	Q&A
Prior to submission	• When do we talk about the acquisition of qualifying holding? Pursuant to Section 4 (2)11 of the Investment Firms Act qualifying holding shall mean "the notion determined as qualifying holding in Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Credit Institutions Act)" Pursuant to Section 6 (1)6 of the Credit Institutions Act "qualifying holding shall mean the notion defined as such in Regulation No 575/2013/EU of the European Parliament and of the Council." Pursuant to point 36 of Article 4 of Regulation No. 575/2013/EU of the European Parliament and of the Council, "qualifying holding is a direct or indirect holding in an undertaking which represents 10 percent 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;" • Is there any difference between the acquisition of qualifying holding and the acquisition of qualifying interest? Apart from the name there is no difference between the two notions in terms of their content. • Who needs to submit the application for the licence? The acquirer must submit the application and prove the statutory requirements in respect of its personal identity. • Which laws may be applicable? In addition to the Investment Firms Act, certain EU Directives and Regulations, belonging to the MiFID regime, such as the MiFID II, Commission Delegated Regulation No. 2017/1946/EU (RTS) and Commission Implementing Regulation No 2017/1944/EU (ITS). • Who can be the applicant? Any natural or legal person. • Is it necessary to conduct the authorisation procedure, if somebody acquires qualifying interest in an investment firm through inheritance or legal succession? Yes, the authorisation of the Supervisory Authority must be obtained in this case as well.
Application and annexes	
Application	• In what form may the application be submitted? Pursuant to Section 9 (1) of Act CCXXII of 2015 on the General Rules of Electronic Administration and Trust Services (E-administration Act), the enterprises proceeding as clients in matters belonging to the tasks and competence of the MNB, including the financial organisations supervised by the MNB, and their legal representatives are obliged to use electronic administration. This also means that

	natural person applicants may also submit the application on paper. Namely, pursuant to Section 9 (3) of the E-administration Act, natural persons may be obliged to use electronic administration only by the law. • So is it necessary to submit the application on a form? In the case of electronic communication, yes. On the other hand, if the natural person submits his or her application on paper, he or she can do so through the standard form available on the MNB's website.
Documents to be submitted	• Is the range of documents to be submitted as annexes to the application is the same for all applicants? No, since the change in the EU regulation effective from 2018 there are major differences in the range of documents to be attached by the natural person and legal entity applicants. Moreover, the range of documents to be submitted may also be categorised on the basis of the rate of the holding acquired in the investment firm. The effective EU regulation prescribes the proof of additional special authorisation conditions depending on the rate of the holding to be acquired. For more details on this see the guide entitled "Authorisation of the acquisition of qualifying interest in investment firms", publicly available on the MNB's website.
Financial resources, proof of the legal origin	• Is it necessary to prove the payment of the financial resources used for the acquisition? If yes, how can I do this? Yes. The payment must be proved. When the payment is made to an account, the fact, time and completion of the payment may be proved credibly by the confirmation issued by the account-keeping institution. • Is the confirmation of the payment alone sufficient to prove the existence of the financial resources? Naturally, it is not. The legal origin of the paid up amount must be also proved, i.e. the fact that the amount paid up comes from a legal source. • How can the acquirer prove the legal source of the funds? This also depends on whether the acquirer is a private individual or legal entity, and whether he wants to use his own or external (received/obtained from another person) funds. In the case of private individuals own funds may be proved primarily by an income certificate issued by NTCA. The amounts, subject to consolidated and separate taxation (e.g. dividends), stated in the income certificate, may be taken into consideration, but the amounts reasonably necessary for covering the normal living costs (similarly to the living costs

	applied for the purposes of loan assessment by banks) shall be deducted from the consolidated income stated in the income certificate. The tax certificate alone is not sufficient to prove the own funds. In the case of income from the sales of immovable or movable property, the sales contract may prove the legal origin, but it must be also proved that the sales transaction has been effectively carried out and the purchase price has been paid. If the source of the financial resources is a transaction not for a consideration (e.g. gift), it must be proved in respect of the giver that he obtained the amount used for the gift legally. Furthermore, the realisation of the transaction, i.e. the actual transfer of the gift, must be proved in this case as well. If the private individual wishes to provide the start-up capital from debt capital, a typical case of that is an amount coming from a loan contract. The lender may be anybody (e.g. financial institution, company, or other non-natural person or natural person). It applies to all of them that the MNB may examine and examines the legal origin of the loan at the lender as well, while the borrower must render the repayment of the loan probable. Legal entities may prove own funds by their balance sheet data. Essentially it is the audited balance sheet that can be accepted. Practical experiences show that that in addition to the liabilities side, the assets side must also state sufficient liquid assets (sum of cash and assets that can be promptly liquidated), which provides liquidity for the financial resources and also ensures proper liquidity during the operation. Legal entities may also use debt capital (typically a loan), and thus the requirements mentioned in respect of private individuals shall govern in this case as well. • If the acquirer intends to use the income realised several years before the activity licensing procedure as start-up capital, how should it prove the existence thereof? If it was a one-off transaction in the past (e.g. property sales contract), the existence of the funds can be proved by the documentation of the respective transaction and the account statements containing the proceeds from the transaction. If the amount has been deposited on a custody account, the confirmation issued on that will be a suitable proof. However, if the funds have been kept on a current account, the constant existence of the funds may be proved by an account statement for the same day of

	each year from the year of the transaction until the submission of the activity licensing application. • What is the correct procedure, if the acquirer did not keep the amount underlying the legal origin on an account? In this case, a declaration should be made to the effect that amount has been at his disposal since its acquisition. • What is the procedure if the funds of the acquirer come from several years of income or business profit? In this case the income certificate or audited balance sheet data for all years that serve as a basis for the financial resource must be presented.
Other questions	• How can the non-resident acquirers of qualifying holding comply with their obligation to submit customs, social insurance and tax clearance certificates? It is expected, without exception, that the foreign authorities issue the confirmation with proper content. • What documents should be used by non-resident acquirers of qualifying interest to prove 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? Yes. In the activity licensing 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? 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 must be attached. When the funds come from the division of marital estate non-appealable court judgement must be attached to the application. • If only one of the spouses intends to become the owner of the investment firm, but the funds to be used for this purpose is joint property,

	what should the other spouse do? 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.