**LEGAL PROVISIONS AND STANDARDS PERTAINING TO SPECIFIC FINANCIAL SUBSECTORS**

1. **COMMON REGULATIONS**

Pursuant to Section 42 of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (**Credit Institutions Act)**, Section 26 of Act CCXXXV of 2013 on Certain Payment Service Providers (**Payment Service Provider Act**), Section 283 (1), Sections 286 and 423 of Act LXXXVIII of 2014 on the Business of Insurance (**Insurance Act**), Sections 171-173/A and Section 174 of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (**Investment Firms Act**), Sections 172-173 and Sections 177-178 of Act XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations (**Collective Investment Trust Act**) and Section 83(2) of Act CXVII of 2007 on Occupational Pension and Related Institutions (**Occupational Pension Act**), the MNB provides the following statutory information.

**Financial institutions (credit institutions, financial enterprises, payment institutions and electronic money institutions), intermediaries negotiating mortgage loans, investment firms, investment fund managers, insurers and occupational pension providers with registered office in an EEA state and operating in Hungary as a branch office or cross-border service provider must pay special attention to compliance with the following legal provisions and standards:**

The list of legislation set out herein is informative only. Compliance with them shall not constitute exemption from the overall obligation of financial organisations to observe all applicable Hungarian laws in their entirety while pursuing operations in Hungary.

This guide on legal provisions does not apply to activities pursued in the territory of Hungary by foreign enterprises not licensed in an EEA state. According to Hungarian law, such foreign enterprises are required to apply for an operating licence from the MNB.

**Laws:**

1. Act LIII of 1994 on the Enforcement of Court Decisions (**Enforcement Act**);
2. Act IV of 1978 on the Criminal Code, effective until 30 June 2013, and Act C of 2012 on the Criminal Code is effective as of 1 July 2013 (**Criminal Code**);
3. Act V of 2006 on Public Company Information, Company Registration and Windup Proceedings (**Company Information Act**);
4. Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings;
5. Act CVIII of 2001 on Certain issues of electronic commerce services and information society services (**Electronic Commerce Act**);
6. Act XLVII of 2008 on the Prohibition of Unfair Business-to-Consumer Commercial Practices (**Unfair B2C Commercial Practices Act**);
7. Act XLVIII of 2008 on the Basic Requirements and Certain Restrictions of Commercial Advertising Activities (**Commercial Advertising Act)**;
8. Act CL of 2016 on General Public Administration Procedures (**Public Administration Procedure Act**);
9. Act LV of 2002 on Mediation;
10. Act CXXXII of 1997 on the Hungarian Branch Offices and Commercial Representative Offices of Companies Registered Abroad (**Branch Office Act**);
11. Act CXXXIX of 2013 on the Magyar Nemzeti Bank (**MNB Act**);
12. Act I of 2012 on the Labour Code (**Labour Code**);
13. Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing (**Anti-money Laundering Act**);
14. Act LII of 2017 on the Implementation of Financial and Proprietary Restrictive Measures ordered by the European Union and the UN Security Council (**Restrictive Measures Act**);
15. Act CXXX of 2016 on the Code of Civil Procedure (**Civil Procedure Code**);
16. Act IV of 1959 on the Civil Code, effective until 14 March 2013, and Act V of 2013 on the Civil Code effective as of 15 March 2014 (**Civil Code**);
17. Act C of 2000 on Accounting (**Accounting Act**);
18. Act CXII of 2011 on Informational Self-Determination and Freedom of Information (**Information Act**);
19. Act X of 2006 on Cooperatives;
20. Act XLV of 2004 on European Joint-Stock Companies;

1. Act CXXIV of 2021 on the Cross-border Transformation, Merger, Demerger of Limited Liability Companies and Other Amendments for the Purposes of Approximation of Laws;
2. Act XLIII of 2021 on the Establishment and Operation of the Data Reporting Background for the Identification Tasks of Financial and Other Service Providers (**Identification Tasks Act**);
3. Act XXV of 2005 on Distance Marketing of Financial Sector Contracts (**Distance Marketing Act**);
4. Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices (**Unfair and Restrictive Market Practices Act**);
5. Act XLVIII of 1996 on Public Warehousing;
6. Act CLV of 1997 on Consumer Protection (**Consumer Protection Act**);
7. Act XXVIII of 2017 on International Private Law;
8. Act LIV of 2018 on the Protection of Business Secrets;
9. Act XVII of 2022 on the General Rules for Compliance with Accessibility Requirements for Products and Services[[1]](#footnote-2);
10. Act XXV of 2023 on Complaints, Disclosures in Public Interest, and Related Rules on Reporting Abuses;
11. Act CIII of 2023 on the Digital Government and Certain Rules for the Provision of Digital Services (**Digital Services Act**)[[2]](#footnote-3).

**Government Decrees:**

1. Government Decree No 12/2020 (II. 7.) on the implementation of the Act on Vocational education and training (VET);
2. Government Decree No 42/2015 (III. 12.) on protecting the information system of financial institutions, insurance undertakings, reinsurance undertakings, investment firms and commodity dealers.

