

## Authorisation of the foundation and operation of financial enterprises

Pursuant to the provisions of Section 9 (1)a aa) an b) of Act CCXXII of 2015 on the General rules of trust services and electronic transactions, Sections 17 (1) and 19 (1) of Government Decree 451/2016 (XII. 19.) on the Detailed rules of electronic services, and Section 3 (1) of MNB Decree 36/2017 (XII. 27.) on the Rules of electronic communication in official matters in progress before the Magyar Nemzeti Bank (hereinafter: "**MNB**") ("Decree"), **the legal representative of the enterprise and the applicant (client)** obliged, pursuant to Section 58 (2) of Act CXXXIX Of 2013 on the Magyar Nemzeti Bank ("MNB Act"), to apply electronic communication, shall submit its application, notification or other petition by using the prescribed form available in the information system supporting the electronic administration of the MNB ("ERA System") and introduced for the procedure related to the submission in question, in the manner and with content specified therein, simultaneously uploading the attachments specified by the law and other documents required by the MNB.

For **natural persons**, electronic transactions are an optional procedural form, however, Section 58 (2) of the MNB Act provides that natural persons who are not obliged to apply electronic communication may submit their application, notification or other petition by using the prescribed electronic form introduced for the purpose of the application, notification or other petition concerned that is available in the ERA System or the ÁNYK form introduced for the purpose of the application, notification or other petition concerned available on the dedicated storage space in the Central Client Registration Database, simultaneously uploading any other documents required by the MNB. The ÁNYK forms are also available on the website of the MNB at the following link: <https://www.mnb.hu/felugyelet/engedelyezes-es-intezmenyfelugyeles/engedelyezes/e-ugyintezes/2018-januartol-hatalyos-szabalyok/a-termeszetes-szemelyek-el-ektronikus-ugyintezese-anyk>

*Natural persons are still entitled to submit their application on paper using the form available on the MNB's website, accompanied by the annexes specified in the legislation. The forms will be available in the ERA Public Services section:* <https://era.mnb.hu/ERA.WEB/PublicServices/Current?code=eraformanyomtatvany>

In the authorisation procedures, the applications and notifications must be submitted by using the prescribed electronic form available in the *E-administration/Licensing* service on the ERA interface on the MNB's website, attaching the certified electronic copies of the appendices. The resolutions, requests for clarification, notices and other communications of the MNB are delivered to the applicants or their legal representatives by sending them to the delivery storage space.

The electronic form required for initiating the procedure for the authorisation of the establishment and operation of a financial undertaking is available within the *e-Administration - Authorisation* service at the institutions under Act CCXXXVII of 2013 on Credit Institutions and Financial Undertakings (hereinafter: "**Credit Institutions Act**"), under the forms for financial undertakings.

The "Good Business Reputation Questionnaire", which must be submitted as an annex to the application, is available on the MNB website under the heading Authorisation, Approval, Registration and Notification Procedures Forms, as a pdf file. The filled in and electronically signed questionnaire can be attached to the prescribed electronic form as an annex. The questionnaire is available at: <https://era.mnb.hu/ERA.WEB/PublicServices/Current?code=eraformanyomtatvany>

The website of the MNB includes information materials on electronic administration and the submission of annexes to be attached in authorisation procedures (electronic documents) at: <https://www.mnb.hu/letoltes/tajekoztatas-az-e-ugyintezesrol-az-mnb-elotti-engedelyezesi-eljarasokban-1.pdf>

Further information on certain aspects of the authorisation procedures (e.g. ascertaining good business reputation) is available under: <https://www.mnb.hu/letoltes/tmpc812-tmp-12233381.pdf> and <https://www.mnb.hu/felugyelet/engedelyezes-es-intezmenyfelugyeles/engedelyezes/tajekoztatok>

Pursuant to Section 15 (1) a) of the **Credit Institutions Act**, the authorisation of the MNB is required *for the establishment of a financial undertaking, pursuant to Section 15 (2) for the establishment of a financial undertaking operating in the form of a branch (except as provided for in paragraph (4) ), and paragraph (3) of the same section states that the*

*authorisation granted for the establishment of a financial undertaking shall also include the authorisation required for the establishment of the scope of activity and the commencement of the activity.*

Pursuant to Section 3:97 (1) of Act V of 2013 on the Civil Code ("**Civil Code**"), if the exercise of an economic activity is subject to an official authorisation (the authorisation required for the exercise of the activity), the company may only start or carry out such activity if it has a valid authorisation.

