

**LICENSING THE ESTABLISHMENT OF BANK REPRESENTATIVE OFFICES OF CREDIT INSTITUTIONS IN THIRD COUNTRIES, AND REGISTRATION OF  
BANK REPRESENTATIVE OFFICES OF FOREIGN CREDIT INSTITUTIONS**

Pursuant to the provisions of Section 9(1)a) aa) and 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 ("Decree"), the legal representative of the enterprise and the applicant (client) obliged, pursuant to Article 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.

In the licensing 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 communication of the MNB are delivered to the financial organisations or their legal representatives by sending them to the delivery storage space.

The website of the MNB includes information materials related to the electronic administration and the submission of annexes to be attached in the licensing procedure (electronic documents) at:

<https://www.mnb.hu/letoltes/tajekoztatas-az-e-ugyintezesrol-az-mnb-elotti-engedelyezesi-eljarasokban-1.pdf>

For further information related to certain aspects of the licensing procedures see the following menu item:

<https://www.mnb.hu/felugvelet/engedelyezes-es-intezmenyfelugveles/engedelyezes/tajekoztatok>

#### **1. ESTABLISHMENT OF BANK REPRESENTATIVE OFFICES OF CREDIT INSTITUTIONS REGISTERED IN HUNGARY IN A THIRD COUNTRY**

The establishment of the bank representative office of a credit institution with registered office in Hungary and the commencement of the representative office's operation is subject to an MNB licence (*Section 44 of Act of CCXXXVII of 2013 on Credit institutions and financial enterprises (Credit Institutions Act)*).

##### **The licence application (on electronic form) shall contain:**

- a) the name of the bank representative office with reference to the representational function (*on electronic form*),
- b) detailed designation of the activities to be pursued (*on electronic form*),
- c) the anticipated duration of the operation (*on electronic form*)
- d) the number of genuine administrators to be employed (*on electronic form*) and their curriculum vitae
- e) the name of the head of the bank representative office (*on electronic form*) and his or her curriculum vitae (*Section 45(1) of the Credit Institutions Act*),
- f) declaration of the applicant that it has disclosed to the MNB all important facts, data and information required for the issuance of the licence (*on electronic form*) (*Article 59 (2) of the MNB Act*)

During the licensing procedure related to the establishment of the foreign representative office of a credit institution with registered office in Hungary, the MNB registers:

- a) the date and place of the establishment of the credit institution's bank representative office (*Section 200(2)i) of the Credit Institutions Act*)
- b) the name of the persons in charge of managing the bank representative office (*Section 200(2)j) of the Credit Institutions Act*)
- c) any change in the data listed above (*Section 200(2)k) of the Credit Institutions Act*)

#### **2. ESTABLISHING BANK REPRESENTATIVE OFFICES IN HUNGARY OF CREDIT INSTITUTIONS WITH REGISTERED OFFICE ABROAD**

The establishment of bank representative offices in Hungary of credit institutions with registered office abroad shall be registered with the MNB.

The application for registration shall contain:

- a) the name of the bank representative office with reference to the representational function,
- b) detailed designation of the activities to be pursued,
- c) the anticipated duration of the operation,
- d) the number of genuine administrators to be employed and their curriculum vitae

e) the name and curriculum vitae of the head of the bank representative office. (*Section 45 (1) of the Credit Institutions Act*). 2/2

In addition, the application shall contain the following documents issued by the applicant credit institution's competent supervisory authority

- a) licence to establish a bank representative office, declaration of consent or acknowledgement,
- b) declaration according to which it has identified no disqualifying reason in respect of the head of the bank representative office (*Section 45(2) of the Credit Institutions Act*).

The MNB will register, through a resolution, the following data of foreign credit institution's bank representative office, and thus the application shall also contain these data:

- a) name, registered office, scope of activity of the represented credit institution, and the data related to the place of performing the activity;
- b) the date of foundation and licence of the bank representative office;
- c) the registered office of the bank representative office;
- d) the name of the head of the bank representative office;
- e) date of the opening of the bank representative office;
- f) any change in the data listed in subsection a)-d) (*Section 201 of the Credit Institutions Act*)

### 3. RULES APPLICABLE TO BANK REPRESENTATIVE OFFICES

The bank representative office may maintain relations with persons and organisations, provide data and information on the represented credit institution within the statutory framework, promote the services of the represented credit institution and facilitate communication with the clients thereof, but **it shall not pursue any business operations** (*Section 43(1) of the Credit Institutions Act*).

The head of the bank representative office shall be responsible for complying with the provisions applicable to bank representative offices (*Section 46(1) of the Credit Institutions Act*).

The bank representative office shall notify the MNB of the transfer or closure of the bank representative office, or the change in the person performing the duties of representation, within 5 (five) working days (*Section 46(2) of the Credit Institutions Act*).

If the bank representative office fails to comply with the provisions of Section 43(1) of the Credit Institutions Act, the MNB will strike off the bank representative office from the register and at the same time prohibit it from the exercise of its bank representation activity (*Section 46(3) of the Credit Institutions Act*).

Pursuant to Section 1(11) of MNB Decree 32/2023. (VII. 19.) of the Governor of the Magyar Nemzeti Bank on the Administrative service fee charged for certain licensing and registration proceedings carried out by the Magyar Nemzeti Bank within the framework of the supervision of the financial intermediary system and in respect of fiduciary companies, the conduct of the licensing procedure aimed at the registration of the bank representative office in Hungary of credit institutions with registered office abroad is subject to the payment of an administrative service fee HUF 500,000.

For further information about the administrative service fee see: <https://www.mnb.hu/letoltes/tajekoztatas-a-magyar-nemzeti-bank-altal-egy-es-engedelyezesi-es-nyilvantartasbaveteli-eljarasokban-alkalmazott-igazgatasi-szolgaltatasi-dijrol.pdf>

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