**Decree of the Minister for National Economy:**

Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing (Anti-money Laundering Act) and Decree No 21/2017 (VIII. 3.) of the Minister for National Economy regarding the mandatory substantive elements of the internal code to be prepared pursuant to Act LII of 2017 on the Implementation of Financial and Asset-related Restrictive Measures Ordered by the European Union and the UN Security Council

**MNB Decrees:**

1. MNB Decree No 32/2023 (VII. 19.) on the administrative service fee for certain licensing and registration proceedings in the framework of the supervision of the financial intermediary system by the Magyar Nemzeti Bank and proceedings carried out in respect of fiduciary companies;
2. MNB Decree No 3/2023 (VI. 19.) on the method and terms of the payment and calculation of the supervisory fee;
3. MNB Decree No 54/2021 (XI. 23.) on the obligations to report data to the central bank’s information system primarily to enable the Magyar Nemzeti Bank to carry out its basic duties;
4. MNB Decree No 58/2015 (XII. 22.) on the static data reporting obligation of persons and organisations under the supervision of the system of financial intermediation;
5. MNB Decree No 66/2021 (XII. 20.) on the Detailed Rules of the Forms and Methods of Complaint Management Procedures of Financial Organisations;
6. MNB Decree No 47/2018 (XII. 17.) on diverging rules of compliance with obligations under certain MNB Decrees;
7. MNB Decree No 36/2017 (XII. 27.) on the Rules of electronic communication in official matters in progress before the Magyar Nemzeti Bank;
8. MNB Decree No 26/2020 (VIII. 25.) on the detailed rules concerning the implementation of the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, as applicable to service providers supervised by the MNB, and concerning the minimum requirements for the development and operation of the screening system under the Act on the Implementation of Restrictive Measures Imposed by the European Union and the UN Security Council Relating to Liquid Assets and Other Financial Interests.

**MNB recommendations:**

1. Recommendation No 1/2022 (I. 17.) of the Magyar Nemzeti Bank on the assessment of the eligibility of the members of executive bodies and persons in key position;
2. Recommendation No 18/2022 (XII. 1.) of the Magyar Nemzeti Bank on the management of risks of financial organisations related to real properties;
3. Recommendation No 15/2022 (IX. 15.) of the Magyar Nemzeti Bank on assessing the underlying risk of money laundering and terrorist financing associated with and on determining related measures;
4. Recommendation No 12/2022 (VIII. 11.) of the Magyar Nemzeti Bank on setting up and using internal safeguards and on the management and control functions of financial organisations;
5. Recommendation No 11/2022 (VIII. 2.) of the Magyar Nemzeti Bank on taking on, measurement, management and control of credit risk;
6. Recommendation No 4/2022 (IV. 8.) of the Magyar Nemzeti Bank on the application of the remuneration policy under the Act on Credit Institutions and Financial Enterprises;
7. Recommendation No 16/2021 (XI. 25.) of the Magyar Nemzeti Bank on the financial organisations’ complaint management;
8. Recommendation No 14/2020 (XII. 17.) of the Magyar Nemzeti Bank on Information required by financial institutions and their intermediaries on the source of funds, on the presentation of documents regarding the source of funds to verify the submitted information, on facilitating the recognition of data, facts and conditions that serve as the basis of reports, and on actions related to the reporting of deals of high risk;
9. Recommendation No 12/2020 (XI. 6.) of the Magyar Nemzeti Bank on the information security requirements of teleworking and remote access;
10. Recommendation No 11/2020 (X. 20.) of the Magyar Nemzeti Bank on the conditions of managing the financial organisations’ physical security and human risks;
11. Recommendation No 9/2020 (VII. 14.) of the Magyar Nemzeti Bank to financial organisations on the application of consumer protection principles;
12. Recommendation No 8/2020 (VI. 22.) of the Magyar Nemzeti Bank on the protection of IT systems;
13. Recommendation No 4/2019 (IV. 1.) of the Magyar Nemzeti Bank on the use of social and public cloud services;
14. Recommendation No 6/2017 (V. 30.) of the Magyar Nemzeti Bank on the restructuring process of receivables from co-financed corporate borrowers;
15. Recommendation No 4/2017 (III. 13.) of the Magyar Nemzeti Bank on the treatment of clients with disability.

**Additional conditions:**

With regard to the issues not regulated by the Hungarian laws, based on the Directives below, the MNB may also prescribe additional conditions – for public interest – for the entity pursuing the activity:

* 1. Directive 2013/36/EU of the European Parliament and of the Council;
	2. Directive 2014/65/EU of the European Parliament and of the Council;
	3. Directive 2015/2366/EC of the European Parliament and of the Council;
	4. Directive 2009/110/EC of the European Parliament and of the Council;
	5. Directive 2016/97/EU of the European Parliament and of the Council.

**II.** **SECTOR-SPECIFIC REGULATIONS**

**2.1. Financial institutions, payment institutions and electronic money institutions**

Pursuant to Section 42 of the Credit Institutions Act and Section 26 of the Payment Service Providers Act, the MNB provides the following statutory information.

**Credit institutions, financial enterprises, payment institutions and electronic money institutions, with registered office in an EEA state and operating in Hungary as a branch office or cross-border service provider must pay special attention to compliance with the following legal provisions:**

**Laws:**

1. Credit Institutions Act;
2. Payment Service Provider Act;
3. Act XX of 2001 on the Capital Markets (**Capital Markets Act**);
4. Investment Firms Act;
5. Act XXX of 1997 on Mortgage Loan Companies and on Mortgage Bonds **(Mortgage Act)**;
6. Act CXIII of 1996 on Building Societies (**Building Society Act**)
7. Act LXXXV of 2009 on the Pursuit of the Business of Payment Services (**Payment Services Act**);
8. Act CXXII of 2011 on the Central Credit Information System (**CCIS Act**);
9. Act CLXII of 2009 on Consumer Credit (**Consumer Credit Act**);
10. Act CV of 2015 on the Debt Settlement of Natural Persons;
11. Act IV of 2009 on the Government surety provided for housing loans;
12. Act LXXV of 2011 on the fixing of exchange rates used for repayments of foreign exchange-denominated mortgage loans and the procedure of forced sales of residential properties;
13. Act CXVI of 2012 on the financial transaction levy.