In addition, Section 3:100 (2) of the Civil Code also states that if the *establishment of a company is subject to an official authorisation, the notification to the registry court must be made within fifteen days of the receipt of the final authorisation*. The company is created on the day of its registration in the register of companies.

The above-mentioned § 3:100 (2) of the Civil Code also clearly defines the order of the supervisory and registry court proceedings in relation to each other. With regard to the above-mentioned sections of the Credit Institutions Act and the Civil Code, the supervisory decision issued in the procedure for the authorisation of the establishment and operation of financial undertakings is an indispensable annex to the documents to be submitted to the registry court, and the registration of a financial undertaking may be initiated at the competent registry court within 15 days of the MNB's final authorisation of its establishment and operation. On the basis of the above-mentioned legal provisions, the **MNB is not entitled to grant an authorisation to establish and operate to a company that has already been registered in the register of companies or has submitted an application for registration to the competent registry court prior to the conduct of the supervisory authorisation procedure.**

In these cases, the applicant must ensure that the company that has been unlawfully entered in the register of companies is struck off or, if the application for registration in the register of companies is pending, that the application is withdrawn by the court. Otherwise, the MNB – exercising its right under Section 47 (1) b) of Act CL of 2016 on General Administrative Procedures ("**Ákr.**") – shall decide and reject the application on the basis of the information available to it.

Pursuant to Section 2 (1) a) 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 authorisation and registration procedures in the context of the supervision of the financial intermediary system and with respect to trustee enterprises, the condition for the conduct of the procedure for the authorisation of the establishment of a financial undertaking is the payment of an administrative service fee of HUF 1,900,000.

Further information about the administrative service fee is available at the following link:

[www.mnb.hu/letoltes/tajekoztatas-a-magyar-nemzeti-bank-altal-egyes-engedelyezesi-es-nyilvantartasba\\_veteli-el-jarasokban-alkalmazott-igazgatasi-szolgaltatasi-dijrol.pdf](http://www.mnb.hu/letoltes/tajekoztatas-a-magyar-nemzeti-bank-altal-egyes-engedelyezesi-es-nyilvantartasba_veteli-el-jarasokban-alkalmazott-igazgatasi-szolgaltatasi-dijrol.pdf)

## **I. DOCUMENTS TO BE SUBMITTED IN THE PROCEDURE FOR THE AUTHORISATION OF THE ESTABLISHMENT AND OPERATION OF FINANCIAL UNDERTAKINGS**

1. **Application** for authorisation to be established and to operate as a financial undertaking (on an electronic form), indicating the financial and ancillary financial services covered by the Credit Institutions Act for which the undertaking seeks authorisation. It should be noted that, pursuant to Section 7 (3) of the Credit Institutions Act defining the "clean profile requirements", a financial undertaking may only engage in the activities listed in detail therein. (*Section 18(1) of the Credit Institutions Act*) However, please note that financial undertakings are not entitled to carry out the activities specified in Section 3 (1) a) and d) of the Credit Institutions Act and Section 3 (2) a) of the Credit Institutions Act.

2. The **articles of association** (statutes) of the financial undertaking to be established (*Section 18 (1) a) of the Credit Institutions Act*).

Please note that

- pursuant to Section 11 (1) of the Credit Institutions Act, a financial undertaking may operate as a company limited by shares, a cooperative, a foundation or a branch.
- if the company has decided in its articles of association (statutes) to produce its shares in dematerialised form, it is no longer possible to have these shares produced in printed form – with the exception of a private limited company (*Section 6 (5) of Act CXX of 2001 on Capital Markets (Tpt.)*)
- *the articles of association (statutes) should also include provisions on the managing director.*

3. Definition of the intended area of operation (national or limited to a specific territorial unit) (on the form or on the electronic application form) (*Section 18 (1) b) of the Credit Institutions Act*).

4. The total amount of the initial capital – the minimum amount of which (except for financial holding companies and financial undertakings operating a payment system) is HUF 100 million pursuant to Section 12 (4) of the Credit Institutions Act, or HUF 150 million pursuant to Section 12 (6) of the Credit Institutions Act. If the company also provides financial services in the form of credit and money lending – shall be a bank certificate confirming the actual payment and availability of the initial capital by the founders into the share capital account opened in the name of the company to be established (Section 18 (1) c) of the Credit Institutions Act).

Pursuant to Section 13 (1) of the Credit Institutions Act, the initial capital must be paid in money, namely at a credit institution which is not involved in the foundation, in which the founder does not hold any shares or which does not hold any shares in the founder. Please note that it is not possible to use the initial capital during the foundation authorisation procedure.

5. A presentation of the financial undertaking's organisational structure, its governance, decision-making and control arrangements, and its draft organisational and operational rules ("SzMsz"). The SzMSz must contain a description of the company's organisational structure, the management, decision-making and control system, as well as the rules of substitution and operation (Section 18 (1) d), Section 20 (2) m) of the Credit Institutions Act).
6. Proof that the undertaking has the **necessary personnel and material conditions for the provision of financial services** in accordance with Section 67 and Section 20 (2) d) to f), h), k) and q) of the Credit Institutions Act (Section 18 (1) f) of the Credit Institutions Act).

#### 6./A. To prove that the personal conditions are met:

6.A.1. The decision on the designation/appointment of the chairman of the board of directors, the chairman of the supervisory board or the managing director (Section 15 (1) d) of the Credit Institutions Act). Please note that the detailed rules for the authorisation of senior executives can be found in the Personal authorisations folder.

6.A.2. Declarations of the chairman of the board of directors and the chairman of the supervisory board concerning the grounds for exclusion specified in Section 137 (4) and (6) of the Credit Institutions Act and in Section 137 (9) of the Credit Institutions Act; official certificate of good conduct [original, extended official certificate of good conduct (no criminal record, not subject to a ban of public office, not subject to a ban on occupation or activity) or a certified copy thereof, not older than 90 (ninety) days – issued by the authority of the country of nationality or, failing that, of residence] (Section 137 (1)-(4) and (6), and (9)), data sheet for the verification of good business reputation (Section 139 (1) of the Credit Institutions Act). The form is available in the menu below: [https://alk.mnb.hu/bal\\_menu/formanyomtatvanyok?mid=871](https://alk.mnb.hu/bal_menu/formanyomtatvanyok?mid=871)

6.A.3. Statements of the managing director concerning Section 137 (4) and (6) of the Credit Institutions Act and the statements required by Section 137 (9) of the Credit Institutions Act; an extended certificate of good conduct (no criminal record, not subject to a ban of public office, prohibited from engaging in any occupation or activity of a financial nature), not older than 90 days (original certificate of good conduct issued by the authority of the country of nationality or, failing that, of residence – or a certified copy thereof); proof of higher education qualification as defined in Section 155 (4) of the Credit Institutions Act by an original document or a notarised copy of a diploma; proof of at least three years' professional experience working at a financial institution, the MNB, the Hungarian Financial Supervisory Authority, or its predecessor or in public administration or at least three years of managerial experience in another economic field by a CV or employer's certificate, a form proving the existence of good business reputation (Section 139 (1) of the Credit Institutions Act).

6.A.4. An engagement contract concluded with an auditor registered in the register of the Hungarian Chamber of Auditors, who is registered in the register of auditors of financial institutions by resolution, and who declares that he/she is not subject to the grounds for exclusion set out in the Credit Institutions Act (Section 260 of the Credit Institutions Act).

6.A.5. The employment or engagement contract concluded with the internal auditor to be employed, as well as other documents serving as proof of the conditions of employment of the internal auditor (Section 154 (5) of the Credit Institutions Act, in the case of the conditions of employment, Section 154 (11)-(12) of the Credit Institutions Act). In the

*case of an internal auditor employed by more than one financial undertaking, a written agreement acknowledging mutual employment.*

6.A.6. Description of staff (number of staff to be employed, their function)

**6./B. To prove the existence of material conditions:**

6./B.1. A description of the personnel, material and technical conditions necessary for the operation, including a description of the computer office equipment (*Section 67 (1) c) and d) of the Credit Institutions Act*).

