

COMMON CONSUMER PROTECTION REGULATIONS

1.1 Common rules of DISTANCE SELLING

Pursuant to Act CXVIII of 2001 on Electronic Commerce and on Information Society Services (Ektv.), the service provider shall publish at least the following data in electronic form, directly and continuously, in an easily accessible manner:

- a) name of the service provider,
- b) registered office, place of business – in the absence of these, residential address – of the service provider,
- c) contact data for the service provider, particularly the electronic mail address regularly used for liaising with the users,
- d) if for the establishment of the service provider or for the start of its activity the law prescribes the registration of the service provider in a trade register, the name of the registering court or authority, and the service provider's registration number,
- e) if based on the law the exercise of the service provider's activity is subject to a licence, this fact, together with the name and contact details of the licensing authority, and the licence number,
- f) if the service provider is subject to value added tax, the tax number of the service provider,
- g) as regards the practising of regulated professions:
 - ga) the name of any professional body or similar institution (chamber) in which the service provider is a member either based on a mandatory requirement or on voluntary basis;
 - gb) if the service provider is a natural person, an indication of the vocational qualification, or professional and scientific degree and the Member State where he obtained this qualification or degree;
 - gc) reference to the applicable professional rules for practising the regulated profession in the Member State of its establishment and the manner of accessing those;
- h) the registered office, place of business of the service provider that provides data hosting services to the service provider, particularly its electronic mail address regularly used for liaising with customers, unless such details are already accessible given the nature of the data hosting service provided to the service provider.

The provider of an information society service shall make the general contract terms and conditions pertaining to the information society service available in a manner that allows the recipient to store and retrieve such terms and conditions.

Before the consumer submits its order, the service provider shall disclose the following information to the consumer:

- a) the technical steps required to electronically conclude the contract;
- b) whether the prospective contract would qualify as a written agreement, whether it would be filed by the service provider as an agreement and whether the filed agreement would be later accessible;
- c) the available tools for identifying and correcting data entry errors prior to the submission of the contractual declaration;
- d) the potential languages of the contract;
- e) the code of conduct governing the service activity to which it is subjecting itself in terms of the specific service, where applicable; and where this code of conduct can be accessed digitally.

The service provider shall ensure, using the adequate, effective and accessible technical tools that the customer is able to identify and correct any data entry errors prior to submitting its order electronically. In the absence of this option, the customer's order does not qualify as a contractual statement.

The service provider shall immediately confirm receipt of the customer's order electronically. The service provider shall acknowledge the receipt of the offer, to the recipient of the service, without

undue delay and by electronic means. If such acknowledgement is not received by the recipient of the service within 48 hours of the sending the offer, the recipient of the service shall not be bound by the offer or the contract.

The offer and the acknowledgement of the receipt will be deemed to be received when the parties to whom they are addressed are able to access them.

In the course of concluding the contract, the service provider and the recipients of the services who are not consumers may agree on derogation from the above.

(Sections 4, 5, 6 and 14/A of Ektv.)

The service provider shall be liable for any infringement and damage caused by making available unlawful information.

The intermediary service provider shall not be liable for any infringement and damage caused to a third party by any information originating from an external source and transmitted, stored or made accessible in the course of the provision of an information society service, provided that the intermediary service provider fulfils the requirements on providing access to the information.

The intermediary service provider shall not be obliged to verify the content of the information that it only transmits, stores and makes available and, further, it is not obliged to seek facts or circumstances implying the conduct of unlawful activity.

The intermediary service provider's exemption does not preclude the injured party from enforcing its claims arising from the unlawful information with the aim to prevent or cease the infringement vis-a-vis the intermediary service provider, alongside the infringing party, in court.

The intermediary service provider shall not be held liable for any damage caused by the removal of the information or by the disablement of access thereto, provided that it has acted in compliance with the above.

The intermediary service provider shall not be held liable for the forwarded information if

- (a) the service provider did not initiate the forwarding of the information;
- (b) the service provider did not select the recipient of the forwarded information, and
- (c) the service provider did not select or make any changes to the forwarded information.

The forwarding of and enabled access to the information includes the automatic intermediate and temporary storage of the forwarded information, if such storage only serves the purpose of forwarding the information and the information is not stored any longer than needed for forwarding.

The intermediary service provider shall not be held liable for damage caused by the automatic intermediate and temporary storage of information if

- a) the service provider does not change the information;
- b) access to the stored information complies with the mandatory conditions governing access to the information;
- c) the updating of the information on the intermediate storage medium complies with the broadly recognised and applied information updating practices;
- d) intermediate storage does not interfere with the legitimate use of the broadly recognised and applied technology used to glean information on the use of the information; and
- e) the service provider immediately removes the stored information or blocks access thereto as soon as it gains knowledge that the information has been removed from the network at its original location or that its removal or blocking of access thereto has been ordered by the court or another authority.

The intermediary service provider shall not be held liable for the information supplied by the customer if

- a) it has no knowledge of illicit conduct regarding the information or that the information impinges upon the rights or rightful interests of anyone;
- b) as soon as it gains knowledge of the circumstances specified in point (a), it takes immediate action to remove the information or block access.

The intermediary service provider shall not be held liable for damage caused by making information accessible if

- (a) it has no knowledge of illicit conduct regarding the information or that the information impinges upon the rights or rightful interests of anyone;
- (b) as soon as it gains knowledge of the circumstances specified in point (a), it takes immediate action to remove the information or block access.

The service provider shall not be exempt from liability if the customer acts on commission from or at the orders of the service provider.

The service provider may process personal data enabling identification of the user and their address for purposes related to the conclusion of contracts on information society services, the determination of their content, their amendment, the monitoring of fulfilment and the invoicing of the arising fees and the collection of such fees.

For the purpose of billing the fees arising under the contract for the information society service, the service provider may process personal data related to the use of such service, provided that such data are indispensable for establishing and billing the charge, thus, especially, the data regarding the time, duration and place of using the service.

The service provider may process personal data that is technically imperatively required for the purpose of providing the service. Should other conditions be identical, the service provider shall select and operate the means applied in the course of providing information society service at all times, so that personal data be processed only if it is absolutely indispensable for providing the service or achieving other objectives stipulated in the Act, and only to the required extent and duration.

