

NOTICE
ON THE CENTRAL CONTACT POINT FOR THE PREVENTION OF MONEY
LAUNDERING

CONTENTS

Contents

1. Purpose, form and appointment of the CCP	3
2. Service providers obliged to appoint a CCP	4
3. Duties of the CCP.....	5
3.1. Tasks to ensure compliance with the anti-money laundering and anti-terrorist financing rules.....	5
3.2. Tasks to facilitate supervision by the competent authorities of the host Member State:	6
3.3. Supplementary tasks, responsibility	6
4. Oversight of the CCP	7
Appendix -Legislative background:	8

1. PURPOSE, FORM AND APPOINTMENT OF THE CCP

This notice summarises the information on the central contact point to be appointed for the prevention of money laundering and terrorist financing, and does not cover the central contact point to be appointed for PSD2.

Commission Delegated Regulation (EU) 2018/1108 of 7 May 2018 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council with regulatory technical standards on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions (**Regulation**) and Section 61 of Act LIII of 2017 on the Prevention of and Combating Money Laundering and Terrorist Financing (**AML Act**) introduce the institution of a **central contact point (CCP)**.

The CCP is – in the case of a payment service provider or electronic money issuer established in another Member State – a person appointed by the payment service provider or electronic money issuer in respect of its establishment or establishments in Hungary other than branches.

The purpose of appointing the CCP is that on behalf of the institution appointing him

- he should ensure compliance with the rules on combating money laundering and terrorist financing in Hungary in respect of the establishment(s) in Hungary; and
- facilitate the performance of the supervisory tasks of the MNB as the competent authority.

Only one CCP needs to be appointed even when there are several establishments other than a branch in Hungary.

For performing the functions of a CCP, a clear written appointment should be issued by the payment service provider or electronic money issuer in accordance with the corporate law rules and internal rules applicable to the respective payment service provider or electronic money issuer. The appointing institution shall inform the MNB in writing of the appointment and the name and contact details of the appointed person within five working days from the appointment.

When performing his statutory duties, the CCP shall act as the legal representative of the appointing institution in relation to the establishment(s) of the payment service provider or electronic money issuer(s) that appointed him. No other person may perform those functions under a power of attorney or outsourcing agreement, nor may the CCP delegate those functions to another person.

Due to the nature of the task, *“the CCP appointed as the central contact point in Hungary”* must be a person resident or established in Hungary.

Within his duties specified by the Hungarian laws, the CCP acting as central contact point in Hungary shall be responsible, among other things, for the notification under Sections 30 and 32 of the AML Act, the data supply under Section 42 of the AML Act, the suspension of the transaction execution in accordance with Sections 34 and 35 of the same, as well as for compliance with the notification under Section 4 of the Act on the Implementation of Financial and Asset-related Restrictive Measures Ordered by the European Union and the UN Security Council (**CFT Act**) (for the detailed duties of the CCP see Section 3).

The performance of the notification task (notification) according to both the AML Act and the CFT Act assumes a management or employee position or other legal relationship. In view of this fact, as well as of the CCP's access to sensitive data in the course of the notification, the suspension and the immediate data supply to the financial intelligence unit, and the related provisions of Section 54 of the AML Act with regard to the prohibition of disclosure – although the Hungarian legislation does not impose any formal requirements on CCPs – the MNB's supervisory expectation is that the CCP should be a natural person in employment relationship with the service provider, who is a resident in Hungary and separate from the service provider's agents and intermediaries. However, if a CCP is appointed, the MNB does not prohibit the natural person thus appointed as CCP from performing this function by being physically present at the service provider's agent or intermediary, but due to the aforementioned data security issues it is necessary in this case as well to ensure that the IT system is closed and separated from the CCP activity and other business activities. Additionally, the person performing the CCP duties must have a sufficient knowledge of the Hungarian language, as due to the prohibition of disclosure rule of Section 54 of the AML Act, no translators or other Hungarian speaking person (e.g. lawyer) shall perform translation tasks for the CCP in this regard.

2. SERVICE PROVIDERS OBLIGED TO APPOINT A CCP

In Hungary, a CCP must be appointed by those payment service providers and electronic money issuers.

1. the registered office of which is outside Hungary in another Member State of the European Union, and
2. have establishments in Hungary other than a branch, and
3. any of the following criteria is met
 - a) it has at least ten establishments other than a branch in Hungary;
 - b) the cumulative amount of the electronic money distributed and redeemed, or the cumulative value of the payment transactions executed by the establishments is expected to exceed HUF 900 million per financial year or has exceeded HUF 900 million in the previous financial year;
 - c) the information necessary to assess whether or not the criterion in point (a) or (b) is met is not made available to the MNB upon request and in a timely manner.

The definition of an establishment other than a branch shall be governed by the definitions of Act CXXXII of 1997 on Branches and Commercial Representations of Foreign-registered Enterprises in Hungary and of Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings.

In addition, the MNB draws the attention to the fact that, also in view of the European Banking Authority's (EBA) Communication and Report¹, **the establishments of a payment service provider or electronic money issuer with registered office in another Member State shall also include its agent or intermediary in Hungary through which the payment service provider or electronic money issuer provides its services.**

3. DUTIES OF THE CCP

The scope of the CCP's duties is defined in Section 61(3) of the AML Act and by the provisions of the Regulation.

The two main objectives of the CCP are to ensure compliance with the anti-money laundering and anti-terrorist financing rules and to facilitate supervision by the competent authorities of the host Member State.

For both purposes, the CCP represents the appointing electronic money issuer or payment service provider before the MNB and the Central Anti-Money Laundering and Terrorist Financing Office of the National Tax and Customs Administration acting as the Financial Intelligence Unit (HFIU), in respect of the operation of the Hungarian establishment(s) (**legal representation**).