The knowledge of particularly the following legal provisions is indispensable for the pursuit of business activities:

1. Credit Institutions Act:Sections 4–5, Section 6, Section 14(4), Section 15(4), Section 19; Sections 36–42, Sections 73–74, Section 105/A, Section 140(1); Section 141; Sections 159–166/B; Section 167(3), Section 168, Sections 175–176, Sections 199–199/A, Section 208(7)–(8), Sections 209–216; Section 236; Sections 268–283; Section 285, Section 286, Section 287, Section 288 and Annex 2;
2. Payment Service Provider Act:Sections 4(3)–(4)–(5); Section 10(1); Sections 58–64/A; Section 65, Section 66, Section 70, Section 70/A, Section 71, Sections 80/A–80/B;
3. Capital Markets Act: Sections 147–148;
4. Investment Firms Act: Sections 40–46, Section 57, Section 64, Sections 67–69/A and Section 118;
5. Payment Services Act: Sections 8–12/A. §; Sections 13–14/A, Sections 15–17, Sections 22–27, Sections 29–31, Section 32, Section 41, Sections 44–45, Sections 56–58;
6. CCIS Act: Section 9 (2), Sections 15–16;
7. Consumer Credit Act: Sections 4–13, Sections 15–16, Sections 17–19, Sections 21/A–21/B and Sections 23–25;
8. Act IV of 1978 on the Criminal Code, effective until 30 June 2013: Section 177/A, Section 298/D, Section 300, Sections 303-303/C; and Act C of 2012 on the Criminal Code is effective as of 1 July 2013: Section 219, Sections 399–402, Section 408, Sections 410–411, Sections 413–414;
9. Civil Code: Section 6:42–6:48. Section; 5:86–5:144. Section; 6:565–6:571. Section; 6:221–6:226. Section; 6:360–6:365; Heading XX (Loan and account contracts).

**Government Decrees:**

1. Government Decree No 471/2022 (XI. 21.) on Certain economic measures[[3]](#footnote-4);
2. Government Decree 782/2021 (XII. 24.) on the Different Application in a State of Emergency of Act CLXII of 2009 on Credit Provided to the Consumer;
3. Government Decree No 263/2016 (VIII. 31.) on Payment account switching;
4. Government Decree No 262/2016 (VIII. 31.) on access to basic payment accounts and the features of and charges payable for basic payment accounts;
5. Government Decree No 180/2001 (X. 4.) on the Distraint of deposits and savings deposits;
6. Government Decree No 82/2010 (III. 25.) on Calculating and announcing deposit interest rates and securities’ yields;
7. Government Decree No 250/2000 (XII. 24) on the special features of the annual reporting and bookkeeping obligations of credit institutions and financial enterprises;
8. Government Decree No 47/1997 (III. 12.) on the General Contractual Terms and Conditions of Building Societies;
9. Government Decree No 215/1996 (XII. 23.) on the state subsidy of savings for housing;
10. Government Decree No 297/2001 (XII. 27.) on Currency exchange services;
11. Government Decree No 361/2009 (XII. 30.) on the Conditions of prudential lending to households and on the assessment of creditworthiness;
12. Government Decree No 83/2010 (III. 25.) on the Definition, calculation and publication of the annual percentage rate of charge;
13. Government Decree No 435/2016 (XII. 16.) on the Detailed rules pertaining to the complaint management procedure of investment firms, payment institutions, electronic money institutions, voucher issuing undertakings, financial institutions and independent financial service intermediaries, and to their complaint management policies;
14. Government Decree No 163/2011 (VIII. 22.) on the Excessively high monthly instalment related to credit facility contract for overflow account loans;
15. Government Decree No 341/2011 (XII. 29.) on Home purchase interest subsidy
16. Government Decree No 57/2012 (III. 30) on Reimbursement in relation to the exchange rate fixing of foreign currency loans and the assistance to public servants
17. Government Decree No 274/2018 (XII. 21.) on Certain rules related to the fostering the home purchase of natural persons participating in the National Asset Management Programme;
18. Government Decree No 153/2009 (VII. 23.) on Certain issues necessary for improving the efficiency of consumer protection in the financial sector;
19. Government Decree No 284/2001 (XII. 26.) on the Method and security rules of producing and forwarding dematerialised securities, and the rules of opening and keeping securities accounts, central securities accounts and customer accounts.

**Decrees of the Minister of Finance:**

1. Decree 54/1997 (VIII. 1.) of the Minister of Agriculture on the principles and methodology of the establishment of the lending value;
2. Decree No 25/1997 (VIII. 1.) of the Minister of Finance on the methodological principles for defining the mortgage lending value of properties not qualifying as arable land.

**Decrees of the Minister for National Economy:**

1. Decree No 41/2013 (IX. 30.) of the Minister for National Economy on the calculation of capital adequacy on the financial conglomerate level;
2. Decree No 3/2016 (I. 7.) of the Minister for National Economy on the rules of providing information on mortgage loans;
3. Decree No 53/2016 (XII. 21.) of the Minister for National Economy on General Rules of the Obligations to provide Preliminary Information by Intermediaries of Financial Services;
4. Decree No 56/2014 (XII. 31.) of the Minister for National Economy on Rules of Information relating to Credits to Consumers;
5. Decree No 22/2016 (VI. 29) of the Minister for National Economy on the Rules prescribing the access for persons with disability to financial services under equal opportunities.

