AUTHORISATION OF THE ACTIVITIES OF VENTURE CAPITAL FUND MANAGERS

Based on the provisions set out in Act CIII of 2023 on the Digital State and Certain Rules for the Provision of Digital Services ("**Digital Services Act**") as well as in Section 3(1) of MNB Decree No. 36/2017 (XII. 27.) on the rules of electronic communication in certain official matters before the Magyar Nemzeti Bank, pursuant to Section 58(2) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank ("**MNB Act**"), the economic operator obliged to maintain electronic communication and the legal representative of the applicant (client) shall submit its application, notification or other filing via the electronic form provided for procedures for the purpose of the given submission in the information system ensuring electronic administration of the MNB ("**ERA system**"), in the manner and with the content specified therein, by simultaneously uploading the annexes required by law and any other documents specified by the MNB. In authorisation procedures, applications and notifications shall be submitted using the electronic forms available on the MNB's website, on the ERA interface, within the E-administration Authorisation service, by attaching certified electronic copies of the annexes. The MNB's decisions, invitations for remediation of deficiencies, notifications and other communications shall be delivered to financial organisations and their legal representatives by placing them in the dedicated storage space.

The "Good Business Reputation Questionnaire", which is a mandatory attachment to the application, is available without registration or login on the following ERA interface (Public services/Forms/Select Forms/Good Business Reputation Questionnaires/Personal authorisations) and may be completed, saved and validated as a PDF file.
The completed and electronically signed questionnaire can be attached to the electronic form as an annex. The questionnaire is available at: https://era.mnb.hu/ERA.WEB/PublicServices/Current?code=eraformanyomtatvany

Information materials on electronic administration and the submission of annexes (electronic documents) to be attached under the authorisation procedure are also available on the MNB website:
https://www.mnb.hu/felugyelet/engedelyezes-es-intezmenyfelugyeles/engedelyezes/e-ugyintezes

Further information on specific aspects of the authorisation procedures (e.g. establishing good business reputation) is available under the following menu item:
https://www.mnb.hu/felugyelet/engedelyezes-es-intezmenyfelugyeles/engedelyezes/tajekoztatok

I. General rules

Pursuant to Section 4(1)(60) of the Collective Investments Act, a venture capital fund manager is an AIFM that manages exclusively venture capital funds or private equity funds as its regular economic activity. Pursuant to Section 2(6) of the Collective Investments Act, the provisions of Section 16 (capital requirements) Section 18(3) (registration rules, see electronic portfolio records system) and Section 38 (valuation of assets) of the Collective Investments Act shall not apply to venture capital fund managers referred to in Paragraph (2).

The MNB draws attention to the fact that, based on the institutional definition referred to, if a venture capital fund manager obtains an authorisation to manage other types of funds in addition to venture capital and private equity funds, it will no longer be considered a venture capital fund manager but rather another type of AIFM or UCITS fund manager, as applicable.

II. Activities that may be carried out by venture capital fund managers

Pursuant to Section 7(1) of the Collective Investments Act, a venture capital fund manager must, in addition to holding a collective portfolio management regulatory authorisation pursuant to Section 5 of the Act, perform at least the following activities:
a) investment management (decisions relating to investment strategies and asset allocation exercises in connection with the investment policy, including the implementation thereof),
b) risk management.
Pursuant to Paragraph (2), a venture capital fund manager may perform the following activities in the course of managing an AIF:
a) administrative tasks:
aa) performing accounting and legal tasks,
ab) providing information to investors,

ac) valuation and pricing of assets, handling of tax matters,
ad) regulatory compliance monitoring,
ae) maintenance of registers relating to investors,
af) distribution of income,
ag) functions of administration connected to the marketing and distribution of collective investment instruments,
ah) execution of concluded transactions, including certificate dispatch,
ai) keeping records,
b) distribution of collective investment instruments and marketing of collective investment instruments managed by the AIFM,
c) activities related to the assets of the AIF: services necessary for the performance of the AIFM's fiduciary duties, facility management, real estate management activities, advising companies on capital structure, industrial strategy and related matters, advice and services related to mergers and acquisitions, as well as services related to the management of the AIF and all companies and other assets in which the AIF has investments.

Pursuant to Section 7(3) of the Collective Investments Act, a venture capital fund manager, as an AIFM, may, in addition to the activities listed in Paragraphs (1) and (2) and fund management for UCITS carried out under a separate authorisation, only perform the following activities as part of its regular economic activities:
a) portfolio management, including management of the portfolio of an institution for occupational retirement provision,
b) investment advice,
c) safekeeping and management of collective investment instruments, covering also securities account services for dematerialised securities, as well as client account services where appropriate according to the activities performed, covering also administration services related to collective investment instruments,
d) receiving and transmitting client orders relating to financial instruments.
When performing the activities listed in Paragraph (3), the relevant provisions of the Investment Firms Act relating to authorisation and operating conditions shall apply mutatis mutandis.