The service provider may process data related to the use of the service for purposes other than those specified before — thus, in particular, for the purposes of enhancing the efficiency of the service, forwarding of electronic advertisements or other direct communications addressed to the recipient of the service, or market surveys — only with the prior specification of the objective thereof and subject to the consent of the recipient of the service.

The recipient of the services shall be allowed, at all times, prior to and during the course of using the information society service to prohibit the data processing.

The data may not be linked to the identification data of the recipient of the service nor may it be released to third parties without the consent of the recipient of the service.

Data processed for the purposes specified above shall be deleted if the contract is not concluded, is terminated and after the billing. Data processed for the purpose defined above shall be deleted if the objective of data processing has ceased or upon the instruction of the recipient of the service to this effect. Unless provided otherwise in legislation, deletion of the data shall take place without delay.

The provision of an information society service may not be made subject to the consent of the recipient of the service to data processing for a purpose mentioned in legislation if the given service is not available from another service provider.

In addition to the information obligations specified in a separate act, the service provider shall ensure that the recipient of the information society service may, at any time prior to and in the course of using the service, get acquainted with the types of data processed by the service provider and the objective of

processing such data, including the processing of data directly not associated with the recipient of the service.

Application providers delivering services of encrypted communication shall keep, for 1 year after their emergence, any meta data enlisted below that has emerged or has been processed in connection with the replies or communication forwarded with the use of such an application.

In the event a body entitled for confidential information collection is contacted, wherein data gathering is subject to external permission, the application provider delivering services of encrypted communication shall specify

- (a) the type of service;
- (b) the service subscriber's or user's
- (ba) identifying data needed for the use of the service, alongside the date, and starting and closing date of the use of the service;
- (bb) IP address and port number used for registration;
- (bc) IP address and port number used at the time of utilisation;
- (c) the end-user's identification number.

(Section 5, 6, 7, 8, 9, 13/A and 13/B of Ektv.)

In the case of financial services provided through distance marketing, special rules apply to consumer information, which is governed in Act XXV of 2005 on Distance Marketing of Consumer Financial Services (Távtv).

Before the consumer issues a declaration of intent to conclude a contract, the service provider shall disclose the following information to the consumer in due time, in function of the nature of the service and the means of telecommunication used:

- (a) with regard to the service provider:
 - (aa) the corporate name (name), registered seat, main scope of activity, company or court registration number and contact address of the service provider,
 - (ab) the name, address and contact address of the service provider's representative (if any) established in the Member State in which the consumer resides,
 - (ac) the name, address and type of relationship with the service provider of the entity that is different from the service provider, or from the representative of the service provider contributing to contract signing, which entity maintains business relations with the consumer, and acts in the interest of the service provider, if this is necessary,
 - (ad) the name and registered seat of the supervisory authority that authorises the service provider's activity or that registers the service provider,

- (ae) the professional or other organisation that keeps record of the service provider, as well as the registration number of the service provider;

- (b) with regard to the service:

- (ba) the material characteristics of the subject of the contract,
- (bb) the compensation, including other payment obligations, related to the service, and – in case compensation cannot be exactly determined – about the basis for fee calculation,
- (bc) possible payment obligations (including taxes) imposed on the consumer in addition to the payment of compensation,
- (bd) the possible special risks related to the service, as well as that the provision of the service and compensation depend on market fluctuations, and that past performances do not guarantee future performances,
- (be) the possible temporal restrictions of the validity of the given data,
- (bf) the conditions of payment and performance,
- (bg) the potential additional costs payable by the consumer for the use of the given means of

telecommunication;

(c) with regard to the contract:

(ca) the right to cancel (terminate) the contract, or the lack of such right; the terms and conditions, ways and legal consequences of exercising the right to cancel (terminate) the contract, and the address (electronic mail address, fax number) to which the consumer must send his intention to cancel (terminate) the contract,

(cb) the shortest term of the contract in case the services undertaken in the contract are provided on a continuous basis or repeatedly,

(cc) the possibility and consequences of the unilateral termination of the contract before the expiration date,

(cd) the legal regulations to be applied regarding the obligation of cooperation and information supply to be observed by the parties before contract forming, the language of the preliminary information supply,

(ce) the language of the contract, the language or languages of communication with the consumer during the effective period of the contract (agreed upon with the customer), as well as

(cf) the possible selection of the applicable law, the specification of an exclusive scope or jurisdiction;

(d) with regard to the proceedings to be followed in case of legal disputes:

(da) forums that are available for the out-of-court settlement of legal disputes arising from the contract,

(db) the fact whether there exists a special guarantee fund (or other possible way of indemnification) – other than the National Deposit Insurance Fund and the Investor Protection Fund to which the consumer may turn to.

The service provider shall meet the information supply obligation in a clear, understandable and accurate manner, suitable for the means of telecommunication used for this purpose. The service provider shall clearly formulate its intention to contract.

In lieu of the information above, consumers shall be informed pursuant to Section 5-7 of Act CLXII of 2009 on Consumer Credit (Fnyht.), if the consumer is granted consumer credit. Furthermore, in the event a credit line is granted in relation to a payment account, information shall be provided according to Section 6 (6) of Fnyht. When rendering payment services, instead of the information specified in points aa)-ad), ba)-bb), cb)-cc), ce)-cf) and da) above, the information prescribed in Sections 8-10 and 29-31 of Act LXXXV of 2009 on the Pursuit of the Business of Payment Services shall be provided.

If the service provider proposes the consumer contract signing or an invitation to bid over the phone, before doing so it must at least disclose its corporate name (name), registered seat and telephone number, and shall expressly call the consumer's attention to its intention to contract.

When proposing contract forming or making an invitation to bid over the phone — provided the consumer gives his express consent — the service provider shall provide the following information, notwithstanding the provisions of the above section:

(a) the name of the person that maintains contact with the consumer, and the relationship between such person and the service provider,

(b) the material characteristics of the subject of the contract,

(c) the compensation, including other payment obligations related to the service, and – in case compensation cannot be exactly determined – the basis for fee calculation,

(d) possible payment obligations (including taxes) imposed on the consumer in addition to the payment of compensation,

(e) the conditions of payment and performance,

(f) the right to cancel (terminate) the contract, or the lack of such right; the terms and conditions, ways and legal consequences of exercising the right to cancel (terminate) the contract, including Article 8 of the Act, as well as the address (electronic mail address, fax number) to which the consumer must send his intention to cancel (terminate) the contract,

(g) the fact that the consumer may request additional information, and the nature of such additional information.

Information, as per point (b), shall in the case of consumer credits, contain at least the data mentioned in Section 6 (1)(4)-(7) and (9) and Section 6(2) of Fnyht, as well as the total credit amount and the annual percentage rate indicator, alongside a representative sample.

Information about credit line provision related to a payment account, as per point (b), shall contain at least the data mentioned in Section 6 (1)(4)(7) and (8) and Section 6(6)(c) of Fnyht, in the event the consumer requests the immediate availability of the credit line related to the payment account.

Before the consumer makes his declaration of intent to contract, the service provider shall notify the consumer in due time — with regard to the nature of service and the means of telecommunication used — about the terms and conditions of the financial service contract to be formed in the framework of distance selling, and about the information specified in Sections 3(2) and (4) of the Act, in paper format or on another data storage device accessible by the consumer.

If upon the consumer's request the contract was concluded via a means of telecommunication that does not make preliminary information supply possible, the service provider shall provide the information specified in the above section immediately after the conclusion of the contract.

Upon the consumer's request the service provider shall make the contract terms and conditions available on paper at any time during the term of the contract.

During the term of the contract, the consumer may decide to change the type of the means of telecommunication, provided that it is not in conflict with the concluded contract and the service type. (Section 3-5 of Távtv.)

1.2 Rules pertaining to UNFAIR TRADING PRACTICES

The scope of unfair commercial practice is stipulated and specified in Act XLVII of 2008 on the Prohibition of Unfair Business-to-Consumer Commercial Practices (Fttv), as follows. A commercial practice shall be regarded as unfair if:

(a) it is contrary to the requirements of professional diligence, i.e. the trader acting in commercial practices fails to use the standard of special skill and care which a trader may reasonably be expected to exercise, commensurate with honest market practice and/or the general principle of good faith (hereinafter referred to as "requirements of professional diligence"), and

(b) it materially distorts or is likely to materially distort the economic behaviour, with regard to the product, of the average consumer whom it reaches or to whom it is addressed, using this practice to impair the consumer's ability to make an informed decision and thereby causing the consumer to take a transactional decision that he would not have taken otherwise; (hereinafter referred to as "materially distort the economic behaviour of consumers")

The annex to Fttv contains the list of commercial practices that are regarded as unfair.

In accordance with the above, deceptive or aggressive practices are *particularly* unfair.

A commercial practice shall be regarded as misleading if it contains false information and is therefore untruthful or in any way, including overall presentation, deceives or is likely to deceive the average consumer, even if the information is factually correct, in relation to one or more of the following elements, and in either case causes or is likely to cause him to take a transactional decision that he would not have taken otherwise:

(a) the existence or nature of the goods, taking into account the statutory provisions relating to the names of products;

(b) the main characteristics of the goods, in particular

(ba) their execution, composition, technical features, accessories;

(bb) their quantity;

(bc) their geographical or commercial origin;

(bd) their method and date of manufacture or provision;

(be) their availability, delivery;

(bf) their usage, facts regarding use and maintenance;

(bg) their fitness for purpose, results to be expected from its use, benefits;
(bh) their dangers, risks;
(bi) their environmental impact;
(bj) their impact on health; or
(bk) the way they are controlled or tested and the results;
(c) the price of the goods or the manner in which the price is calculated, or the existence of a specific price advantage or discount;
(d) tax exemption, tax allowance or any other tax benefit related to the use of the goods; (e) the need for a service, component, replacement or repair work in connection with the goods; (f) customer service and complaint management provided in connection with the goods;
(g) the nature, attributes and rights of the business entity or his agent, such as his identity and assets, his qualifications, status, approval, affiliation or connection and ownership of industrial, commercial or intellectual property rights or his awards and distinctions;
(h) the extent of the business entity's commitments, the motives for the commercial practice and the nature of the sales process, any statement or symbol in relation to sponsorship or the approval of the business entity or the product; or
(i) the consumer's rights or the risks of unfavourable legal outcomes he may face in connection with the transaction.

A commercial practice shall also be regarded as misleading if it involves:

(a) a commercial practice which creates confusion with any business entity or its corporate name, or with the product, trade mark, trade name or any other distinguishing mark of such a business entity;
(b) non-compliance by the business entity with commitments contained in codes of conduct by which the business entity has undertaken to be bound,
where:

(ba) the commitment is not merely aspirational but is firm and is capable of being verified; and
(bb) the business entity indicates in a commercial practice that he is bound by the code, if taking account of the factual context it causes or is likely to cause the average consumer to take a transactional decision that he would not have taken otherwise.

A commercial practice shall be regarded as misleading if:

(a) taking account of all its features and circumstances and the limitations of the communication medium, it omits or conceals material information that the average consumer needs, according to the context, to take an informed transactional decision, or provides such information in an unclear, unintelligible, ambiguous or untimely manner, or fails to identify the commercial intent of the commercial practice if not already apparent from the context; and
(b) thereby causes or is likely to cause the average consumer to take a transactional decision that he would not have taken otherwise
(hereinafter referred to as "misleading omission").

Where the medium used to communicate the commercial practice imposes limitations of space or time, these limitations and any measure taken by the trader acting in commercial practices to make the information available to consumers by other means shall be taken into account in deciding whether information has been omitted, and whether it constitutes a misleading omission.

A commercial practice shall be regarded as aggressive if, in its factual context, taking account of all its features and circumstances, by harassment, coercion, including the use of physical force, or undue influence for exploiting a position of power in relation to the consumer so as to apply pressure, it significantly impairs or is likely to significantly impair the average consumer's freedom of choice or conduct and the consumer's ability to make an informed decision with regard to the product and thereby causes him or is likely to cause him to take a transactional decision that he would not have taken otherwise.

In determining whether a commercial practice is aggressive, account shall be taken of:

(a) the timing, location, nature or persistence of the commercial practice;

(b) the use of threatening, frightening or abusive language or behaviour in commercial practices;

(c) the exploitation by the trader acting in commercial practices of any specific misfortune or circumstance of such gravity as to impair the consumer's judgement, of which the trader is aware, to influence the consumer's decision with regard to the product;

(d) any onerous or disproportionate non-contractual barrier imposed by the trader acting in commercial practices where a consumer wishes to exercise rights under the contract, including rights to terminate a contract or to switch to another product or another trader;

(e) any threat to take any action that cannot legally be taken.