**MNB Decrees:**

1. MNB Decree No 66/2023 (XII. 18.) on the Minimum requirements for operating the information system for the transmission of declarations, as well as the detailed rules on the method of its auditing and on data transmissions carried out by the IT system;
2. MNB Decree No 57/2023 (XI. 24.) on the Obligations of money and credit market institutions to report data to the central bank’s information system primarily to enable the Magyar Nemzeti Bank to carry out its supervisory duties;
3. MNB Decree No 10/2005 (VI. 11.) on the calculation, the method of allocation and placement of minimum reserves;
4. MNB Decree No 32/2014 (IX. 10.) on the Regulation of the Payment-to-Income Ratio and the Loan-to-Value Ratio;
5. MNB Decree No 39/2016 (X. 11.) on Prudential Requirements Relating to Non-performing Exposures and Restructured Receivables;
6. MNB Decree No 40/2016 (X. 11.) on the Prudential Requirements for the Rating of Customers and Counterparties, and for Collateral Valuation
7. [MNB Decree No 35/2018 (XI. 13.)](https://njt.hu/eli/v01/R/2018/MNB/35) on the data reporting obligations to the central bank’s information system in respect of certain data of credit transactions;
8. MNB Decree No 35/2017 (XII. 14.) on the Execution of payment transactions;
9. MNB Decree No 36/2015 (IX. 24.) on the methodology of generating the log-in ID and password for securities accounts and client accounts, the related data reporting and mandatory elements of the regulation on data security requirements.

**MNB Recommendation:**

1. Recommendation No 1/2024 (IV. 6) of the Magyar Nemzeti Bank on certain aspects of the obligation to obtain preliminary information applicable to the provision of investment advice and portfolio management services;
2. Recommendation No 11/2023 (XI. 15.) of the Magyar Nemzeti Bank on the Remuneration policy and practice to be applied in relation to the rendering of investment services;
3. Recommendation No 10/2023 (X. 9.) of the Magyar Nemzeti Bank on the enforcement of environmental sustainability criteria in the activities of credit institutions;
4. Recommendation No 6/2023 (VI. 23.) of the Magyar Nemzeti Bank on the management of project financing loans for residential property development;
5. Recommendation No 5/2023 (VI. 23.) of the Magyar Nemzeti Bank on the prevention, detection, avoidance and management of fraud through payment services;
6. Recommendation No 1/2023 (I. 13.) of the Magyar Nemzeti Bank on the disclosure requirements on non-performing exposures and restructured receivables applicable to credit institutions falling outside the scope of Commission Implementing Regulation No 2021/637/EU;
7. Recommendation No 19/2022 (XII. 1.) of the Magyar Nemzeti Bank on the development, operation, framework and control functions of the process of compiling credit institution data reporting and on the related data asset management tasks;
8. Recommendation No 16/2022 (IX. 20.) of the Magyar Nemzeti Bank on the monitoring of compliance with the threshold value applicable to the establishment of an intermediate EU parent company under Section 105/B of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises;
9. Recommendation No 11/2022 (IX. 2.) of the Magyar Nemzeti Bank on taking on, measurement, management and control of credit risk;
10. Recommendation No 10/2022 (VIII. 2.) of the Magyar Nemzeti Bank on environmental risks related to the climate change and the enforcement of environmental sustainability criteria in the activities of credit institutions;
11. Recommendation No 9/2022 (V. 13.) of the Magyar Nemzeti Bank on the application of the notion of default as defined in Article 178 of Regulation 575/2013/EU;
12. Recommendation 8/2022 (V. 13.) of the Magyar Nemzeti Bank on the resolution plan to be prepared by credit institutions and investment firms on a mandatory basis;
13. Recommendation No 7/2022 (VI. 22.) of the Magyar Nemzeti Bank on the general requirements of disclosure practices under the Act on Credit Institutions and Financial Enterprises, and the CRR;
14. Recommendation No 6/2022 (IV. 22.) of the Magyar Nemzeti Bank on the Uniform disclosure related to the temporary treatment of unrealised gain or loss on government securities measured at fair value through other comprehensive income and to the transitional rules serving the mitigation of the impact of the introduction of the IFRS 9 standard on own funds;
15. Recommendation No 5/2022 (IV. 22.) of the Magyar Nemzeti Bank on consumer protection principles in the treatment of retail credit, loan and financial leasing contracts affected by late payment;
16. Recommendation No 4/2022 (IV. 8.) of the Magyar Nemzeti Bank on the application of the remuneration policy under the Act on Credit Institutions and Financial Enterprises;
17. Recommendation No 2/2022 (II. 11.) of the Magyar Nemzeti Bank on fostering the admission of credit institutions and insurance companies to the Budapest Stock Exchange;
18. Recommendation No 1/2022 (I. 17.) of the Magyar Nemzeti Bank on the assessment of the eligibility of the members of executive bodies and persons in key position;
19. Recommendation No 10/2021 (VII. 1.) of the Magyar Nemzeti Bank on certain issues related to payment initiation, account information service and issuance of card-based cash substitute payment instruments, except for electronic money;
20. Recommendation No 4/2021 (III. 30.) of the Magyar Nemzeti Bank on the digital transformation of credit institutions;
21. Recommendation No 2/2021 (I. 27.) of the Magyar Nemzeti Bank on the determination of the weighted average maturity of the contractual payments due under the tranche;
22. Recommendation No 10/2020 (VIII. 6.) of the Magyar Nemzeti Bank on the Immediate crediting of the payment transaction amount to the beneficiary’s payment account;
23. Recommendation No 4/2020 (III. 24.) of the Magyar Nemzeti Bank on the Requirements pertaining to simple, transparent and standardised securitisation not qualifying as asset-backed commercial paper (ABCP);
24. Recommendation No 3/2020 (III. 24.) of the Magyar Nemzeti Bank on the Requirements pertaining to simple, transparent and standardised ABCP securitisation;
25. Recommendation No 2/2020 (III. 24.) of the Magyar Nemzeti Bank on the Reduction of large portfolios of non-performing exposures;
26. Recommendation No 1/2020 (III. 4.) of the Magyar Nemzeti Bank on the Procedures related to the payment service providers’ handling of money transfers with incomplete data;
27. Recommendation No 19/2019 (IX. 20.) of the Magyar Nemzeti Bank on the Definition of exposures of particularly high risk;
28. Recommendation No 14/2019 (VII. 3) of the Magyar Nemzeti Bank on the Conditions of resorting to exemption from the reserve mechanism;
29. Recommendation No 8/2019 (IV. 1.) of the Magyar Nemzeti Bank on currency exchange services provided by credit institutions directly or via special service intermediaries;
30. Recommendation No 2/2019 (II. 13) of the Magyar Nemzeti Bank on the workout activity performed vis-a-vis consumers;
31. Recommendation No 28/2018 (XII. 10.) of the Magyar Nemzeti Bank on the definition of the notion of “group of connected clients” as specified in Article 4(1)39) of Regulation 575/2013/EU;
32. Recommendation No 26/2018 (VIII. 16.) of the Magyar Nemzeti Bank on the security measures related to the operational and security risks of payment services;
33. Recommendation No 24/2018 (VII. 5.) of the Magyar Nemzeti Bank on the Granting of pawn loans directly by financial institutions or through tied agents;
34. Recommendation No 14/2018 (III. 6.) of the Magyar Nemzeti Bank on the Management of risks related to encumbered assets;
35. Recommendation No 13/2018 (III. 6.) of the Magyar Nemzeti Bank on the Remuneration policy related to the sales of retail banking products and services, and the related internal rules of procedure;
36. Recommendation No 12/2018 (II. 27) of the Magyar Nemzeti Bank on Certain issues related to the valuation and management of real estate financing project loans;
37. Recommendation No 5/2018 (II. 19.) of the Magyar Nemzeti Bank on the Criteria applicable to the minimum amount of the professional liability insurance or other similar guarantees;
38. Recommendation No 12/2017 (XI. 6) of the Magyar Nemzeti Bank on Issues related to the application of the IFRS9 impairment requirements;
39. Recommendation No 10/2017 (VIII. 8.) of the Magyar Nemzeti Bank on Defining specialised lending exposures and speculative real property financing;
40. Recommendation No 13/2016 (XII. 19.) of the Magyar Nemzeti Bank on Product oversight and governance arrangements related to retail financial market products;
41. Recommendation No 11/2016 (XII. 1.) of the Magyar Nemzeti Bank on the limitation of exposures to organisations performing shadow banking activity;
42. Recommendation No 23/2015 (XII. 29.) of the Magyar Nemzeti Bank on measuring, managing and controlling the interest rate risk of non-trading book exposures;
43. Recommendation No 12/2015 (VIII. 24.) of the Magyar Nemzeti Bank on the Measurement, management and control of liquidity risks.