Pursuant to Section 7(3a) of the Collective Investments Act, a venture capital fund manager may perform the activities specified in Paragraph (3)(a), (b) and (d) with respect to crypto-assets in the form of crypto-asset services in accordance with Article 60(5) of Regulation (EU) 2023/1114 of the European Parliament and of the Council ("MiCA"). If a venture capital fund manager wishes to expand its scope of activities to include crypto-asset services, it must submit a notification in accordance with the relevant guidelines.[1]

It is important to note that venture capital fund managers are required to perform both activities specified in Paragraph (1)(a) and (b) (investment management and risk management). Venture capital fund managers shall not be authorised to perform the activities defined in Paragraphs (2) and (3) individually, without authorisation for the activities provided for in Paragraph (1); moreover, authorisation for the additional investment service activities specified in Paragraph (3)(b)–(d) shall be granted only if possessing the authorisation required to perform the portfolio management activity provided for in Paragraph (3)(a). A venture capital fund manager shall also be allowed to perform the activities provided for in Paragraph (2)(b) acting as an intermediary.

Venture capital fund managers may also provide collective portfolio management services as specified under Section 5 – by way of outsourcing – to resident and non-resident investment fund managers alike, with the proviso that so-called sub-threshold venture capital fund managers specified in Section 2(2) of the Collective Investments Act may not provide cross-border[2] services. Under the law, AIFMs that are eligible under the AIFM Directive and benefit from the exemption specified in Section 2(2) of the Collective Investments Act are not entitled to provide cross-border services or establish branches. In general, we would like to emphasise that certain exceptions apply to venture capital fund

[1] https://www.mnb.hu/letoltes/casp-tevekenysegi-kor-bovitese-utmutato.pdf

[2] *(2) With the exception of Section 33, Section 35(1), (3)–(5) and Section 36, the provisions of this Act relating to AIFM shall also apply if*
a) the AIFM, either directly or indirectly, through a company with which the AIFM is linked by common management or control, or by a substantive direct or indirect holding, solely manages portfolios of AIFs whose assets under management;
aa) in total do not exceed a threshold of EUR 100,000,000 (including any assets acquired through use of leverage); or
ab) in total do not exceed a threshold of EUR 500,000,000 when the portfolios of AIFs consist of AIFs that are unleveraged and have no redemption rights exercisable during a period of five years following the date of initial investment in each AIF; and
b) the AIFM did not choose to opt in under this Act in its entirety.

managers within the scope of AIFMs and that sub-threshold venture capital fund managers specified in Section 2(2) of the Collective Investments Act are subject to additional special exceptions, which are indicated separately in these guidelines.

According to the ministerial justification under the Collective Investments Act, although it does not appear in the list of activities, a venture capital fund manager may, evidently, also perform tasks directly related to its activities, such as training sales personnel and providing them with regular written and verbal information, as well as sales support. Similarly, it is not necessary to mention in the list of activities certain techniques that may be used by the fund manager, such as securities lending under Act CXX of 2001 on the Capital Market ("**Capital Market Act**").

It is the consistent practice and prudential expectation of the MNB that investment fund managers should be able to perform the administrative activities essential for the management of investment funds and, in connection with this, should apply for an authorisation covering at least the following administrative tasks specified in Section 7(2) of the Collective Investments Act:
performing accounting and legal tasks (Section 7(2)(aa) of the Collective Investments Act)
provision of information to investors (Section 7(2)(ab) of the Collective Investments Act)
valuation and pricing of assets, handling of tax matters (Section 7(2)(ac) of the Collective Investments Act)
keeping records (Section 7(2)(ai) of the Collective Investments Act).

If the investment fund manager does not apply for an authorisation to perform the activities specified in Section 7(2) of the Collective Investments Act, investment fund management cannot be performed properly without the performance of these administrative tasks.

III. Authorisation conditions for venture capital fund managers

Pursuant to Section 11(1) of the Collective Investments Act, applications for authorisation for the pursuit of the activities provided for in Section 7(1) shall have enclosed – having regard to Paragraph (1a) – the following:
a) the instrument of constitution of the venture capital fund manager, proof that its head office and registered seat provided for in the instrument of constitution are both in Hungary, description of the activity for which the authorisation is requested, and the operating procedures under Annex 2,
b) proof of payment of the initial capital in the amount prescribed in Section 16(1) and evidence concerning the legitimacy of the financial means used to pay up the initial capital – however, the capital requirements set out in Section 16 of the Collective Investments Act do not apply to venture capital fund managers falling under Section 2(2) of the Collective Investments Act, pursuant to Section 2(6) of the Collective Investments Act. In this case, the registered capital payment characteristic of the company form must be fulfilled –,
c) description of remuneration policies and practices that are consistent with the principles laid down in Annex 13; provided that
the development of a remuneration policy is not a requirement for venture capital fund managers falling under Section 2(2) of the Collective Investments Act.
d) documents in proof of compliance with infrastructure, organisational and personnel requirements, apart from compliance with the condition of having no prior criminal record,
e) the identities of shareholders, whether direct or indirect, of the venture capital fund manager, natural or legal persons, with a qualifying interest in the investment fund manager, showing also the percentage of qualifying interest,
f) details of any outsourcing arrangements made for the activities as provided for in Section 41,
g) detailed description of ownership structure, except for actions for the amendment of the scope of activities, supported by documentary evidence, and – if possible – information about beneficial owners.