3.1. Tasks to ensure compliance with the anti-money laundering and anti-terrorist financing rules

The CCP shall

- inform the appointing electronic money issuer or payment service provider about the Hungarian legislation and other regulations related to combating money laundering and terrorist financing and the amendments of those (**providing professional advice**);
- supervise on behalf of the appointing electronic money issuer or payment service provider whether the Hungarian establishment(s) effectively comply with the requirements related to combating money laundering and terrorist financing in Hungary and with the policies, control mechanism and procedures adopted by the appointing electronic money issuer or payment service provider pursuant to Article 8(3) and (4) of Directive (EU) 2015/849 (**oversight**);
- inform the appointing electronic money issuer or payment service provider of any breaches of law or regulation at those establishments, including any information that may affect the ability of the establishment to comply effectively with the policies and procedures of the appointing electronic money issuer or payment service provider relating to combating money laundering and terrorist financing or otherwise affect the risk assessment of the appointing electronic money issuer or payment service provider (**notification of infringement and risk**);
- ensure, on behalf of the appointing electronic money issuer or payment service provider, that corrective action is taken when the establishment(s) do not comply, or there is a risk of not complying, with the applicable rules related to combating money laundering and terrorist financing (**ensuring the remedy of infringements**);

¹For the EBA communication see the following link: *ESAs publish central contact point standards in fight against financial crime | European Banking Authority (europa.eu)*.

EBA report entitled *"Final Report on Joint draft regulatory technical standards on the criteria for determining the circumstances in which the appointment of a central contact point pursuant to Article 45(9) of Directive (EU) 2015/849 is appropriate and the functions of the central contact point"* (JC 2017 08 26/06/2017).

- ensure, on behalf of the appointing electronic money issuer or payment service provider, that the aforementioned establishment(s) and their staff attend trainings on the prevention of money laundering in accordance with the AML rules in Hungary (**AML training**);

3.2. Tasks to facilitate supervision by the competent authorities of the host Member State:

Fulfilling requests and data supply

As the CCP has access to the information held by the aforementioned establishments, he shall respond to any request from the MNB in relation to the activities of the establishment(s), providing the MNB with relevant information possessed by the appointing electronic money issuer or payment service provider and by the aforementioned establishment(s) and report regularly on those as necessary.

Supporting the MNB in the on-site inspections of the establishment(s)

The MNB may verify compliance with the rules related to the prevention of money laundering in Hungary in relation to the establishment and, in connection with this, the MNB will contact the CCP and send him the documents related to the inspection and will expect him to provide information in response to questions formulated by the MNB.

During the on-site inspections, the CCP is responsible for providing the MNB with suitable premises, other material conditions, documents and the participation of staff necessary for making substantiated statements and providing information, and for issuing a declaration of completeness.

Communication with the MNB is made via the MNB's information system supporting electronic administration (**ERA**) using the "Money Laundering thematic inspection form" available under the "e-Administration financial market" service / "Financial Market inspections" and the EÜHT Mailbox, and in order to ensure smooth communication, it is recommended that the CCP starts these processes as soon as possible, taking into account the time required for the ERA registration and the acquisition of a secure electronic signature certificate. For the information related to the registration see the following link:

<https://era.mnb.hu/ERA.WEB/>

3.3. Supplementary tasks, responsibility

In addition to the above, the **tasks and responsibilities** of the CCP shall include, in connection with the operation of the establishment(s), **ensuring**, when justified and in accordance with the prevailing statutory provisions, the **fulfilment** of the following tasks

- when any data, facts or circumstances emerge that imply money laundering, terrorist financing or the origin of property from criminal offences, reporting those without delay to the HFIU (**obligation to report money laundering**);
- to comply fully, promptly and through secure channels with the requests sent by the HFIU within the framework of its analytical and evaluation activities (**fulfilment of HFIU data supply**);
- to suspend the execution of the transaction and report it accordingly (**fulfilment of the suspension and reporting obligation**),
- and to report without delay to HFIU any information, facts or circumstances relating to restricted funds or economic resources in Hungary of a person subject to financial and property restrictive measures imposed by the European Union and the United Nations Security Council (**fulfilment of the sanction based reporting obligation**).

The reporting obligation must be fulfilled by the person designated under the AML Act and the CFT Act, but the designated person may be the same as the CCP as long as it is a natural person.

The MNB calls the attention to the fact that the CCP and the establishment must comply with the rules on the **prohibition of disclosure** in relation to the above measures.

4. OVERSIGHT OF THE CCP

The primary responsibility for ensuring compliance with anti-money laundering rules in Hungary lies with the payment service provider and electronic money issuer established in another Member State, and the primary responsibility for overseeing compliance lies with the competent authority of the Member State where it is established; however, the MNB must also ensure compliance with the anti-money laundering legislation in Hungary in respect of the establishment(s) in Hungary.

The CCP is responsible for assisting the foreign service provider in complying with these rules. The CCP does not fall within the AML Act and the oversight by the MNB on a general basis, only with regard to the performance of his tasks defined above, i.e. the tasks set out in Section 61(3) of the AML Act and in the Regulation. However, on an exceptional basis – in severe cases requiring immediate intervention – the MNB may, in order to ensure that the establishment(s) comply with the anti-money laundering rules in Hungary, apply in respect of the CCP any of the supervisory measures set out in the AML Act. The application of such measures shall be of temporary nature and the MNB shall cooperate with the competent authority of the home Member State and it will last until such time as the competent authority of the home Member State takes action.

APPENDIX -LEGISLATIVE BACKGROUND:

Act LIII of 2017 on the Prevention of and Combating Money Laundering and Terrorist Financing

Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

Commission Delegated Regulation (EU) 2018/1108 of 7 May 2018 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council with regulatory technical standards on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions