

**Government Decree 363/2014 (XII. 30.)**

**on the eligible costs incurred during the application of resolution tools**

Acting on the basis of the authorisation granted under Section 145(1)(a) of Act XXXVII of 2014 on the further development of the institutional system strengthening the safety and security of certain participants of the financial intermediary system and proceeding within its role defined in Section 15(1) of the Fundamental Law, the Government hereby orders the following:

**Section 1**

For the purposes of this decree:

1. detailed invoice of expenses: invoice issued for the costs incurred by the Magyar Nemzeti Bank (hereinafter: MNB) acting in its scope of authority for resolution or by the Resolution Fund in resolution;
2. fee: the cost per man-hour derived from the average monthly salary of the National Deposit Insurance Fund's (hereinafter: OBA) employees engaged in Resolution Fund related work and of the employees of the MNB acting in its scope of authority for resolution dealing with resolution-related work, multiplied by the number of overtime hours spent on certain resolution-related activity as stated on the detailed invoice of expenses;
3. transaction cost: the cost of the various services used by the MNB acting in its scope of authority for resolution in the course of selling off assets, business lines, rights, obligations or shareholdings, or the conversion of assets and liabilities, or in the context of the operation of the bridge institution or asset management vehicle, in particular the services of legal experts, accounting service providers, auditors or other experts.

**Section 2**

Among the costs incurred by the individual or joint application of the resolution tools and powers defined in Act XXXVII of 2014 on the further development of the institutional system strengthening the safety and security of certain participants of the financial intermediary system (hereinafter: Resolution Act) by the MNB acting in its scope of authority for resolution, the following costs qualify as eligible and can be charged to the institution under resolution based on the detailed invoice of expenses :

- a) the cost of the independent valuation of the assets and liabilities of the institution prior to issuing a decision on taking resolution actions, or in the absence of an independent valuation, the cost of the provisional valuation and the ex-post definitive valuation;
- b) the transaction cost linked to the sale of business and to the return of the assets, liabilities and obligations transferred to the recipient to the institution under resolution;
- c) where the bridge institution tool is applied, the transaction cost incurred by the operation of the bridge institution, or by the transfer of shareholdings issued by the institution under resolution and by the transfer or potential return of the assets, liabilities, rights and obligations of the institution under resolution;
- d) transaction costs linked to the operation of the asset management vehicle and the transfer and provisional operation of the assets acquired by it in the context of asset separation;
- e) transaction costs linked to the write-down or conversion in the context of bail-in;
- f) fees related to the potential amendment of the business reorganisation plan drawn up following bail-in if not the affected institution or financial institution draws up the business reorganisation ;
- g) the costs related to the temporary provision and operation of facilities to be taken over by the recipient, in particular the renewal or re-conclusion of hedging transactions performed by bank Treasuries; and
- h) the transaction costs incurred in the context of restricting the enforcement of collateral.

### **Section 3**

The following costs may be charged to the institution under resolution from the costs incurred by the utilisation of the assets of the Resolution Fund in line with the requirements defined in the Resolution Act, based on the detailed invoice of expenses issued by the Resolution Fund:

- a) the transaction cost incurred in the context of guaranteeing the assets or the liabilities of the institution under resolution, or of its subsidiaries, a bridge institution or a resolution asset management vehicle;
- b) the transaction cost incurred by lending to the institution under resolution, its subsidiaries, a bridge institution or a resolution asset management vehicle;
- c) the transaction cost incurred by purchasing the assets of the institution under resolution;
- d) the transaction cost on capital contribution to a bridge institution or an asset management vehicle;
- e) the transaction cost on compensation payable by the OBA in accordance with Section 143(5) of the Resolution Act; and
- f) the fees for the measures listed in items a)-e).

### **Section 4**

(1) The costs defined in Sections 2 and 3 shall be payable by the institution under resolution to the MNB and to the Resolution Fund.

(2) If the MNB or the Resolution Fund incurs a cost with regard to several institutions under resolution in the context of the operation of a bridge institution or an asset management vehicle, then:

- a) it shall allocate the costs clearly associated with the institution under resolution to such institution and
- b) it shall distribute costs not clearly associated with a single institution equally among the affected institutions under resolution.

(3) Payment of eligible costs to the MNB or the Resolution Fund on the basis of the detailed invoice of expenses issued by the MNB or by the Resolution Fund may be completed periodically every quarter during the period of resolution — except if costs are reimbursed on the basis of Section 35(1)(a) of the Resolution Act — or if the resolution measures take less than one quarter, the MNB and the Resolution Fund shall issue its detailed invoice of expenses until the time of submission of the audit report concluding resolution.

(4) The amount stated on the detailed invoice of expenses shall be settled within 60 days of receipt of the invoice.

(5) The detailed invoice of expenses or its annex shall include a detailed statement of transaction costs approved by the internal audit of the issuer and, where applicable, a detailed statement of fees.

### **Section 5**

This decree shall become effective on the third day following the date of its promulgation.