Pursuant to Paragraph (2), the applicant shall inform the MNB regarding the investment strategy proposed for the AIFs that it intends to manage (classification according to the type of primary category of assets). Please note that in the venture capital fund manager's investment strategy and/or application, the applicant must always clearly indicate the types of funds to be managed according to the primary category of assets, as these will also be specified in the MNB's authorisation decision, and the venture capital fund manager may manage the types of investment funds specified therein after obtaining the authorisation. If the venture capital fund manager subsequently wishes to manage other types of investment funds not specified in its authorisation –, it may request this by means of an amendment to its scope of activity.

The applicant shall provide to the MNB the following information, where such information is available at the time of submission of the application:
a) information about the AIFM's policy as regards the use of leverage as well as the risk profiles and other characteristics of the AIFs it manages or intends to manage, including information about the EEA Member States or third countries in which such AIFs are established or are expected to be established,
b) information on where the master AIF is established if the AIF is a feeder AIF,
c) information about the AIFM's management policy,
d) information on the appointment of the depositary,
e) any additional information to be provided to investors, which are not contained in Points (a)–(d).
The application for authorisation shall be deemed complete if the venture capital fund manager has at least submitted the information referred to in Paragraph (1)(a)–(d) and in Paragraph (2).

In the case of investment service activities pursuant to Section 7(3) of the Collective Investments Act and the provision of ancillary services, the relevant provisions of the Investment Firms Act shall apply, in particular Section 28 of the Investment Firms Act, which lists the annexes to be submitted with the application for an authorisation.

Pursuant to Section 7(9) of the Collective Investments Act, effective from 1 September 2024, when performing the activities specified in Section 7(2)(b) – marketing collective investment instruments and distribution of collective investment instruments managed by the AIFM –, the provisions of Chapter X (rules on informing clients) and Chapter XI (rules on concluding contracts) of the Investment Firms Act shall apply accordingly to the activity in question.

Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 ("**AIFM Regulation**") requires additional conditions to be met in order to carry out the activity. Of these, verification of the following conditions is mandatory during the authorisation procedure:

- Conflicts of interest policy /AIFM Regulation Articles 30–38/
In order to verify personal conditions, it is essential to make a declaration pursuant to Section 19(2)(d) of the Collective Investments Act regarding the absence of any conflicts of interest. Such a declaration may evidently only be made if the conflicts of interest rules are laid down in the conflicts of interest policy.

Business continuity policy /Article 57(3) of the AIFM Regulation/: the existence of a business continuity policy is essential for the establishment and maintenance of the electronic portfolio records system required under the material conditions – pursuant to Section 2(6) of the Collective Investments Act, Section 18(3) does not apply to venture capital fund managers referred to in Section 2(2); therefore, the establishment of an electronic portfolio records system and a related business continuity policy is not required –;

- Risk management policy /Article 40 of the AIFM Regulation/ – Sections 35(1) and (3)–(5) of the Collective Investments Act do not apply to venture capital fund managers falling under Section 2(2) of the Collective Investments Act; therefore, it is not necessary to establish a functionally and hierarchically separate risk management unit; however, the rules must be submitted –;

- Liquidity management policy /Articles 46–49 of the AIFM Regulation/– Pursuant to Section 2(6) of the Collective Investments Act, Section 36 does not apply to venture capital fund managers referred to in Section 2(2); therefore, it is not necessary to submit a liquidity management policy.

In order to fully comply with the organisational and personnel requirements set out in Section 11(1)(d) of the Collective Investments Act, it is also necessary to demonstrate the existence of the following control functions:
- permanent risk management function /Article 39 of the AIFM Regulation/
- internal control mechanism /Article 57(1)(c) and Article 62 of the AIFM Regulation/
- permanent compliance function /Article 61 of the AIFM Regulation/

The following documents listed in the AIFM Regulation do not need to be submitted during the authorisation procedure, but their establishment must be fulfilled as an operational requirement:
- professional indemnity insurance policy /Article 15(5) of the AIFM Regulation/
- accounting policy /Article 57(4) and Article 59 of the AIFM Regulation/.

It is important to note that, in the course of its activities, a venture capital fund manager must comply with the provisions of the law and the AIFM Regulation at all times and must certify, at the request of the MNB, that it also complies with the operating conditions set out in other legislation issued on the basis of the authorisation granted under the Collective Investments Act.

Pursuant to Section 11(5) of the Collective Investments Act, where a UCITS manager applies for authorisation as an AIFM, the documents which the UCITS manager has already provided when applying for authorisation for the management of UCITS and which are required for authorisation as an AIFM need not be resubmitted, provided that such documents are still up-to-date.

IV. Cases of refusal of authorisation

Pursuant to Section 14 of the Collective Investments Act, the MNB shall refuse to grant authorisation to perform the activities specified in Section 7(1) of the Collective Investments Act where any of the following factors prevent the effective exercise of supervisory functions:
a) close links between the venture capital fund manager and other natural or legal persons,
b) the laws, regulations or administrative provisions of a third country governing natural or legal persons with which the venture capital fund manager has close links,
c) difficulties involved in the enforcement of those laws, regulations and administrative provisions provided for in Point (b).