**2.2 Investment firms, investment fund managers**

Pursuant to Sections 171, 172, 173, 173/A and 174 of the Collective Investment Firms Act, as well as Section 172, Section 173, Section 177 and Section 178 of the Collective Investment Trust Act the MNB provides the following statutory information.

**Investment firms and investment fund managers with registered office in an EEA state and operating in Hungary as a branch office or cross-border service provider must pay special attention to compliance with the following legal provisions:**

**Laws:**

1. Capital Markets Act;
2. Investment Firms Act;
3. Collective Investment Trust Act;
4. Act XXIII of 2003 on Settlement finality in payment and securities settlement systems;

In particular, knowledge and application of the following legal provisions is indispensable for the pursuit of business activities:

1. Capital Markets Act:Sections 58–62, Sections 65–80/A, Sections 199–205, Sections 210–228, Sections 296/A–296/B; Section 364, Sections 368–369, Sections 371–375 and Section 404;
2. Investment Firms Act: Sections 40–46, Section 52, Section 54, Sections 67–72, Sections 111–120;
3. Collective Investment Trust Act: Sections 52–61, Sections 103–116, Section 119, Section 121/A and Sections 129–141;
4. Act IV of 1978 on the Criminal Code, effective until 30 June 2013: Section 177/A, Section 298/D, Section 300, Sections 303–303/C and Criminal Code effective as of 1 July 2013: Section 219, Sections 399–402 and Sections 408–414;
5. Civil Code: Sections 6:565–6:571.

**Government Decrees:**

1. Government Decree No 449/2023 (X. 3.) on the Redemption of the units of real estate funds[[4]](#footnote-5);
2. Government Decree No 156/2023 (IV. 27.) on the Investment rules of certain investment funds[[5]](#footnote-6);
3. Government Decree No 89/2023 (III. 22.) on Economic/financing measures[[6]](#footnote-7);
4. Government Decree No 471/2022 (XI. 21.) on Certain economic measures[[7]](#footnote-8);
5. Government Decree No 22/2008 (II. 7.) on the mandatory content elements of the Business Regulation of enterprises providing investment services, auxiliary investment services and commodity exchange services;
6. Government Decree No 251/2000 (XII. 24.) on the Special features of the annual financial statements preparation and bookkeeping obligations of investment firms;
7. Government Decree No 82/2010 (III. 25.) on calculating and announcing deposit interest rates and securities’ yields;
8. Government Decree No 284/2001 (XII. 26.) on the Method and security rules of producing and forwarding dematerialised securities, and the rules of opening and keeping securities accounts, central securities account and customer accounts;
9. Government Decree No 286/2001 (XII. 26.) on treasury bills;
10. Government Decree No 285/2001 (XII. 26.) on bonds;
11. Government Decree No 287/2001 (XII. 26.) on the certificates of deposit;
12. Government Decree No 284/2001 (XII. 26.) on the Method and security rules of producing and forwarding dematerialised securities, and the rules of opening and keeping securities accounts, central securities accounts and customer accounts;
13. Government Decree No 78/2014 (III. 14.) on the Investment and borrowing policies of collective investment trusts;
14. Government Decree No 435/2016 (XII. 16.) on the Detailed rules pertaining to the complaint management procedure of investment firms, payment institutions, electronic money institutions, voucher issuing undertakings, financial institutions and independent financial service intermediaries, and to their complaint management policies;
15. Government Decree No 438/2016 (XII. 16.) on the Complaints handling procedure and the detailed rules of the complaint handling regulation of the UCITS fund management company.

**Decrees of the Minister of Finance:**

1. Decree No 24/2008 (VIII. 15.) of the Minister of Finance on the detailed rules of the disclosure obligation in relation to publicly traded securities;
2. Decree No 6/2002 (II. 20.) of the Minister of Finance on the notification obligation of investment service providers, organisations engaged in clearing house operations and the stock exchange.

**Decrees of the Minister for National Economy:**

1. Decree No 15/2017 (VI. 30.) of the Minister for National Economy on incentives related to investment services and ancillary services;
2. Decree No 16/2017 (VI. 30.) of the Minister for National Economy on the product approval process to be used by the investment firms.

**MNB Decrees:**

1. MNB Decree No 58/2023 (XI. 24.) on the Data reporting obligations of capital market organisations to the central bank’s information system, primarily for the purpose of facilitating the fulfilment of the Magyar Nemzeti Bank’s supervisory duties;
2. MNB Decree No 35/2017 (XII. 14.) on the Execution of payment transactions;
3. MNB Decree No 37/2017 (XII. 27.) on the requirements of the assessment of the knowledge and competence regarding natural persons providing investment advice or information on financial instruments, investment and ancillary services for the clients;
4. MNB Decree No 36/2015 (IX. 24.) on the methodology of generating the log-in ID and password for securities accounts and client accounts, the related data reporting and mandatory elements of the regulation on data security requirements;

**MNB recommendations:**

1. Recommendation No 1/2024 (III. 6) of the Magyar Nemzeti Bank on Certain aspects of the obligation to obtain preliminary information applicable to the provision of investment advice and portfolio management services;
2. Recommendation No 13/2023 (XII. 15.) of the Magyar Nemzeti Bank on Issuing the units, setting up the liquidity profile and managing the concentration risks of public, open-end real estate funds;
3. Recommendation No 11/2023 (XI. 15.) of the Magyar Nemzeti Bank on the Remuneration policy and practice to be applied in relation to the rendering of investment services;
4. Recommendation No 9/2023 (IX. 15.) of the Magyar Nemzeti Bank on the Internal policies of capital market institutions related to personal transactions;
5. Recommendation No 4/2023 (IV. 4.) of the Magyar Nemzeti Bank on the distribution requirements under the Regulation on facilitating cross-border distribution of collective investment undertakings;
6. Recommendation No 3/2023 (III. 7.) of the Magyar Nemzeti Bank on Delaying the disclosure of insider information and its interactions with prudential supervision;
7. Recommendation No 2/2023 (I. 30.) of the Magyar Nemzeti Bank on certain aspects of the fulfilment of obligations related to the assessment of suitability governing the provision of investment services and to the services solely connected to execution;
8. Recommendation No 16/2022 (IX. 20.) of the Magyar Nemzeti Bank on the monitoring of compliance with the threshold value applicable to the establishment of an intermediate EU parent company under Section 105/B of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises;
9. Recommendation No 14/2022 (VIII. 15.) of the Magyar Nemzeti Bank on the application of the remuneration policy under the Act on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities;
10. Recommendation 8/2022 (V. 13.) of the Magyar Nemzeti Bank on the resolution plan to be prepared by credit institutions and investment firms on a mandatory basis;
11. Recommendation No 7/2022 (IV. 22.) of the Magyar Nemzeti Bank on the general requirements of disclosure practices under the Act on Credit Institutions and Financial Enterprises, and the CRR;
12. Recommendation No 6/2022 (IV. 22.) of the Magyar Nemzeti Bank on the Uniform disclosure related to the temporary treatment of unrealised gain or loss on government securities measured at fair value through other comprehensive income and to the transitional rules serving the mitigation of the impact of the introduction of the IFRS 9 standard on own funds;
13. Recommendation No 3/2022 (IV. 8.) of the Magyar Nemzeti Bank on the standardised procedures and messaging protocols related to settlement discipline;
14. Recommendation No 1/2022 (I. 17.) of the Magyar Nemzeti Bank on the assessment of the eligibility of the members of executive bodies and persons in key position;
15. Recommendation No 17/2021(XII. 8.) of the Magyar Nemzeti Bank on the pre- and post-trading publication of market data for the purposes of the rules of transparency;
16. Recommendation No 13/2021 (VIII. 24.) of the Magyar Nemzeti Bank on the requirements pertaining to the operation on index-tracking UCITS and exchange-traded funds qualifying as UCITS;
17. Recommendation No 12/2021 (VIII. 24) of the Magyar Nemzeti Bank related to the measurement and calculation of the total exposure and counterparty risk of UCITS and UCITS fund managers;
18. Recommendation No 11/2021 (VII. 1.) of the Magyar Nemzeti Bank on success fees applied by investment fund managers;
19. Recommendation No 6/2021 (IV. 29.) of the Magyar Nemzeti Bank on the liquidity stress testing for UCITS and AIFs;
20. Recommendation No 3/2021 (III. 4) of the Magyar Nemzeti Bank on money market fund stress testing scenarios;
21. Recommendation No 4/2020 (III. 24.) of the Magyar Nemzeti Bank on the Requirements pertaining to simple, transparent and standardised securitisation not qualifying as asset-backed commercial paper (ABCP);
22. Recommendation No 3/2020 (III. 24.) of the Magyar Nemzeti Bank on the Requirements pertaining to simple, transparent and standardised ABCP securitisation;
23. Recommendation No 19/2019 (IX. 20.) of the Magyar Nemzeti Bank on the Definition of exposures of particularly high risk;
24. Recommendation No 1/2019 (I. 30.) of the Magyar Nemzeti Bank on the reporting of transactions, recording orders and synchronising watches;
25. Recommendation No 1/2018 (I. 3) of the Magyar Nemzeti Bank on complex debt instruments and structured deposits;
26. Recommendation No 2/2018 (I. 3) of the Magyar Nemzeti Bank on cross-selling practices;
27. Recommendation No 4/2018 (I. 16.) of the Magyar Nemzeti Bank on remuneration policies to be applied by alternative investment fund managers;
28. Recommendation No 3/2018 (I. 16.) of the Magyar Nemzeti Bank on the remuneration policies to be applied by UCITS fund managers;
29. Recommendation 28/2018 (XII. 10.) of the Magyar Nemzeti Bank on the definition of the notion of “group of connected clients” as specified in Article 4(1)39) of Regulation 575/2013/EU;
30. Recommendation No 25/2018 (VII. 5.) of the Magyar Nemzeti Bank on the Requirements governing the approval of capital market products;
31. Recommendation No 23/2018 (V. 14.) of the Magyar Nemzeti Bank on the Executive bodies of market operators and data supplier entities;
32. Recommendation No 22/2018 (V. 14) of the Magyar Nemzeti Bank on the Setting of suspension mechanisms of trading venues and announcement of the discontinuance of the trading;
33. Recommendation No 16/2018 (IV. 3.) of the Magyar Nemzeti Bank on the Comprehensive risk assessment prior to the data reporting by central counterparties and trading venues;
34. Recommendation No 15/2018 (IV. 3) of the Magyar Nemzeti Bank on the Rules and procedures of central depositories related to payment restriction procedures initiated against participants;
35. Recommendation No 14/2018 (III. 6) of the Magyar Nemzeti Bank on the Management of risks related to encumbered assets;
36. Recommendation No 10/2017 (VIII. 8.) of the Magyar Nemzeti Bank on Defining specialised lending exposures and speculative real property financing;
37. Recommendation No 5/2017 (V. 24) of the Magyar Nemzeti Bank on Alternative performance measurement indices;
38. Recommendation No 11/2016 (XII. 1.) of the Magyar Nemzeti Bank on the limitation of exposures to organisations performing shadow banking activity;
39. Recommendation No 7/2016 (VI. 22.) of the Magyar Nemzeti Bank on the Management of OTC derivative leveraged brokerage transactions executed with the involvement of third party;
40. Recommendation No 12/2015 (VIII. 24.) of the Magyar Nemzeti Bank on the Measurement, management and control of liquidity risks.

