, etc.).

In all cases where the foundation is based on a loan, the MNB will also examine whether the lender has sufficient resources to grant the loan (except for financial institutions authorised to grant loans), whether this can be demonstrated to have taken place, and the source from which the borrower will repay the loan.

4. What are the basic rules for the legitimacy of the source in the case of natural person founders?

In particular, personal income tax certificates issued for previous years, sales contracts, inheritance documents, dividend payments, etc. must be submitted. In the case of a loan, the loan agreement, documents proving the disbursement of the loan and the repayment of the loan must also be submitted.

As regards the legitimate origin and availability of the source, it is recommended to consult the MNB's Authorisation Guidelines for the Acquisition of a Qualifying Holding or the relevant Q&A.

5. What are the basic rules for proving availability?

It is necessary to prove that the applicant has a legal source of funds continuously available from the time the funds are generated until the time the shares are acquired, i.e. the legality of the funds must be proven from their generation until their use.

6. Can a loan be applied for during the foundation process?

Yes, it can be applied for.

7. What are the rules on legality and proof of availability for loans/credits?

The lender can be a financial institution, a company or other non-natural person or a natural person. In these cases, the legitimate origin of the loan amount must be examined differently, and the debtor must anticipate the repayment of the loan.

- In the case of loans and money lending from a financial institution authorised by the MNB, the legality of the loan does not need to be checked separately, but is considered to be given on the basis of the loan agreement to be submitted. A loan agreement concluded with a financial institution may be accepted if its objective is in accordance with the acquisition of the qualifying holding.
- If the lender is a private individual, his or her resources must be examined (whether he or she had sufficient resources to grant the loan).
- If the lender is a business association or other non-natural person, it is necessary to check whether the lender has a profit or loss, an accumulated profit reserve, liquid assets and has not used them for other purposes, so that it is able to grant the loan.

Organisational and operational rules

1. What needs to be included in the Rules of Organisation and Operation ("SZMSZ")?

The SZMSZ must contain, as a minimum, the basic data of the company, the duties and responsibilities of each employee, the duties and responsibilities of the management and the management body, the dependencies, the order of substitution, in accordance with the work organisation of the company to be established.

2. Which documents should the SZMSZ be linked to?

Articles of Association, Business Rules and General Terms and Conditions, Internal Audit Code, Rules of Procedure of the Board of Directors, Rules of Procedure of the Supervisory Board.

3. Is it necessary to attach an annex to the SZMSZ (organisational chart, etc.)?

Yes, an organisational chart is always required to be attached to the SZMSZ.

Material, technical and human resources

Personnel conditions

1. Is it necessary to appoint a board of directors and a supervisory board for a financial undertaking?

Yes, it is always necessary to appoint those. The Credit Institutions Act provides for control and governance by the body. This can only be exempted by law (e.g. MFB Act [Act XX of 2001 on Magyar Fejlesztési Bank Részvénytársaság]).

2. Is it necessary to elect a managing director?

Yes, it is required, at least one managing director must be present in the financial undertaking. Please note that the managing director must always be subject to an employment contract.

3. Are board members also subject to authorisation?

No. In the case of a financial undertaking, only the election or appointment, re-election or re-appointment of the chairman of the board of directors, the chairman of the supervisory board and the managing director is subject to authorisation.

4. Is it possible to employ more than one managing director?

Yes, it is. Please note that all managing directors must have an employment relationship and that all managing directors and all deputy managing directors must comply with the conditions of employment set out in the Credit Institutions Act.

5. How can managerial experience be proven?

Professional CV, completion of a good business reputation questionnaire and employer's certificate. Please note that if managerial experience is intended to be justified with experience gained in another economic field (Section 155 (4) cc) of the Credit Institutions Act, the MNB's requirements on this matter should be taken into account, which are published on the website.

6. Can a sole CEO be nominated?

No, unless otherwise provided by law, the board of directors can only operate in a corporate form, it is not possible for a financial company to be managed by a sole CEO. However, the chairman of the board and the managing director may be the same person.

7. What kind of certificate of good conduct does the MNB require?

In order to prove the clean record specified in Section 139 (1) of the Credit Institutions Act, an **extract from the judicial record** – issued in relation to the entirety of the data included in the criminal records – **with enhanced content** (no criminal record, is not banned from exercising civil rights, not disqualified from occupation or activity), **not older than 90 (ninety) days** shall be submitted. With regard to Section 71 (4a) of the Bnyt¹, the MNB also accepts the certificate of good conduct if it contains information that the candidate has no criminal record and is not under a ban from public office.

¹ According to Section 71 (4a) of Act XLVII of 2009 on the Criminal Records System, the Register of Rulings by the Courts of the Member States of the European Union against Hungarian Citizens and on the Register of Biometric Data in Criminal and Law Enforcement Matters (Bnyt¹), *if the applicant is prohibited from an occupation or activity, then the fact specified in Paragraph (3) (e) (the occupation or activity from which the applicant is prohibited) must be indicated in the official certificate of good conduct in the case of an application to prove the fact specified in Paragraph (3) (b) (i.e. that the applicant has no criminal record), even in the absence of such an application.*

8. Is it sufficient to appoint a sole internal auditor?

Yes, according to Article 154 (5) of the Credit Institutions Act, a financial undertaking shall employ at least one internal auditor.

9. Can the same internal auditor be employed by several financial undertakings?

Yes, but the same person can be employed as an internal auditor in up to three financial undertakings only.

If the internal auditor to be employed already holds a similar position in another company, a declaration from the other company agreeing to the joint employment of the internal auditor must be attached to the authorisation procedure.

10. Can the internal audit function be outsourced?

No, the internal auditor's activity cannot be outsourced, but the internal auditor may be employed on a contract basis, on a split-time basis, or in dual employment.

11. What are the expectations from the auditor?

An engagement contract may be concluded with an auditor registered in the register of the Hungarian Chamber of Auditors, who is registered in the register of auditors of financial institutions by resolution, and who declares that he/she is not subject to the grounds for exclusion set out in the Credit Institutions Act. (Section 260 of the Credit Institutions Act)

12. What are the requirements (supporting documents, qualifications) for non-resident candidates?

In the case of foreign citizens, a certified Hungarian translation of the certificate of good conduct must also be attached to the application.

If there is any doubt about the authenticity or content of a public document made out abroad, the MNB will ask the customer to produce a certified public document issued abroad.

If there is a question about the assessment of a foreign qualification (e.g. whether it can be considered a higher education qualification), the MNB will contact the Hungarian Equivalence and Information Centre of the Education Office as the competent authority.

13. What is the minimum number of employees a financial undertaking must have?

There is no precise rule, so it is up to the financial undertaking to judge how many employees it needs to carry out its activities. In all cases, the managing director must be employed.

14. Can the post of data protection officer be filled under a contract of engagement?

Yes, this is possible under data protection legislation.

15. Can the contact person for the consumer protection officer/MNB be the same?

Yes.

Material-technical conditions

1. How can the existence of material-technical conditions be proven?

First of all, the MNB requires a declaration listing the material-technical conditions, depending on the activity to be carried out.

2. What are the minimum conditions that the MNB expects a financial undertaking in the process of being established to meet?

This will depend primarily on the type of activity the company intends to carry out (e.g. how many computer workstations there will be, what kind of firewall system the company will use, etc.).

In the case of lending or safe deposit services secured by a pledged collateral, the existence of material conditions must be demonstrated during the procedure (adequate safe deposit space, insurance, security systems, etc.)

3. How to prove the right of unrestricted possession of the registered office/site?

E.g.: title deeds, lease or sublease contracts.

4. Is it necessary to submit a floor plan if, for example, the head office is located in a large office building?

Yes, it is. The floor plan must indicate exactly where the financial undertaking is located within the office building and which premises it uses.

5. How many workstations/telephone lines should a financial undertaking in the process of being established have?

This is determined by the organisational framework of the financial undertaking to be established, there is no precise numerical expectation.

6. How can the material-technical conditions be verified in the case of a safe deposit service?

In this case, the applicant must indicate which safe deposit system they intend to operate, whether it is owned or rented, and the security conditions (24-hour security, camera, etc.) under which they intend to operate it. A certificate from the insurer confirming that the safe deposit space is adequately insured must also be attached.

7. If a technical requirement (e.g. IT) is not something that the financial undertaking would like to provide itself, is there an option to outsource?

Yes, it is possible to outsource under the rules set out in Section 68 of the Credit Institutions Act. The outsourced activities and who carries them out must be indicated by the financial undertaking in both the Articles of Association and the Business Rules, and the outsourcing contracts (at least in draft form) must be submitted during the procedure.

8. What are the MNB's expectations for outsourced activities?

When concluding an outsourcing contract, the data protection provisions and the restrictive rules of the Credit Institutions Act, e.g. the exclusion of the ownership of close relatives (Section 68 (11) of the Credit Institutions Act) must be taken into account, and the outsourcing contract must allow for the company's internal auditor to inspect the outsourced activity at least once a year.

Property insurance

1. How can a financial company in the process of being established prove the existence of property insurance?

By a property insurance offer signed by both parties.

2. Are there any special conditions for property insurance for safe deposit service/pledged collateral lending?

In the case of pledged collateral lending, the applicant must demonstrate that the collateral is matched to the amount of credit available (see the relevant Recommendation). In the case of safe deposit services, the amount of insurance must be adjusted to the assets funds to be stored in the safe deposit box.

Regulations

1. Prudential regulations general expectations activity-specific expectations – for detailed expectations and minimum requirements for regulations, please refer to the Regulations Guides and Q&As.
2. Business Rules and GTC general expectations activity-specific expectations – for detailed expectations and minimum requirements for regulations, please refer to the Regulations Guides and Q&As.
3. IT Policies general expectations security risk management availability, BRP/BCP conflict of interest rules use of cloud services outsourcing – For detailed expectations and minimum requirements for regulations, please refer to the Regulations Guides and Q&As.
4. Money laundering regulations general expectations risk-based approach enhanced procedure – For detailed expectations and minimum requirements for regulations, please refer to the Regulations Guides and Q&As.

Persons acquiring a qualifying holding the legitimate origin and availability of the funds required to acquire the interest (see initial capital) the means of proving the legitimacy of the funds proof of availability (documents that can be used, etc.) other documents, certificates (tax, customs, VAT certificates)

For some of the questions/answers, see initial capital section (legitimate origin and availability)

1. What constitutes an acquisition of qualifying holding?

Qualifying holding: means 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 (Paragraph 6 of Section 6 (1) of the Credit Institutions Act, Article 4 (1) Point 36 of Regulation 575/2013/EU).

An authorisation is required to be obtained from the MNB

a) for the acquisition of a qualifying holding in a financial undertaking, or

b) for the modification of a qualifying holding by which to reach the twenty, thirty-three or fifty per cent limit (Section 126 (1) a) and b) of the Credit Institutions Act).

In addition to direct acquisition of qualifying holdings, first-level indirect acquisition of qualifying holdings are also subject to authorisation in all cases, whether on their own or in connection with direct acquisition of holdings.

2. Can ownership share and voting rights be separated? Does a qualifying holding arise if only one of these reaches or exceeds the limit?

Voting rights should be counted in the same way as ownership shares and, if either voting rights or ownership shares reach the above-mentioned level, the authorisation procedure should be conducted.

3. If close relatives acquire shares that are not in themselves considered to be of a qualifying degree, should their shares be aggregated?

Yes, in the case of natural persons, the ownership interests or voting rights jointly owned or exercised by the natural person's close relatives are to be calculated cumulatively.

4. In the case of a non-resident person acquiring qualifying holdings, how can submission requirements for declarations with negative clearance of customs, tax and social security debts be complied with?

In all cases, the foreign authorities are expected to issue a certificate with the appropriate content, even if the applicant is not subject to the customs procedures of the country concerned. In this case, the MNB will require a declaration with negative clearance to this effect from the authority concerned.

5. In the case of a non-resident person acquiring holdings/non-resident founder, what documents can be used to prove the legitimacy of the source and its availability?

The basic logic of the rules is the same as for resident applicants. It is also necessary to provide proof of the legitimate origin and availability of the source, with a certified Hungarian translation of the foreign language document being required on each occasion, with the proviso that a translation from any official language of the European Union by a qualified translator or translator-editor is acceptable.

6. Is a Hungarian translation of documents needed for foreigners?

In all cases, a certified translation into Hungarian must be provided in the case of funding procedures, with the proviso that a translation from any official language of the European Union by a qualified translator or translator-editor is acceptable.

7. If the resource to be used for the acquisition is derived from inheritance/gift/sharing of matrimonial property, what documents can be used to prove its legitimate origin and availability?

As regards the donor, the MNB checks whether the amount spent on the gift was acquired legally. In this case, too, it must be proven that the transaction has been completed and that the gift has actually been transferred. For example, a certificate of income issued by the NAV can be used for this purpose.

If the resource is derived from an inheritance, a final grant of probate or a final court judgment must be attached. In the case of property resulting from the sharing of matrimonial property, the application must be accompanied by the marriage contract in a public deed or a private deed countersigned by a lawyer or by a final court judgment.

8. If only one spouse wants to participate in the foundation, but the resource to be used is community property, what should the other spouse do? Is a document/declaration also required from him/her to be attached?

Yes, in this case the other spouse must declare that he or she agrees to the use of an appropriate part of the matrimonial community property for this purpose.

Last amendment: April 2024