Furthermore, if, during the authorisation procedure, the application is not completed in accordance with the requirements set out in the notice(s) for the remediation of deficiencies, the requirements set out in the notice for the remediation of deficiencies are not met within the specified time limit or are not met adequately, the application may be rejected, and the procedure may be terminated.

V. Capital and organisational requirements for venture capital fund managers

Section 16(1) of the Collective Investments Act stipulates that an investment fund manager may be authorised to pursue investment fund management activities if such investment fund manager has – subject to the provisions in Paragraph (2) – an initial capital of at least EUR 125,000 or, for real estate funds or mixed funds, at least EUR 300,000. However, pursuant to Section 2(6) of the Collective Investments Act, the capital requirements set out in Section 16 of the Collective Investments Act shall not apply to venture capital fund managers falling under Section 2(2) of the Collective Investments Act. In view of this, a sub-threshold venture capital fund manager specified in Section 2(2) of the Collective Investments Act may be established by paying in the subscribed capital typical for the company form, which is HUF 5,000,000 in the case of a private limited company.

According to Section 4(1)(53), "initial capital" shall mean the combined total of the capital subscribed at the time of the foundation of the company and capital and profit reserves. The initial capital specified in euros shall be translated to forints by the official MNB exchange rate in effect on the last day of the calendar month preceding the time when authorisation for investment fund management activities was granted.

The initial capital requirement set out above must be met in the authorisation procedure. After obtaining the authorisation, the following requirements relating to own funds must be observed during operation, with the exception of venture capital fund managers as defined in Section 2(2) of the Collective Investments Act. According to Section 4(91) of the Collective Investments Act, "own funds" shall mean the own funds referred to in Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 [hereinafter referred to as "Regulation (EU) 2019/2033"].

Section 16(2)–(8) contains the following provisions: "If the total value of the portfolios of the investment funds managed by the investment fund manager exceeds EUR 250,000,000, the investment fund manager shall be required to provide an additional amount of own funds, which is equal to 0.02 percent of the amount by which the value of the portfolios of the investment funds managed by the investment fund manager exceeds EUR 250,000,000. If the total of the own funds and the additional capital reaches EUR 10,000,000, the own funds need not be increased further. For the purposes of calculating the above-specified sum, the portfolios managed by third parties under delegation by the

investment fund manager shall be deemed to be the portfolios of the investment fund manager, excluding, however, portfolios that the investment fund manager is managing under delegation arrangement."

In order to maintain continuity in its operations and to protect its investors, venture capital fund managers shall have sufficient own funds to cover any and all risks associated with their activities, which may not be less than
a) the amount specified in Paragraph (1) or
b) the sum equivalent to 25 percent of the previous year's fixed overheads provided for in Article 13 of Regulation (EU) 2019/2033.

When determining the amount of own funds specified above, the higher of the values calculated in accordance with Points (a) and (b) shall be taken as the reference value.

Pursuant to Section 17(1) of the Collective Investments Act, a venture capital fund manager may, as a general rule, operate in the form of limited companies, to which the provisions of the Civil Code applicable to legal persons shall apply, subject to the derogations laid down in this Act.

Chapter VIII (Sections 52–61) of the Collective Investments Act deals with the rules for the establishment of branches of investment fund managers and the provision of cross-border services in EEA Member States. The provisions of the FCA shall apply to investment fund managers operating in the form of a branch, with the exceptions set out in the Collective Investments Act. It is important to note that, as mentioned above, pursuant to Section 7(5) of the Collective Investments Act, venture capital fund managers referred to in Section 2(2) are not permitted to provide cross-border services.

VI. Material conditions for venture capital fund managers

VI.1. Control requirements for venture capital fund managers

Pursuant to Section 18(1) of the Collective Investments Act, venture capital fund managers shall have a head office in Hungary from which to direct their operations.

Pursuant to Section 2(6) of the Collective Investments Act, Section 18(3) of the Collective Investments Act (electronic portfolio records system) shall not apply to venture capital fund managers falling under Section 2(2) of the Collective Investments Act.

Sections 18(2)–(5) of the Collective Investments Act stipulate the following: Venture capital fund managers are required to have sufficient office space available at their disposal as well as sufficient communications facilities (phone, internet connection, e-mail address and, in the case of an investment fund manager managing a public investment fund, its own website). Venture capital fund managers shall have in place organisational and operational arrangements to ensure compliance with the operational arrangements defined in Section 32.

VI.2. Data reporting obligation

Pursuant to Section 22(3)(d) of the Collective Investments Act, the procedures and systems employed must ensure that the UCITS fund manager is able to comply with its data reporting obligations and the supervisory requirements of the Supervisory Authority. Pursuant to Section 32 of the Collective Investments Act, the provision also applies to AIFMs, i.e. venture capital fund managers.

The MNB pays particular attention to the timely fulfilment of data reporting obligations; therefore, applicants are required to make a statement on the above already during the authorisation procedure and to indicate that they shall contact the MNB's data reporting department (adatszolgaltatas@mnb.hu), and the person responsible for data reporting must also be named. If, after obtaining the authorisation, the venture capital fund manager fails to comply with its data reporting obligation as an operational requirement or does so inadequately, the MNB may apply supervisory measures and, in the event of serious data reporting problems, may revoke the authorisation.

VI.3. Portfolio registration system

With the exception of venture capital fund managers falling under Section 2(2) of the Collective Investments Act, venture capital fund managers shall have in place an electronic portfolio records system with facilities to record and provide up-to-date information on changes in the assets contained in the various portfolios managed by it and on subscription and redemption orders, which facilitates the mandatory disclosure of information and conforms with the requirements of internal control and supervision by the MNB. The venture capital fund manager shall ensure a high level of security for electronic data processing and the protection and confidential treatment of the recorded information.

Venture capital fund managers involved in the distribution of collective investment instruments are required to have in place a register of investors in which the particulars of investors are kept current and updated, which is sufficient to reconstruct such information, and which ensures that securities secrets are kept confidential at all times.

The venture capital fund manager must comply with the provisions set out in Sections 355, 364 and 368–371 of the Capital Market Act.

For the technical and IT requirements applicable to venture capital fund managers pursuant to Section 2(2) of the Collective Investments Act, please refer to the section of the authorisation guidelines entitled "Technical and IT requirements for sub-threshold venture capital fund managers".

VI.4. Requirements regarding digital resilience

With the exception of venture capital fund managers falling under Section 2(2) of the Collective Investments Act, a venture capital fund manager shall, in order to ensure the continuous provision of the material conditions and security requirements necessary for its operation, have documents supporting the compliance of its ICT system, by which it certifies that it has designed, procured and implemented ICT security strategies, policies, procedures, protocols and tools aimed at ensuring the resilience, continuity and availability of ICT systems and at maintaining high standards of data availability, authenticity, integrity and confidentiality.

To this end, it is necessary to present, based on *"Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011"* ("**DORA**") and *"Regulation (EU) 2024/1774 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying ICT risk management tools, methods, processes, and policies and the simplified ICT risk management framework"* ("**RMF RTS**") based on the delegation laid down in Article 15 thereof, the management, organisational and regulatory system related to the security of ICT systems as well as operational security by the following documents:

a.) Strategy for digital operational resilience and annual IT investment and cost budgets in accordance with Article 6(8) and Article 6(2)(g) of DORA,
b.) Organisational and operational rules in accordance with Article 4(1)–(2) and Article 5(2)(c) of DORA,
c.) pursuant to "Regulation (EU) 2024/1773 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying the detailed content of the policy regarding contractual arrangements on the use of ICT services supporting critical or important functions provided by ICT third-party service providers", contracts or agreements governing the activities of third-party ICT service providers as well as internal procedures ensuring the use of such services; description of technological and organisational solutions ensuring risk management, service continuity and accountability, as well as contracts and records of third-party ICT service providers pursuant to Article 8(5) DORA,
d.) documents ensuring the clear designation of ICT-related functions (the appointment of a data manager and a system administrator, the designation of an information security officer, and the assignment of the person responsible for overseeing tasks related to third-party ICT service providers) pursuant to Article 5(2)(c) and (3) of DORA as well as Clause 2.3 of MNB Recommendation No. 1/2025 (I.13.) on the protection of IT systems,
e.) an internal audit plan prepared by auditors in accordance with the audit plan of financial entities and documents certifying the appropriate expertise of internal auditors performing ICT audits pursuant to Article 6(6) of DORA,
f.) Business impact analysis (BIA) in accordance with Article 11(5) of DORA,
g.) Data asset inventory in accordance with Article 8 of DORA,

h.) Strategies, policies, procedures and ICT protocols developed as part of the ICT risk management framework in accordance with Article 6 of DORA and Articles 1–26 of RMF RTS,
i.) regulations on project management for the creation of ICT systems and a description of the security principles applied in accordance with Article 5 of DORA and Article 15 of RMF RTS,
j.) requirements for employees using or accessing the applicant's ICT assets and for third-party ICT service provider personnel in accordance with the requirements set out in Article 5 of DORA and Articles 19 and 20 of RMF RTS,
k.) description of IT systems established in accordance with Article 7 of DORA and with RMF RTS, including the following content:
    i.) the architecture of ICT systems and network elements,
    ii.) business IT systems supporting the business activities provided,
    iii.) IT systems supporting the organisation and administration (e.g. accounting, statutory reporting systems, human resources management, customer relationship management, e-mail servers and internal file servers),
    iv.) the type of authorised external connections (e.g. connections with partners, service providers, other legal entities within the group and teleworking employees, including justification for the legitimacy of such connections),
    v.) for all services listed in Items i–iv, the logical security measures and mechanisms implemented, including the type of control the institution has over such access as well as the nature and frequency of each control, e.g. technical or organisational, preventive or detective, real-time monitoring or periodic review, configuration of security equipment, creation of keys and client identification certificates, system monitoring, authentication, confidentiality of communications, intrusion detection; antivirus systems and logs, etc.,
    vi.) security measures and mechanisms controlling internal access to IT systems,
l.) detailed assessment of ICT risks, covering third-party service providers and all risks arising from dependence on the operating environment as well as the risk of fraud. Detailed description of the risk mitigation measures implemented or planned in accordance with Article 6 of DORA and Articles 1, 3 and 27 of RMF RTS,
m.) rules for recording the assets of ICT systems and current records of assets in accordance with Article 8 of DORA and Articles 4–5 of RMF RTS,
n.) description of the preventive protection and security principles and solutions applied in the operation of ICT systems in accordance with the requirements of Article 9 of DORA, covering the following topics and level of detail:
    i.) encryption and cryptographic solutions used (Article 7 of RMF RTS),
    ii.) policies and procedures for ICT operations (Article 8 of RMF RTS),
    iii.) description of capacity and performance management procedures and solutions (Article 9 of RMF RTS),
    iv.) presentation of measures applied to manage vulnerabilities and patch programmes and updates (Article 10 of RMF RTS),
    v.) description of the security classification of data and ICT systems, the protective measures applied based on that classification, as well as the rules for data sharing, transmission and storage, the data storage structure, and the security solutions applied to data connections (Article 11 of RMF RTS),
    vi.) description of logging procedures, protocols and tools used as part of safeguards against intrusion and data misuse (Article 12 of RMF RTS),
    vii.) description of procedures for ensuring the secure operation of the network, security measures applied during data transmission and technical solutions applied to ensure the security of processes (Articles 13–14 of RMF RTS),
    viii.) measures and mechanisms for the physical security of the applicant's premises and data centre, such as access control systems and environmental security elements (Article 18 of RMF RTS),
    ix.) systems used for the secure management and recording of rights and access (Articles 20–21 of RMF RTS),
    x.) description of tools for detecting, monitoring, managing and tracking security events and incidents affecting ICT systems and the information assets managed therein (Article 22 of RMF RTS),
o.) systems and procedures used to detect anomalous activities and respond to incidents, in accordance with Article 10 of DORA and Articles 12 and 23 of RMF RTS,
p.) assessment and regulation of necessary and applied service continuity, communication and crisis management measures, description of related response and recovery plans and testing documents, and

description of technical solutions ensuring service continuity requirements in accordance with Article 11 of DORA and Article 26 of RMF RTS,

q.) description of backup policies and procedures, recovery and restoration procedures and methods, and technical solutions ensuring the implementation of the procedures in accordance with Article 12 of DORA and Articles 24–25 of RMF RTS,

r.) documents relating to regulations, processes and system tools ensuring the implementation of Commission Delegated Regulation (EU) 2024/1772 of 13 March 2024 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for the classification of ICT-related incidents and cyber threats, setting out materiality thresholds and specifying the details of reports of major incidents,

s.) the register of ICT service providers created pursuant to Commission Implementing Regulation (EU) 2024/2956 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to standard templates for the register of information.

VI.5. Data security policy

If the venture capital fund manager applies for authorisation to perform the activities of safekeeping and management of collective investment instruments pursuant to Section 7(3)(c) of the Collective Investments Act, covering also securities account services for dematerialised securities, maintaining client accounts, it shall attach to its application its policy ("**Policy**") setting out the data security requirements for the management of access IDs and passwords and their transfer to account holders, as specified in Section 142/A(5) of the Capital Market Act.

Pursuant to Section 142/A(5) of the Capital Market Act, the Policy shall be submitted to the Supervisory Authority for approval at least 60 days prior to the planned effective date of the amendment. The Supervisory Authority shall approve the Policy if it ensures, by means of appropriate procedural and technical measures, that unauthorised persons cannot access the login ID and password.

The mandatory content elements of the Policy are regulated by MNB Decree No. 36/2015 (IX. 24.).

VI. 6. Regulations on the prevention and combating of money laundering

Pursuant to Section 1(1)(b) of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing ("**AML Act**"), the scope of the Act extends to financial service providers Pursuant to Section 3(28) of the AML Act *"'financial services institution': ... (l) investment fund managers – including venture capital fund managers – in respect of the marketing and distribution of collective investment instruments and in respect of their investment service activities and activities auxiliary to investment services provided for in the Investment Firms Act"*. In connection with the amendment to this clause of the AML Act –, effective from 1 January 2025 –, the explanatory memorandum clearly states the legislative intent, namely that "the personal scope of the AML Act shall also apply to fund managers managing closed-end private funds (private equity funds, venture capital funds, fund managers managing closed-end private real estate funds) and the investment funds they manage". Consequently, based on the interpretation of the MNB, investment fund managers who manage closed-end private funds –, with the exception of those who exclusively manage public, open-ended investment funds –, must prepare and submit their policy on the prevention and combating of money laundering in the course of the authorisation procedure (or when expanding their scope of activity).

Furthermore, pursuant to Section 63(4a) and (5) of the AML Act, the application must be accompanied by a document approved by the board of directors/supervisory board/other body containing the results of the assessment of the suitability of the designated responsible manager (or senior manager performing this task) and the compliance officer. Where, as detailed in MNB Recommendation No. 3/2024:[3]

- the compliance officer is not appointed taking into account the criteria of scale;
- the compliance offer's functions are performed by the designated responsible manager;

[3] On compliance officers, their duties and responsibilities and on related internal procedures and controls to combat money laundering and terrorist financing. https://www.mnb.hu/letoltes/3-2024-aml-compliance-officer-ajanlas.pdf

- only one compliance officer is appointed within the group or
- the compliance officer's functions are outsourced,

the relevant board decision and its justification.

VI.7. Statement of completeness

Pursuant to Section 59(2) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, in all authorisation procedures, the venture capital fund manager must submit a statement confirming that it has disclosed all material facts and data to the MNB necessary for the issuance of the authorisation.

VI.8. Technical and IT requirements for sub-threshold venture capital fund managers

Pursuant to Section 2(6) of the Collective Investments Act, Section 16 and Section 18(3) of the Collective Investments Act – which prescribes the operation of an electronic portfolio records system – and Section 38 of the Collective Investments Act shall not apply to sub-threshold venture capital fund managers falling under Section 2(2) of the Collective Investments Act. Of these provisions, the establishment and operation of the electronic portfolio records system should be highlighted, which cannot be a supervisory requirement for sub-threshold venture capital fund managers under the above exemption rule, but this does not mean that sub-threshold venture capital fund managers do not have to comply with other technical and IT requirements. From the point of view of prudent operation, it is essential also in their case to develop technical procedures and IT systems that provide protection commensurate with the risks that may arise in the course of providing services at all times.

In the present case, a system capable of managing risks commensurate with the activities applied for is expected to be established. Section 32(1) of the Collective Investments Act generally stipulates that AIFMs must comply with the provisions codified in Sections 22(1)–(3) and (5)–(8) and Sections 24–26 in relation to UCITS fund managers, with the proviso that the provisions contained in these sections must be complied with taking into account the provisions of Articles 16–29 and 57–66 of the AIFM Regulation. Section 2(6) of the Collective Investments Act does not mention Section 32(1) of the Collective Investments Act among the exceptions; therefore, this reference rule and the specific legal provisions mentioned therein shall also apply to sub-threshold venture capital fund managers.

Among the provisions referred to by the reference rule, Sections 22(2)–(3) and (6) of the Collective Investments Act are particularly noteworthy in view of the requirements relating to IT and records systems.

According to Section 22(2) of the Collective Investments Act, venture capital fund managers shall have in place
a) sound administrative and accounting procedures,
b) control and safeguard arrangements for electronic data processing,
c) systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information, and
d) adequate internal control mechanisms including, in particular, rules for personal transactions by its employees or for the holding or management of investments in financial instruments in order to invest on its own account.

Section 22(3) of the Collective Investments Act sets out the objectives that the procedures and systems employed must:
a) ensure that each transaction conducted may be reconstructed – and verified – according to its origin, the parties to it, its nature, and the time and place at which it was effected;
b) ensure that the assets of the collective investment trusts managed by the investment fund manager are invested according to the fund's management policy and the legal provisions in force;
c) ensure that the assets of the collective investment trusts managed by the investment fund manager can be distinguished from the assets held for other portfolios and from the investment fund manager's own assets; and
d) enable the investment fund manager to comply with its data reporting obligations and the supervisory requirements of the Supervisory Authority.

It follows that portfolio records containing the information specified in Section 18(3) of the Collective Investments Act and the related business continuity policy in accordance with the AIFM Regulation as described above are not necessary unless the assets managed by the sub-threshold venture capital fund manager reach the threshold specified in Section 2(2) of the Collective Investments Act or the manager voluntarily submits to the Collective Investments Act in its entirety.

We also draw attention to the provisions of Section 22(6) of the Collective Investments Act, according to which a venture capital fund manager must continuously comply with the operating principles and rules set out in its own regulations in addition to the requirements of the law when carrying out its activities. This provision also means that if a sub-threshold venture capital fund manager, on the basis of its voluntary decision, sets additional requirements in its internal policies in relation to IT and technical conditions compared to those prescribed by law, the MNB shall also assess these during the authorisation procedure and shall consider them to have been incorporated into the internal policies of the sub-threshold venture capital fund manager.

The above legal provisions provide the legal basis for the development of IT requirements for AIFMs, and sub-threshold venture capital fund managers are expected to comply with them in accordance with their planned activities.

VII. Extension of the authorisation of venture capital fund managers in relation to the funds to be managed

The following section presents the most typical cases of extension of authorisations in authorisation practice.

VII.1. Extension of the collective portfolio management activities of venture capital fund managers authorised exclusively to manage venture capital funds or private equity funds to the management of private equity funds or venture capital funds

A venture capital fund manager authorised to manage only venture capital funds or private equity funds must initiate an authorisation procedure to change its scope of activities if it also wishes to manage private equity funds or venture capital funds. As a general rule, no annexes are required to be attached to the application in this procedure.

In cases requiring individual consideration (e.g. if the venture capital fund manager does not have the required initial capital), the MNB may request additional documents from the applicant.