**2.3 Insurance undertakings, insurance intermediaries**

Pursuant to Sections 283(1), 286 and 423 of Insurance Act, the MNB provides the following statutory information.

**Insurance undertakings and insurance intermediaries with registered office in an EEA state and operating in Hungary as a branch office or cross-border service provider must pay special attention to compliance with the following legal provisions:**

**Laws:**

1. Insurance Act;
2. Investment Firms Act;
3. Credit Institutions Act;
4. Motor Third-party Liability Insurance (MTPL) Act;
5. Act XXXI of 1996 on the protection against fire, technical rescue and the Fire Department;
6. Act CII of 2012 on Insurance Tax.

The knowledge of particularly the following legal provisions is indispensable for the pursuit of business activities:

1. **Insurance Act:** Sections 35–37, Sections 38–39, Section 407, Section 383, Sections 422–423, Sections 279–286, Section 121, Sections 135–159 and Sections 288–290;

2. Act IV of 1978 on the Criminal Code, effective until 30 June 2013: Section 177/A, Section 298/D, Section 300, Sections 303-303/C and Criminal Code effective as of 1 July 2013: Section 219, Sections 399–402 and Sections 408 to 414;

3. **Civil Code:** Book Six (Contract Law), Part Three (Certain Contracts), Heading XXII (Insurance Contracts), Sections 6:439-6:490.

**Government Decrees:**

1. Government Decree No 89/2023 (III. 22.) on Economic/financing measures[[8]](#footnote-9);
2. Government Decree No 471/2022 (XI. 21.) on Certain economic measures[[9]](#footnote-10);
3. Government Decree No 437/2016 (XII. 16.) on the Detailed Rules relating to the Complaint Management Procedure and Complaint Management Regulation of Insurance Companies, Multiple Agents and Brokers;
4. Government Decree 436/2016 (XII. 16.) on the Detailed Rules of the Group supervision of insurance and reinsurance undertakings;
5. Government Decree No 44/2015 (III. 12.) on the minimum content requirements of liability insurance contracts of multiple agents and brokers;
6. Government Decree No 259/2011 (XII. 7.) on fire protection authority organisations, fire protection fines and compulsory accident insurance for fire protection employees;
7. Government Decree No 192/2000 (XI. 24.) on the special features of related to the obligations of insurers to prepare financial statements and bookkeeping;
8. Government Decree No 314/2015 (X. 28.) on the detailed rules for the solvency and financial condition report on insurance and reinsurance activities;
9. Government Decree No 43/2015 (III. 12.) on the solvency capital and technical provisions of insurance and reinsurance companies.

**Decrees of the Minister of Finance:**

Decree No 2/2019 (III. 28.) of the Minister of Finance on the form and content of customer information to be provided in respect of unit-linked life insurance products

**Decrees of the Minister for National Economy:**

1. Decree No 28/2015 (X. 21.) of the Minister for National Economy on the method of separation of life and non-life insurance branches in insurance;
2. Decree No 57/2013 (XII. 5.) of the Minister for National Economy on the annual business report of the separate organisational unit of the Association of Hungarian Insurance Companies (MABISZ);
3. Decree No 45/2011 (XII. 21.) of the Minister for National Economy on accounting for the profit/loss of compulsory motor third party liability insurance products offered by insurers;
4. Decree No 21/2011 (VI. 10.) of the Minister for National Economy on the Rules pertaining to the bonus-malus system, the allocation to the categories of it and the issue of the claim history certificate.