6./B.2. Proof of unrestricted right of possession at the registered office or place of business (title deed, lease/sublease agreement, etc.) (*Section 67 (1) d) and (2) of the Credit Institutions Act*).

6./B.3. A property insurance policy or offer covering both the head office and any establishments (*Section 67 (1) e) of the Credit Institutions Act*). Only property insurance contracts where the financial undertaking is the insured are acceptable. In the case of a property insurance offer, proof of payment of the first instalment of the premium is also required.

6./B.4. To certify that the accounting records of the institution under establishment are in compliance with the law and that it has internal regulations for prudent operation in accordance with Section 14 of Act C of 2000 on Accounting ("Accounting Act") and Section 3 of Government Decree 250/2000 (XII. 24.) on the specific features of the obligation of credit institutions and financial undertakings to prepare and keep annual accounts ("**Government Decree 250/2000**"), and in accordance with MNB Decree No. 40/2016 (X. 11.) on the prudential requirements for client and counterparty ratings and collateral assessment and MNB Decree No 39/2016. (X. 11.) on prudential requirements for non-performing exposures and restructured exposures ("**Regulations**")

6.4.1. the accounting policy and its mandatory annexes,

6.4.2. the chart of accounts and the system of accounts,

6.4.3. the rules for the inventory and stocktaking of assets and liabilities,

6.4.4. the valuation rules for assets and liabilities,

6.4.5. the preparation of internal rules for the calculation of costs, as provided for in Section 3(8) of Government Decree 250/2000, may not be exempted,

6.4.6. the submission of a cash management policy is required.

Regulations to be prepared and submitted in accordance with the relevant provisions of the Regulations:

6.4.7. customer or partner rating policy,

6.4.8. collateral valuation rules,

6.4.9. transaction rating and valuation rules,

6.4.10. impairment and provisioning rules,

6.4.11. the rules on the management, recording, accounting and control of supporting documents and forms subject to strict accountability,

6.4.12. policies for the clearing, settlement, recording, designation and segregation of hedging transactions in futures, options and swaps (*the policies need only be prepared before the Company enters into such transactions*).

Please note that pursuant to Section 3 (3) of and Annex 7 to Government Decree No 250/2000, the accounting requirements for the client and counterparty rating of financial undertakings, the accounting requirements for the valuation of collateral, the accounting requirements for the asset rating, the accounting requirements for impairment and provisioning, and the accounting requirements for the valuation of assets and liabilities must be included under the heading "Specific valuation requirements" in the framework of the valuation rules for assets and liabilities.

6.4.13. *Risk Assumption Policy (Section 98 (1) of the Credit Institutions Act)*

Please note that the above accounting rules must be prepared in accordance with the provisions of Section 67 (1) a) and b) of the Credit Institutions Act, Section 14 of the Accounting Act, and Section 3 of Government Decree No 250/2000, in such a way that they are fully applicable and compatible with the activities to be performed.

Please note that in the authorisation procedure, the MNB will also examine whether the provisions of the internal accounting rules of the institution under establishment listed above are consistent with the provisions of its business rules and general terms and conditions for the activity(ies) it intends to carry out.

**6./C. Business Rules and General Terms and Conditions:**

If the financial undertaking intends to carry out more than one activity, these documents must be drawn up for each activity. The Business Rules and the General Terms and Conditions must also be accompanied by the model contracts and the model surety agreements to be used (*Section 276 (1) of the Credit Institutions Act*)

When drafting the Business Rules and the General Terms and Conditions and their content, special attention must be paid to the rules prescribed and mandatorily applicable under the Credit Institutions Act, as well as to other applicable legislation (Sections 276-279 of the Credit Institutions Act, the Civil Code, consumer protection provisions, in particular clauses on unilateral contract modification to the detriment of customers) (*Section 20 (2) e) of the Credit Institutions Act*). The rules on complaints handling should be developed in accordance with the Complaints Handling Rules [*Section 288 of the Credit Institutions Act*, Government Decree No 435/2016 (XII.16.) on the detailed rules concerning the complaints handling procedure and the complaints handling policy of electronic money institutions, voucher issuers, financial institutions and independent financial service intermediaries (**Government Decree**)], and the contact person responsible for consumer protection matters must also be indicated in the Business Rules (*Section 288 (5) of the Credit Institutions Act*).