VII.2. Extension of the collective portfolio management activities of venture capital fund managers to other primary categories of assets (provided that the venture capital fund manager wishes to continue to operate as a sub-threshold AIFM after the extension of its authorisation)

A venture capital fund manager specified under Section 2(2) of the Collective Investments Act, already holding an authorisation, who wishes to manage other AIFs in addition to venture capital funds and private equity funds must initiate an authorisation procedure to change its scope of activity. In this case , the MNB requires verification of the following conditions for authorisation:

- proof of initial capital in accordance with Section 16(1) of the Collective Investments Act and proof of the legal origin of the amount,
- amendment of the instrument of constitution on the basis of which the fund manager changes its name if it refers to the management of venture capital or private equity funds,
- proof of the existence of an electronic portfolio records system in accordance with Section 18(3) of the Collective Investments Act,
- submission of a business continuity policy /Article 57(3) of the AIFM Regulation/,
- in the case of persons in senior executive positions, proof that their professional experience amounts to at least three years, even without the experience specified in Section 19(8)(d) (business association providing business management consulting services),
- in the case of persons managing investment management activities, trading in investment instruments and exchange-traded products, proof that their professional experience in the field of investment reaches at least two years even without the experience specified in Section 19(6a) (business association providing business management consulting services),
- proof of the professional and managerial experience of the members of the supervisory board,
- proof of compliance with the conditions set out in Section 167(12) of the Collective Investments Act by persons with qualifying influence in relation to the initial capital increase,
- proof compliance with the provisions of Section 38 of the Collective Investments Act (asset valuation rules; see Item 12 of Annex 2 to the Collective Investments Act as part of the operating procedures).

Please note that, for reasons of proportionality, the provision of an independent internal control function is justified as an operational requirement in the case of the management of securities and/or real estate funds and/or mixed funds.

VII.3. Extension of the collective portfolio management activities of venture capital fund managers to other primary categories of assets (provided that the venture capital fund manager wishes to continue to operate as an above-threshold AIFM after the extension of its authorisation)

In addition to the provisions of Section VII.2 of these authorisation guidelines, the MNB requires verification of the following conditions for authorisation:

- verification of authorisation conditions with regard to the second managing director (Section 19(1) of the Collective Investments Act), if the fund manager employed a managing director prior to submitting the application,
- presentation of a remuneration policy and practice in accordance with the principles set out in Annex 13 to the Collective Investments Act (Section 11(1)(c) of the Collective Investments Act),
- submission of the amended risk management policy to certify compliance with the provisions of Sections 35(1) and (3)–(5) of the Collective Investments Act (Section 2(2) of the Collective Investments Act),
- submission of the liquidity management policy in order to comply with the provisions of Section 36 of the Collective Investments Act (Section 2(2) of the Collective Investments Act).

VIII. Administrative service fee

Pursuant to Section 10(1) of MNB Decree 32/2023 (VII. 19.) of the Governor of the Magyar Nemzeti Bank on the administrative service fees of the Magyar Nemzeti Bank applied in certain licensing and registration procedures in the context of the supervision of the financial intermediary system and with respect to trust companies, the conduct of the authorisation procedure is subject to the payment of administrative service fee of HUF 1,900,000.

Further information on the administrative service fee may be found at the following link:
https://www.mnb.hu/letoltes/tajekoztatas-a-magyar-nemzeti-bank-altal-egyes-engedelyezesi-es-nyilvantartasba-veteli-eljarasokban-alkalmazott-igazgatasi-szolgaltatasi-dijrol.pdf

IX. Other procedures

Own funds under the Collective Investments Act mean own funds as defined in Regulation (EU) 2019/2033 of the European Parliament and of the Council ("**IFR**"). However, pursuant to the reference rule in Article 9(1)(i) of the IFR, and in line with the legal interpretation set out below, **the rules governing the authorisation procedure for the classification of a capital instrument as a Common Equity Tier 1 capital instrument continue to apply to venture capital fund managers as well – with the exception of sub-threshold venture capital fund managers as defined in Section 2(2) of the Collective Investments Act**.

Venture capital fund managers must also comply with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("**CRR**").

According to Section 4(1)(91) of the Collective Investments Act, "own funds" shall mean the own funds referred to in Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 [hereinafter referred to as "Regulation (EU) 2019/2033"].

According to Recital (24) of the CRR, "This Regulation does not prevent Member States from imposing, where appropriate, equivalent requirements on undertakings that do not fall within its scope".

Since the definition of own funds in the Collective Investments Act refers to the concept used in the CRR, and since the CRR allows Member States to apply the relevant provisions to institutions other than those specified in Article 1, the MNB considers it necessary for venture capital fund managers to comply with the CRR, with particular regard to the CRR rules on own funds.

The MNB treats all applications submitted under the CRR as separate authorisation procedures, independently of other matters concerning venture capital fund managers.

In addition to the above, applicants should also take note of the following information published on the MNB's website: https://www.mnb.hu/letoltes/tajekoztato-az-egyes-engedelyezesi-illetve-nyilvantartasba-veteli-eljarasok-soran-leggyakrabban-felmerulo-a-ma-gyar-nemzeti-bank-mnb-gyakorlatat-erinto-kerdesekkel-kapcsolatban-1.pdf

If, after reviewing these guidelines, you have any further questions that cannot be answered during a phone or written consultation on a specific case, the MNB also offers applicants the opportunity for a personal consultation. For information on the possibility of a personal consultation, please contact the secretariat of the Money and Capital Markets Licensing Department (phone number: (+36 1) 489-9300; e-mail address: ptef@mnb.hu).
If the questions raised are exclusively IT-related, you may also contact the IT Supervision Department directly regarding personal consultation (e-mail address: iff@mnb.hu).

Dated: October 2025