Liability for any violation of the prohibition of unfair commercial practices

Liability for any violation of the prohibition of unfair commercial practices shall lie with the business entity directly connected with the promotion, sale or supply of goods to which the commercial practice in question pertains, even if the commercial practice is carried out under contract by another person acting on behalf of or for the business entity in question.

By way of derogation from the foregoing, liability for any infringement arising in connection with the representation of commercial communication shall also lie with the person who uses means suitable for the publication of commercial communication to disseminate commercial communication, and with the person professionally involved in producing or creating commercial communication in the context of his economic activities, or in providing other related services, with the exception if the infringement originates from the execution of the instructions of the business entity. The aforesaid persons shall bear joint and several liability with the business entity for damages resulting from such unlawful commercial practices.

In the case of the infringement of the prohibition of unfair commercial practices, action shall be taken by the consumer protection authority in all cases but the one described below:

MNB proceeding within its role of supervising the system of financial intermediation shall proceed if the affected commercial practice is related to the enterprise's activities supervised by MNB.

Contrary to the above, action shall be taken by the Competition Office if the commercial practice may significantly influence the economic competition.

(Section 3-10 of Fttv.)

1.3 Common rules of COMPLAINT ADMINISTRATION

The financial service provider shall provide the client the opportunity to lodge complaints regarding its conduct, activities or omissions in verbal (in person or by telephone) or written form (in a written document submitted in person or by another party, by mail, telefax or e-mail).

All complaints lodged by telephone and the conversation between the financial service provider and the consumer shall be recorded, and the recording retained for a period of five years. The consumer shall be informed of this before the commencement of the phone conversation. If the customer requests so, he shall be allowed to rehear the recording, and the verified report or a copy of the recording shall be disclosed to him, free of charge, within a period of twenty-five days, upon his request.

The financial service provider shall archive the complaint and its reply issued thereto for a period of five years and present them at MNB's request.

The financial service provider shall not charge customers for the investigation of complaints.

The financial service provider shall appoint a contact person in charge of consumer protection matters and report any changes in the appointed person or their particular to MNB within fifteen days.

The service provider shall

- a. accept oral complaints at premises open to all customers during business hours or in the absence thereof, at its registered office between 8:00 am and 4:00 pm on every working day, or the insurer at least one working day of the week between 7 a.m. and 9 p.m., for at least twelve hours on a continuous basis;
- b. accept oral complaints lodged on the phone on every working day and from 8:00 am to 8:00 pm on at least one working day per week, or the insurer at least one working day of the week between 7 a.m. and 9 p.m., for at least twelve hours on a continuous basis;
- c. accept written complaints lodged electronically on a continuous basis, providing an alternative avenue in the event of malfunction.

The service provider shall, if complaints are handled via phone, ensure call receipt and administration within a reasonable waiting time. [Government Decree No 435/2016 (XII.16.), Section 2(2), Section 1 (3) of Government Decree 437/2016 (XII. 16.), Section 1 (2) of Government Decree 438/2016 (XII. 16.) and Section 28/A (3) of Act CXVII of 2007 on Occupational Pension and the Related Institutions]

The service provider shall immediately investigate oral complaints and take the necessary corrective action. If the customer disagrees with how the complaint is handled, the service provider shall draw up minutes of the complaint and its relevant position and hand over one copy to the customer in case of oral complaints or send one copy to the customer – together with the reply – in case of complaints lodged by telephone, and otherwise proceed in accordance with the provisions governing written complaints.

If the complaint cannot be immediately addressed, the service provider shall draw up minutes of the complaint and hand over one copy to the customer in case of oral complaints or send one copy to the customer – together with the reply – in case of complaints lodged by telephone, and otherwise proceed in accordance with the provisions governing written complaints.

The service provider shall send its position regarding the written complaint, along with an explanation, to the customer within 30 days of the lodging of the complaint, and shall do so within 15 working days in the case of a written complaint about its financial service.

If it is impossible to respond, within 15 working days, to all the elements of the complaint related to the financial service, for a reason beyond the control of the service provider, the service provider will send a temporary answer that contains the reasons for the delay of the effective answer and the deadline of sending the final answer. However, the deadline of sending the final answer cannot be later than within 35 working days of the submission of the complaint.

Working days shall be interpreted as working days specified in Pft.

During complaint management the service provider shall act in a way that financial consumer legal conflicts are avoided as much as the circumstances allow.

If the complaint is rejected, the service provider shall notify the customer of its option to initiate consumer protection proceedings with MNB in the event of the violation of the consumer protection provisions defined in Act CXXXIX of 2013 on the National Bank of Hungary (the MNB Act), or seek out a court or open proceedings with FAB in the event of a legal dispute concerning the conclusion, validity, legal effects or termination of the contract, as well as of a breach of contract and its legal effects, if he qualifies as a consumer according to the rules on FAB proceedings. The service provider shall notify the consumer if he has made a general objection statement, and specify the registered address of the FAB, along with its phone number and internet and postal address. Furthermore, upon the consumer's separate request, it shall submit the request form that has been compiled by FAB and made available for the service provider.

The service provider shall draw up complaint management regulations, outlining the effective, transparent and quick management of customer complaints, the related complaint management

procedures and the related record-keeping. In these regulations, the provider shall inform customers on the location, mailing address, e-mail address, phone number and fax number of the complaint management function concerned.

The service provider shall keep records on customer complaints and the action taken to resolve and address the complaints.

The records shall include

- (a) a description of the complaint, the underlying event or fact forming the grounds for the complaint,
- (b) the date of the lodging of the complaint,
- (c) a description of the action taken to resolve or address the complaint, or the grounds for rejecting the complaint,
- (d) the time limit for implementing the measures and the person responsible for implementation, and
- (e) the date of reply to the complaint.

The service provider shall display its complaint management regulations in a clearly visible location at its premises, or in the absence thereof, at its registered office, and post them on its website.

In the event oral complaints are handled in an office open to customers or, in absence of this, at the insurer's head office, the insurer shall ensure that customers can make an appointment in advance, for personal administration, either electronically or on phone. Within five working days from the date when the appointment for personal administration was requested, the customer shall be given an appointment for personal administration.