#### **6./D. Complaints handling rules**

Based on the Government Decree, MNB Decree No. 66/2021 (XII.20.) on the detailed rules on the form and method of complaint handling of certain financial organisations and Recommendation No. 16/2021 (XI. 25.) of the Magyar Nemzeti Bank on the complaint handling procedure of financial organisations, the Company's Complaints Handling Rules shall be prepared.

**6./E.** A medium-term – three-year – business plan, with figures showing the balance sheet, profit and loss, cash-flow and a description of how you operations are planned, with a textual assessment. (*Section 18 (1) f) of the Credit Institutions Act, Section 20 (2) d) of the Credit Institutions Act*) When preparing the business plan, please also take the following guidelines into account:

***“Guidelines for financial undertakings on criteria for assessing business plans to be submitted during authorisation procedures”***

The guidelines are available on the MNB website at:

Supervision/Authorisation and supervision of institutions/Authorisation/Frequently asked questions

<http://www.mnb.hu/letoltes/tmpdf18-tmp-11702677.pdf>

**6./F.** A declaration that the applicant is prepared to provide the data specified by law or based on law (on a form or on the electronic form of the application), as well as the results of test runs of the computer programs used for providing the data (*Section 18 (1) f) of the Credit Institutions Act, Section 20 (2) h) of the Credit Institutions Act*).

**6./G.** When the financial undertaking intends to commence its activities (on the form or on the electronic application form) (a financial undertaking may commence its activities only after obtaining the MNB's authorisation to establish and operate and after registration with the registry court)(*Section 18 (1) f) of the Credit Institutions Act, Section 20 (2) f) of the Credit Institutions Act*).

**6./H.** A declaration of connection to the central credit information system recognised by the MNB (at least a certified declaration of intent received by the addressee, BISZ Central Credit Information System Limited Liability Company) (*Section 18 (1) f) of the Credit Institutions Act, Section 20 (2) k) of the Credit Institutions Act*).

**6./I.** IT policies: A description of the information and control system to mitigate operational risks and the plan for dealing with contingencies.

The financial institution shall establish a system of governance for the security of the information technology system used for the provision of its financial, ancillary financial services activities and shall ensure that the information technology system is protected in a manner proportionate to the risks. The regulatory framework must address the requirements for information technology, the assessment and management of security risks arising from its use in the areas of planning, procurement, operation and control (*Section 67 (1) f) of the Credit Institutions Act* and Government Decree No 42/2015 (III.12.) on the protection of information technology systems of financial institutions, insurance and reinsurance companies, investment firms and commodity exchange service providers).

**6./J.** If the financial institution in question uses cloud computing services under an outsourcing contract from the beginning of its operations, it must take into account the provisions of MNB Recommendation No. 4/2019 (IV.1.) on the use of community and public cloud services.

**6./K.** The regulations containing the organisation, competences, duties, professional requirements and procedural rules of internal audit (*Section 154 (11)-(12) of the Credit Institutions Act*).

**6./L.** Internal regulations in accordance with the guidelines issued by the MNB (*Section 65 of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing*)

**7.** A declaration that the financial undertaking is managed by the head office to be established in Hungary (on a form or on the electronic application form) (*Section 18 (1) i) of the Credit Institutions Act*)

**8.** Declaration by the founder(s) that they have communicated all relevant facts and data to the MNB (on a form or on the electronic application form) (*Section 59 (2) of the MNB Act*)

**9/A.1.** If the founders include a natural person/non-natural person who proposes to acquire, directly or indirectly, a qualifying holding<sup>1</sup> in the financial undertaking under establishment, in addition to the documents listed above, the application for authorisation must be accompanied by the documents to be submitted in the procedure for authorisation to acquire a qualifying holding in a financial undertaking. Chapters I-II of the Authorisation Guidelines entitled "Authorisation for the acquisition and increase of a qualifying holding in a financial undertaking" contain detailed information on the definition of a qualifying holding, the determination of the size of the qualifying holding and the calculation of voting rights, while Chapter IV "Contents of the Authorisation Application" sets out the documents to be submitted by the persons acquiring a qualifying holding. The referenced Authorisation Guide can be found on the MNB's website under "Supervision/Authorisation and Institutional Supervision/Authorisation/Sectors/Financial market/Financial undertaking/Authorisation for the acquisition and increase of a qualifying holding.

**10.** Proof of payment of the administrative service fee (*declaration also to be made on an electronic form*)

**11.** In the case of legal representation: power of attorney (*Section 14 (1) of Act CL of 2016 on the General Administrative Procedure ("Ákr.")*). For applicants established abroad, a declaration of the applicant's agent for service of process, who must be a lawyer or law firm registered in Hungary. (*Section 18 (1) e) of the Credit Institutions Act*) The MNB will keep the right of representation under review throughout the procedure.

## **II. THE ESTABLISHMENT OF A FINANCIAL UNDERTAKING IN THE FORM OF A BRANCH**

In the case of the establishment of a financial institution operating as a branch pursuant to Section 19 (1) of the Credit Institutions Act, in **addition to the requirements set out in Section 18 (1)**, the application for an authorisation for establishment shall be accompanied by

- the founding document of the foreign financial institution, (*Section 19 (1) a) of the Credit Institutions Act*)
- the foreign financial institution's original extract from the register of companies or a certificate that the foreign financial institution has been registered in the company (economic) register, not older than three months (*Section 19 (1) b) of the Credit Institutions Act*)
- a copy of the authorisation issued by the supervisory authority of the foreign financial institution's home country (*Section 19 (1) c) of the Credit Institutions Act*)
- a certificate not more than thirty days old stating that the foreign financial institution participating in the establishment has no debts to the tax authority, customs authority or social security body in Hungary and in the state in which it is domiciled (*Section 19 (1) d) of the Credit Institutions Act*)
- a certificate issued by the competent supervisory authority of the state in which it is established confirming that the head office governing the financial institution is located in the state in which it is established (*Section 19 (1) e) of the Credit Institutions Act*)
- the balance sheet and profit and loss account of the founder for the previous financial year certified by an auditor (*Section 19 (1) f) of the Credit Institutions Act*)
- a statement on the off-balance sheet liabilities of the foreign financial institution (*Section 19 (1) g) of the Credit Institutions Act*)
- a detailed description of the founder's ownership structure and the circumstances under which the founder is considered to belong to a group of connected persons, as well as the consolidated annual accounts of the controlling company for the previous year, if the controlling company is required to prepare consolidated accounts (*Section 19 (1) h) of the Credit Institutions Act*)
- a statement of the persons concerned by the application executed in a private document representing conclusive evidence, giving consent to having the authenticity of the documents attached to the application for authorisation verified by the MNB by way of addressed bodies, (*Section 19 (1) i) of the Credit Institutions Act*)

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<sup>1</sup> a direct or indirect holding in an undertaking which represents 10 % or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking (*Paragraph 6 of Section 6 (1) of the Credit Institutions Act, Article 4 Point 36 of Regulation 575/2013/EU*)



- the activities carried out by the applicant and authorised by the supervisory authority having competence over the registered office of the applicant pursuant to Section 3 of the Credit Institutions Act, and the places where these activities are carried out (*Section 19 (1) j) of the Credit Institutions Act*)
- the designation of the decision making powers of the branch's senior executive and the applicant's bodies without whose consent certain decisions are not valid (*Section 19 (1) k) of the Credit Institutions Act*)
- a statement by the supervisory authority having competence over the registered office of the applicant that there are no grounds for exclusion of the non-Hungarian senior executive from holding or performing the position (*Section 19 (1) l) of the Credit Institutions Act*).

The MNB shall grant a licence to establish a financial institution operating as a branch in accordance with Section 19 (3) of the Credit Institutions Act if – subject to the conditions set out in Paragraph (1) and Section 18(1) –

- there is a valid and effective international cooperation agreement between the MNB and the supervisory authority having competence over the registered office of the applicant, based on mutual recognition of supervisory authorities and covering the supervision of branches (*Section 19 (3) a) of the Credit Institutions Act*)
- the state in which the applicant financial institution is established has anti-money laundering and anti-terrorist financing legislation that meets the requirements of Hungarian law (*Section 19 (3) b) of the Credit Institutions Act*)
- the applicant financial institution has a data management policy that meets the requirements of Hungarian legislation (*Section 19 (3) c) of the Credit Institutions Act*)
- the applicant financial institution declares that it is fully liable for the liabilities incurred under the company name of the branch (*Section 19 (3) d) of the Credit Institutions Act*)
- the applicant financial institution submits an authorisation of the supervisory authority having competence over the registered office of the applicant for the establishment of a branch, along with its declaration of consent and acknowledgement (*Section 19 (3) e) of the Credit Institutions Act*)
- the laws of the country where the applicant financial institution is established ensure the prudent and safe operation of financial institutions. (*Section 19 (3) f) of the Credit Institutions Act*)

In addition to the above, applicants should also take note of the following information published on the MNB website: “Information on certain issues most frequently arising in certain authorisation and registration procedures affecting the practice of the MNB”<sup>2</sup>

“Establishment of good business reputation – in the procedures for the approval of the election/appointment of a senior executive (Act CCXXXVII of 2013 on Credit Institutions and Financial Undertakings, Paragraph 51 Section 6 (1), and Section 139)”<sup>3</sup>

### III. GROUNDS FOR REFUSAL OF AN APPLICATION FOR AN AUTHORISATION OF ESTABLISHMENT AND ACTIVITY

- the applicant provides misleading or untrue information in the authorisation procedure (*Section 30 (1) a) of the Credit Institutions Act*),
- the financial undertaking that the applicant intends to establish does not meet the statutory requirements concerning initial capital, the legal form of the company, the form of the company, ownership and the governing bodies (*Section 30 (1) b) of the Credit Institutions Act*),
- the applicant is a non-resident and it has no agent for service of process (*Section 30 (1) c) of the Credit Institutions Act*),
- the legal regime of the third country applicable to the person closely associated with the credit institution does not allow for the performance of supervisory tasks on a consolidated basis (*Section 30 (1) d) of the Credit Institutions Act*),
- There are reasonable grounds to suspect that, in connection with the activity of the applicant, money laundering or terrorist financing within the meaning of the relevant legislation is being or has been committed or attempted, or that the intended activity could increase the risk thereof (*Section 30 (1) e) of the Credit Institutions Act*),
- the applicant does not dispose of the necessary personal and material conditions (*Section 30 (3) b) of the Credit Institutions Act*),

<sup>2</sup> <https://www.mnb.hu/letoltes/tajekoztato-az-egy-es-egy-egyes-engedelyezesi-illetve-nyilvantartasba-veteli-eljarasok-soran-leggyakrabban-felmerulo-a-magyar-nemzeti-bank-mnb-gyakorlatat-erinto-kerdesekkel-kapcsolatban-1.pdf>

<sup>3</sup> <https://www.mnb.hu/letoltes/jo-uzleti-tajekoztato-hpt-clear.pdf>

- the applicant's business plan, other documents attached to the application for an authorisation, and any documents, data or information available to the MNB indicate that the applicant cannot comply with the legal requirements for prudent operation(*Section 30 (3) c) of the Credit Institutions Act*).

The MNB shall also reject an application for the establishment of a branch if one of the conditions listed in Section 18 (1) or Section 19 of the Credit Institutions Act is not fulfilled.

**If, after reviewing these guidelines, further questions arise which cannot be answered in a telephone or written consultation on a specific case, the MNB will also provide the applicant with the opportunity for personal consultation. For personal consultations, please contact the Secretariat of the Financial and Capital Markets Licensing Department (phone: +36-1-489-9300; e-mail: [ptef@mnbb.hu](mailto:ptef@mnbb.hu)).**

**If the questions you have are purely IT-related, you may also contact the IT Supervision Department directly for a personal consultation (phone: +36-1-489-9780; e-mail: [iff@mnbb.hu](mailto:iff@mnbb.hu)).**

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