The voluntary mutual pension fund, private pension fund insurance undertaking, occupational pension provider institution, investment enterprise, financial institution, the agent responsible for the independent mediation of the financial service, UCITS asset manager, insurance company, independent insurance intermediary and dependent insurance intermediary that concurrently mediates the competing insurance products of several insurance companies (hereinafter collectively referred to as service provider) shall conduct a comprehensive audit and issue a reply to the fund member, customer, member or investor (hereinafter collectively referred to as customer) on the complaint linked to the service provider's conduct, activities or omission (hereinafter referred to as complaint) pertaining to the service provider's fulfilment prior to contract conclusion or the establishment of membership, at the time of contract conclusion or the establishment of membership or during membership, or to the termination of the contractual or membership legal relationship, or the contract or membership legal relationship following such termination.

Should it need further information for the examination of the complaint, the service provider shall, without delay, contact the customer for the necessary details.

If the service provider operates a website for the fulfilment of its statutory obligations, the service provider shall make available, on its webpage, the template form published on its website by MNB, for the submission of the complaint. The service provider shall also accept written complaints accepted in a different form.

If the customer does not send its written complaint to the address of the organisational unit in charge of complaint management defined in the complaint management regulations, or if the customer does not submit its written complaint to the dedicated staff member at the service provider's premises open to customers, the service provider shall immediately forward the complaint, following its receipt, to the organisational unit in charge of complaint management.

After the oral complaint is received, the service provider shall inform the customer about the contact data of the organisational unit that is involved in the further processing thereof, and shall, in the case of

complaints lodged on phone, notify the customer of the complaint's identifying data.

Unless it is otherwise required by the customer, the service provider shall submit its reply, alongside its reasoned position, electronically, through the same channel as was used for the complaint's submission, if the customer

- a. has sent the complaint from an electronic address that had been notified for liaison and registered by the service provider, or
- b. has filed the complaint on an internet portal operated by the service provider, which is only accessible by the service provider's customer.

The above shall not apply if the service provider fails to ensure

- (a) the fulfilment of the legislative conditions as prescribed in connection with the posting of the package that the response is included in or
- (b) the protection of the data, protected by privacy rules and regulations, against unauthorised third persons.

The financial institution, the agent responsible for the independent mediation of the financial service, the investment enterprise and the UCITS asset manager shall, in the case of an oral complaint lodged on phone, act as could be expected in such a situation so that the customer service representative could become available within five minutes after the live voice call of the customer service representative was successfully started.

After the thorough investigation of the complaint, the response shall in detail specify the findings of the comprehensive investigation, just like the measures to take for the settlement of the complaint, and the reason of dismissal in case the complaint is rejected. Additionally, the reply shall contain the exact wording of the contract terms and conditions, as well as the regulation and constitution applicable to the subject of the complaint, if applicable. The service provider's reply shall be clear and unambiguous.

In the event the customer repeatedly files a complaint with the same content as was rejected, and the service provider still maintains its earlier position, its obligation of response may also be fulfilled by way of referring to the previous reaction or by providing information in accordance with a complaint dismissal procedure.

In the case of the dismissal of a complaint, the service provider shall notify the customer qualifying as a consumer of whether the complaint:

- a. was geared towards the resolution of a legal dispute pertaining to the conclusion of the contract or the establishment of the membership legal relationship, the validity, legal effects or termination thereof, or breach of contract and the legal effect thereof, or
- b. the investigation of the violation of the consumer protection provisions laid down in the MNB Act.

If, according to the service provider, the complaint also covers points (a) and (b), as described above, customers qualifying as consumers shall be informed about which parts of the complaint fall under point (a) or (b).

Upon any such customer's request, the service provider shall, without delay, freely dispatch the templates that have been published on the MNB website for the submission of a request with the intention to initiate the FAB (Hungarian Financial Arbitration Board) procedure or the MNB procedure for consumer protection control.

If the complaint of the customer, qualifying as a consumer, has been dismissed, the service provider shall, in its response, indicate the FAB headquarters, its phone number and internet as well as postal address, along with the postal address and phone number of the MNB Financial Consumer Protection Centre. In addition, it shall also indicate the template's electronic accessibility, and inform whether the

consumer may make a request for the free-of-charge dispatch of these templates by the service provider. Herein it shall specify the service provider's phone number, electronic mail and postal address in order to enable the notification of the consumer's need for template postage.

The service provider shall publish information about the above in a clearly visible location suitable for adequate notification.

The service provider shall send its reply to the customer in a manner that allows the identification of the recipient and the recipient's address to which the reply was sent, and furthermore conclusively certifies the fact and date of sending.

In the case of an electronic response by the service provider, the fulfilment of the above conditions may be ensured by a closed, automated logging system that is equipped with protection against any subsequent amendment. Therein the system records the dispatch of the electronic mail, along with the date of delivery, the recipient and the electronic print of the contents of the response.

If legislation stipulates the drawing up of minutes, the minutes shall contain at least the following elements:

- a. the customer's name;
- b. the customer's address, registered office and mailing address, as necessary,
- c. the place, date and method of lodging the complaint,
- d. the name and address of the service provider affected by the complaint,
- e. the detailed description of the complaint, separately specifying the respective items of the complaint, to ensure that all objections included in the customer's complaint are thoroughly investigated,
- f. the number of the agreement targeted by the complaint, and the customer number or fund identification number, where applicable,
- g. a list of the documents and other evidence presented by the customer,
- h. the location and time of the minutes, and
- i. in the case of personal oral complaints, the signature of the administrator who made the records and that of the customer.

The service provider will follow-up the complaints based on the records and

- a) will, within reasonable intervals, arrange them by topic,
- b) present and identify the underlying facts and events of the complaint,
- c) examine whether the facts and events specified in point (b) could have any impact on other procedures, products or services,
- d) initiate action to address the facts and events specified in point (b) and
- e) summarise recurring or systemic issues and legal risks.

The service provider will publish its complaint management rules in a clearly visible and attractive way, and post it in the customer areas on its premises. Furthermore, in the event it maintains a website under its statutory obligations, it shall publish these regulations on the homepage under a separate menu for complaint management.

(Decree No. 46/2018 (XII. 17.) MNB on the Detailed Rules of Forms and Methods of Complaint Processing Procedures of Financial Organizations)

1.4 COMMON RULES OF THE ENFORCEMENT OF CONSUMER CLAIMS AND RIGHTS

An unfair contractual term that has been incorporated into the contract as a standard contract condition may be contested by the injured party.

An unfair contractual term that has been incorporated into the contract, between the consumer and the

service provider, shall be null and void. Nullity can only be cited in the interest of the consumer.

Action in the public interest may be taken to render null and void an unfair contractual term that has been incorporated into the contract between the consumer and the business entity

- a. by the prosecutor;
- b. by a minister, an autonomous public administration body, the main government office or the head of a central agency;
- c. by the head of a Budapest or county government office;
- d. by a chamber for economy and commerce or an advocacy group; and
- e. by an association representing a consumer interest group within the scope of the consumer interests protected by it and any organisation established to protect consumer interests based on the laws of any EEA member state.

Action in the public interest may be sought on account of the establishment of an unfair general contract term defined and publicly disclosed in the context of contract conclusion with consumers even if the specific term has not yet been applied. If the court establishes the unfairness of the injurious general contract term, it shall issue a sentence prohibiting the publishing party from applying the term.

Litigation may also be initiated against entities openly recommending the application of an unfair general contract term defined and published for the purpose of contract conclusion with consumers. If the court establishes the unfairness of the injurious general contract term, it shall issue a sentence prohibiting the entity publicly recommending application of the general contract term from such recommendation.

(Section 6:103-6:105 of the Civil Code)

If the business entity's infringing conduct affects a broad group of consumers, not identified individually but constituting a definable group based on the circumstances of the infringement, or the infringement causes a substantial loss and the procedure is within the court's competence, the prosecutor or consumer interest group has the right to bring an action.

If the procedure opened on account of the violation of the legislative provisions that transpose the European Union's legislative provisions listed in Annex I to Directive 2009/22/EC of the European Parliament and of the Council is within judicial competence, the qualified entities established based on the laws of any EEA member state and listed in the Official Journal of the European Union pursuant to Article 4(3) of Directive 2009/22/EC are qualified to bring an action within the scope of the protection of consumer interests.

Those associations in representation of consumer interests that are mentioned in the [Consumer Protection Act](#), and those authorised units, established on the basis of an EEA country's law, that are listed in the Official Journal of the European Union pursuant to [Article 4\(3\) of Directive 2009/22/EC of the European Parliament and of the Council](#), have the right to bring action with regards to the consumer rights they protect, provided that the claim enforced in the action is based on the violation of the legal provisions that transpose the directives specified in Section 41(1) of the MNB Act (Section 164 (8) of the MNB Act)

MNB may, within the scope of its duties as per Section 4(9), and on the basis of Section 6:105 of the Civil Code and the regulations therein, file a claim of public interest for the establishment of the invalidity of the unfair general terms and conditions that became an integral part of the agreement concluded between a person or organisation subject to the legislations mentioned in Section 39 of the MNB Act.

MNB may, within the scope of its duties as per Section 4 (9) of the MNB Act, bring action, in view of *partie civile* proceedings, against a person whose activities are in conflict with the laws mentioned in Section 39 of the MNB Act and with the provisions of the legislations issued for their implementation, or with Section 81 (1)(b) of the MNB Act, and in connection with whom concerns arise that the unfair

general contract terms and conditions, as defined in the Civil Code, may have been applied, provided that the illegal activity affects a broad group of consumers, whose group can be identified based on the circumstances of the infringement.

No action may be brought after the end of three years after the infringement was committed. Failure to meet this time limit shall result in the forfeiture of rights. For continuous infringements, the time limit shall commence at the time when the infringement is terminated. Where an infringement consists in the failure to terminate a situation or circumstance, the aforementioned period shall not commence as long as such a situation or circumstance continues to prevail. (Section 164 (1)-(2) of the MNB Act)

Consumers may also turn to the Hungarian Financial Arbitration Board (FAB). (Section 96, 102, 104, 125, 127 and 129 (3) of the MNB Act)

According to Act LV of 2002 on mediation, the parties may also use the services of a mediator in order to promote the out-of-court settlement of civil law disputes. Mediators shall be responsible for mediating negotiations between the parties to the best of their abilities in an unbiased and conscientious manner in order to reach an agreement in conclusion of the process.

1.5 Common rules of ADVERTISING and SALES

Pursuant to Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt), it is forbidden to provide financial services during the supply of goods with door-step selling, as defined in the act on commerce, with the exception of financial services provided in connection with the use of cashless payment instruments. (Section 265 of Hpt)

No code of conduct may encourage a behaviour that is in conflict with the provisions of Act XLVIII of 2008 on the Basic Requirements and Certain Restrictions of Commercial Advertising Activities (Grtv).

Advertisements may be disseminated only if the advertiser has provided at the time of placing the order for the advertisement to the advertising service provider — or failing this at the time of ordering publication of the advertisement to the publisher of advertising — its corporate name, or name, and registered address, or failing this his place of residence, and tax number. Furthermore, in the case of advertisements that promote gambling the authorisation, by the gambling supervision authority, of gambling operations.

In connection with advertising relating to products which are subject to prior quality control or conformity assessment in accordance with a specific other legislation, the advertiser shall supply a statement to the advertising service provider — failing this, to the publisher of advertising — that the product has been inspected or certified, and found suitable for marketing. If the product is not subject to prior quality control or conformity assessment, the statement shall be supplied to this effect. In the absence of such statement, no advertising may be published.

The advertising service provider or the publisher of advertising shall keep records on the defined information and statements and shall retain these records for a period of three years from the time of publication of the advertisement.

All outdoor advertising media shall explicitly indicate the corporate name or name and the registered office or home address of the publisher of advertising.
(Section 4-5 of Grtv)

The consumer protection authority or — with respect to advertising for activities supervised by the MNB in the context of its supervisory role over the system of financial intermediation and the pertaining code of conduct — MNB shall proceed in the event of the violation of the provisions governing economic

advertising activities and prohibited sponsorship, with the exception of advertising through electronic communications.

The National Media and Infocommunications Authority shall have jurisdiction in accordance with Ektv. in connection with advertisements disseminated by information society services, exclusive of voice telephony services, and by way of electronic communication.

Proceedings conducted under Grtv shall not preclude the possibility for the aggrieved party to file a civil suit to enforce his claim arising in connection with any infringement of the provisions of Grtv.

Proceedings may not be opened after a period of three years following the time of the infringement. For continuous infringements, the time limit shall commence at the time when the infringement is terminated. Where an infringement consists in the failure to terminate a situation or circumstance, the aforementioned period shall not commence as long as such a situation or circumstance continues to prevail.

(Section 24 and 25 of Grtv)

Electronic advertising: Any disclosure made through information society services for the purpose of directly or indirectly promoting an enterprise, organisation, person engaging in commercial, industrial or craft activities or a regulated profession, or the goods, services or activities thereof, or containing any information related to the achievement of a social objective.

The following does not in another itself qualify as electronic advertising:

- (a) the sharing of information enabling direct access to the activities of the enterprise, organisation or person, in particular its domain name or electronic mail address,
- (b) information independent of the enterprise, organisation or person pertaining to the goods or services supplied by or the corporate image of the enterprise, organisation or person, particularly if the information is shared without any financial consideration received in exchange.

Information shall be given unambiguously and in a clearly identifiable way about:

- (a) the appropriate nature of the electronic advertisement, immediately when it is made accessible for the recipient of the service;
- (b) the electronic advertiser, or the person on whose behalf the electronic communication is transmitted by way of electronic mail or equivalent individual communications, immediately when it is made accessible for the recipient of the service;
- (c) the similar nature of promotional offers, especially discounts, premiums and gifts, and the conditions of their use;
- (d) the similar nature of promotional competitions or games, and their conditions for participation.

Advertisements may be delivered by *electronic mail* or an equivalent means of individual communication exclusively with the express prior consent of the recipient of the service.

The consent may be declared in any form allowing the identification of the person that grants the consent as well as expressing that the consent has been given voluntarily after the receipt of adequate information.

The declaration of consent may be withdrawn free of charge, at any time without any restriction or justification. In such a case the name of the person having sent the declaration shall be forthwith deleted from the register and no further electronic advertisement may be transmitted to such a person.

Upon the transmission of an electronic advertisement described above the addressee shall be advised of the electronic mail address and other contact details where he may request the prohibition of the transmission of electronic advertisements by using information society services.

The electronic advertiser, the electronic advertisement service provider and the publisher of electronic advertisements shall keep a register on the persons who have granted their consent to receiving advertisements. The data — pertaining to the recipient of the service — entered in the register may be disclosed to any third party solely upon the prior consent of the recipient of the service.

Electronic advertisers, electronic advertisement service providers and publishers of electronic advertisements may only send electronic advertisements by electronic mail or an equivalent means of individual communication to those entities that are included in the register. The prohibition of transmission to entities that have not been entered into the register shall apply to all electronic advertisements delivered by electronic advertisers, electronic advertisement service providers and publishers of electronic advertisements.
(Section 14 of Ektv.)

Unless otherwise provided by a specific other legislation, advertisements may be conveyed to natural persons by way of direct contact (hereinafter referred to as “direct marketing”), such as through electronic mail or equivalent individual communications, only upon the express prior consent of the person to whom the advertisement is addressed, with the exception below.

A statement of consent may be made in any way or form, on condition that it contains the name and address of the person providing it, and — if the advertisement to which the consent pertains may be disseminated only to persons of a specific age — his place and date of birth, furthermore, any other personal data authorised for processing by the person providing the statement, including an indication that it was given freely and in possession of the necessary legal information.

The statement of consent may be withdrawn free of charge, at any time without any restriction or justification. In this case the name and all the other personal details of the person who has provided the statement must be promptly erased from the records and all advertisements disseminated to him in the above manner must be stopped. Advertisement material may be sent by mail to natural persons within the framework of direct marketing in the absence of the prior express consent of the person to whom it is addressed; the advertiser and the advertising service provider, however, are required to provide facilities for the person to whom the advertisement is addressed to unsubscribe, at any time, from receiving further advertisement material, freely and at no cost to the addressee. Such unsolicited advertisement material may not be sent by way of direct marketing to the person affected.

Advertisers, advertising service providers and publishers of advertisements shall maintain records on the personal data of persons who provided a statement of consent, to the extent specified in the statement. The data contained in the aforesaid records — relating to the person to whom the advertisement is addressed — may be processed only for the purpose defined in the statement of consent, until withdrawn, and may be disclosed to third persons subject to the express prior consent of the person affected.

The notice of withdrawal and the notice to unsubscribe may be transmitted by way of the postal service or by electronic mail, with facilities to ensure that the person sending the notice is clearly identifiable.

In the advertisement disseminated in the above specified manner, a clear and prominent statement shall be inserted to inform the person to whom it is addressed about the address and other contact information to which the statement of consent for receiving such advertisement and the aforesaid notice to unsubscribe has to be sent, furthermore the advertisement material must contain a return envelope for sending the notice to unsubscribe in the form of registered mail with postage prepaid and with notice of delivery.

The consignment sent for requesting the statement of consent may not contain any advertisement, other than the name and description of the company.

General prohibitions and limitations on advertising:

No advertisement may be disseminated if it contains violence, or if it encourages any conduct that is likely to jeopardize personal or public safety.

No advertisement may be disseminated if it encourages any conduct that is likely to jeopardize the natural or man-made environment.

No advertisement may be disseminated if it is capable of harming the physical, intellectual, emotional or moral development of children and young persons.

No advertisement addressed to children and young persons may be disseminated if it has the capacity to impair the physical, mental, emotional or moral development of children and young persons, in particular those that depict or make reference to gratuitous violence or sexual content, or that are dominated by conflict situations resolved by violence.

No advertisement may be disseminated that portrays children or young persons in situations depicting danger or violence, or in situations with sexual emphasis.

No advertisement of any kind may be disseminated in child welfare and child protection institutions, kindergartens, primary schools and in dormitories for primary school pupils. This ban shall not apply to the dissemination of information intended to promote healthy lifestyles, the protection of the environment, or information related to public affairs, educational and cultural activities and events, nor to the display of the name or trademark of any company that participates in or makes any form of contribution to the organisation of such events, to the extent of the involvement of such company directly related to the activity or event in question.

No advertisement may be disseminated that portrays sexuality in a gravely indecent manner, meaning in particular the open display of a sexual intercourse or genitals (pornographic advertisement).

No advertisement that is aimed to arouse sexual interest may be disseminated. Advertising is prohibited for goods whose production or marketing is illegal. The dissemination of subliminal advertising is prohibited.

No advertisement may be disseminated that promotes gratis services, rebates, discounts, financial services or prize lots in connection with the supply of goods with door-step selling, as defined in the act on commerce.

(Section 6-12 of Grtv)

1.6 COMMON RULES OF UNAUTHORISED ACTIVITIES

Market surveillance procedure

MNB shall launch a market surveillance procedure

(a) if it perceives unauthorised or unnotified financial services, auxiliary financial services, stock exchange and commodity stock exchange services, investment fund management, central depository services, voluntary mutual insurance services, private pension services, reinsurance services, insurance services, occupational retirement provision, investment services, activities auxiliary to investment services or intermediation (agency) activities,

(b) if it perceives insider trading or market manipulation, and in the case of suspected unauthorised disclosure of insider information ,

(c) for the purposes of verifying the rules related to the notification obligation related to persons discharging managerial responsibilities and, where applicable, persons closely associated with them within the meaning of Regulation 596/2013/EU,

(d) for the purpose of verifying compliance with regulations relating to acquisitions,

(e) for the purpose of verifying compliance with regulations applicable to the obligation of notification and publication referred to in Articles 5 to 8 and to the restrictions on uncovered transactions referred to in Articles 12 to 14 of Regulation No 236/2013/EU of the European Parliament and of the Council [points (a)-(e) hereinafter collectively referred to as "market surveillance procedure"].

In the context of the market surveillance procedure, as set forth in points (a)-(d), the execution period is

- a) six months from the day when the investigation was ex officio started for official investigation

- procedures, and
- b) another three months for the authority proceeding in case an offence is found to have been committed.

At the MNB's request, stating the reason and purpose, the persons and entities specified in Article 39 (1) and (2) of the MNB Act shall, in connection with a market surveillance procedure and of the procedure as relating to a client:

- a) produce documents, electronically recorded data, signals or recorded phone conversations,
- b) provide other information, and
- c) disclose any personal data which MNB is authorised to manage under separate legislation.

The provisions contained in Article 70(1) of Act CXLI of 1997 on Real Estate Registration shall not apply to MNB's inquiries from the electronic real estate registration database made for reasons of market surveillance.

As regards the data that became known in accordance with the above paragraph, MNB

- a) may process them until the authority proceeding, as described in paragraph (2)(c), is closed, unless MNB has initiated an authority proceeding or started prosecutions during the investigation,
- b) may process them until the decision regarding the measure that the authority proceeding, as described in paragraph (2)(b), set forth is implemented or the implementation time expires, or
- c) may process them pending the outcome of the judicial proceedings in connection with the market surveillance procedure, including the special legal and extraordinary further appeal procedure, if the MNB decision has been contested in an administrative law action or MNB has prosecuted cases (Article 90 (5) of the MNB Act).

In the course of the market surveillance procedure, the MNB shall be entitled to learn and process the data related to the customer subjected to its procedure and the data falling within the customer's right of disposal

- a) related to securities, customer and payment account turnover, the account number and owner of the account to be debited and credited, the title of the debit or credit entry, and the payment identification code of the credit transfer,
- b) related to the ID number or other identifier of subscriber station – owned or used by the customer – defined in the Electronic Communications Act, the subscriber number of the party calling and the party called, the date and start time of the call and other service as well as to the subscriber's surname and first name, birth name, residential address and place of abode, and
- c) the data necessary for the identification of the natural person, – met based on the turnover of the payment account and securities account of the customer subjected to the procedure – presumably possessing additional evidence for the purposes of the market surveillance procedure. The learning of these data is subject to the prior approval of the public prosecutor.

Contrary to Article 90 (5) of the MNB Act, unless any other law applicable to the MNB's administrative procedure provides otherwise, the MNB may control the data specified in the previous paragraph for 5 years

- a) from – in the absence of launching administrative proceedings – the closing of the regulatory inspection specified in Section 90(2)a), at the most,
- b) from – in the case of launching the administrative proceedings specified in Section 90 (2)b) – the finality of the resolution or the order terminating the procedure,
- c) from the non-appealable closing of any court procedure commenced in connection with the market surveillance procedure.

If MNB discovers any unauthorised activity, it shall

- a) prohibit the further conduct of the unauthorised activity;
- b) file charges if in its opinion there is a criminal element involved in accordance with Act C of 2012 on the Criminal Code;
- c) take action or shall order exceptional measures, or
- d) impose a market surveillance fine.

In connection with any activity performed without notification, the MNB shall

- a) prohibit the further conduct of the unauthorised activity;
- b) take action or shall order exceptional measures, or
- c) impose a market surveillance fine.

In the context of a market surveillance procedure

- a) the sum of the market surveillance fines imposed in connection with activities conducted without authorisation or in the absence of notification shall be between one hundred thousand forints and two billion forints,
- b) the sum of the market surveillance fines imposed in connection with the violation of the rules on acquisitions shall be between one hundred thousand forints and two billion forints, whereas
- c) in the case of the violation of Section 405 (3) and (4) of Tpt the market surveillance fines will amount up to the sum established in Section 405 (3) and (4) of Tpt,
- d) the sum of the market surveillance fine imposed in connection with the infringement of the regulations relating to the obligation of notification and publication referred to in Articles 5 to 8 and to the restrictions on uncovered transactions referred to in Articles 12 to 14 of Regulation No 236/2012/EU of the European Parliament and of the Council shall be between one hundred thousand forints and two billion

forints.

In the case of a "non-natural person" client, the sum of the market surveillance fine that may be imposed against a natural person who was meaningfully engaged in the customer's fined activity shall, beyond the application of the above, be between one hundred thousand forints and one hundred million forints.

(Section 90 and 93 of the MNB Act)

1.7 Common rules pertaining to PROCEEDS FROM FINES

The proceeds from fines imposed by MNB may be used exclusively for the following purposes:

- a) promoting and supporting the training of specialists in economics and finances;
- b) promoting and supporting economic, financial and interdisciplinary research;
- c) strengthening and spreading financial literacy, raising financial awareness and supporting such purposes, in particular, developing related educational and research infrastructures,
- d) donations to foundations; and
- e) for

charity. (Section 170(3) of the MNB Act)