**MNB Decrees:**

1. MNB Decree No 66/2023 (XII. 18.) on the Minimum requirements for operating the information system for the transmission of declarations, as well as the detailed rules on the method of its auditing and on data transmissions carried out by the IT system;
2. MNB Decree No 53/2022 (XI. 20.) on the obligations of insurance market organisations to report data to the central bank’s information system primarily to enable the Magyar Nemzeti Bank to carry out its supervisory duties;
3. MNB Decree No 42/2019 (XII. 3.) on the detailed rules of data requests from the policy and damage database covering motor third- party liability insurance;
4. MNB Decree No 26/2013 (XII. 7.) on the rules pertaining to the announcement of the premiums of compulsory motor third-party liability insurance and the tariff for lack of coverage calculated for one calendar year, on the website of the Magyar Nemzeti Bank;
5. MNB Decree No 54/2015 (II. 21.) on the Maximum Technical Rate of Interest.

**MNB recommendations:**

1. Recommendation No 12/2023 (XI. 27.) of the Magyar Nemzeti Bank on Environmental risks related to the climate change and the enforcement of environmental sustainability criteria in the activities of insurance firms;
2. Recommendation No 21/2022 (XII. 12.) of the Magyar Nemzeti Bank on the Determination of the insurance technical reserves;
3. Recommendation No 20/2022 (XII. 12.) of the Magyar Nemzeti Bank on the boundaries of insurance and reinsurance contracts;
4. Recommendation No 11/2022 (VIII. 2.) of the Magyar Nemzeti Bank on taking on, measurement, management and control of credit risk;
5. Recommendation No 2/2022 (II. 11.) of the Magyar Nemzeti Bank on fostering the admission of credit institutions and insurance companies to the Budapest Stock Exchange;
6. Recommendation No 7/2021 (VI. 21.) of the Magyar Nemzeti Bank on the prudential and consumer protection principles regarding automatic portfolio management services available for unit-linked life insurance policies;
7. Recommendation No 4/2020 (III. 24.) of the Magyar Nemzeti Bank on the Requirements pertaining to simple, transparent and standardised securitisation not qualifying as asset-backed commercial paper (ABCP);
8. Recommendation No 3/2020 (III. 24.) of the Magyar Nemzeti Bank on the Requirements pertaining to simple, transparent and standardised ABCP securitisation;
9. Recommendation No 20/2019 (IX. 20.) of the Magyar Nemzeti Bank on the Calculation and publication of the annual cost ratio of voluntary pension funds;
10. Recommendation No 17/2019 (IX. 20.) of the Magyar Nemzeti Bank on the Governance system of insurers and reinsurers;
11. Recommendation No 14/2019 (VII. 3) of the Magyar Nemzeti Bank on the Conditions of resorting to exemption from the reserve mechanism;
12. Recommendation No 19/2018 (IV. 9.) of the Magyar Nemzeti Bank on the Recognition and valuation of assets and liabilities other than insurance technical reserves;
13. Recommendation No 18/2018 (IV. 9.) of the Magyar Nemzeti Bank on the Implementation of measures related to long-term guarantees and transitional measures;
14. Recommendation No 17/2018 (IV. 9.) of the Magyar Nemzeti Bank on the insurers’ and reinsurers’ supervisory reporting and disclosure under Solvency II;
15. Recommendation No 9/2018 (II. 21.) of the Magyar Nemzeti Bank on the Application of internal rating model;
16. Recommendation No 8/2018 (II. 21.) of the Magyar Nemzeti Bank on the application of insurer-specific parameters;
17. Recommendation No 7/2018 (II. 21.) of the Magyar Nemzeti Bank on the treatment of related companies – including shareholdings – by insurers and reinsurers;
18. Recommendation No 6/2018 (II. 21.) of the Magyar Nemzeti Bank on reporting by insurers and reinsurers for financial stability purposes;
19. Recommendation No 1/2017 (I. 12.) of the Magyar Nemzeti Bank on pension insurances;
20. Recommendation No 8/2016 (VI. 30.) of the Magyar Nemzeti Bank on the application of the prudential and consumer protection principles regarding unit-linked life insurance policies;
21. Recommendation No 6/2016 (VI. 14.) of the Magyar Nemzeti Bank on holding the volatility capital buffer ensuring continuous capital adequacy;
22. Recommendation No 3/2016 (VI. 6.) of the Magyar Nemzeti Bank on own risk and solvency capital valuation system;
23. Recommendation No 22/2015 (XII. 8.) of the Magyar Nemzeti Bank on the management of market and counterparty exposures defined using the standardised approach;
24. Recommendation No 21/2015 (XII. 8.) of the Magyar Nemzeti Bank on the loss absorbing capacity of insurance technical reserves and deferred taxes;
25. Recommendation No 20/2015 (XII. 8.) of the Magyar Nemzeti Bank on the Application of health insurance disaster risk sub-module;
26. Recommendation No 19/2015 (XII. 8.) of the Magyar Nemzeti Bank on the classification of solvency capital;
27. Recommendation No 18/2015 (XII. 8.) of the Magyar Nemzeti Bank on ring-fenced funds;
28. Recommendation No 17/2015 (XII. 8.) of the Magyar Nemzeti Bank on solvency capital adequacy at group level;
29. Recommendation No 16/2015 (XII. 8.) of the Magyar Nemzeti Bank on the application of the look-through approach;
30. Recommendation No 10/2015 (VII. 22) of the Magyar Nemzeti Bank on solvency capital;
31. Recommendation No 9/2015 (VII. 22.) of the Magyar Nemzeti Bank on the application of life insurance risk module;
32. Recommendation No 8/2015 (VII. 22.) of the Magyar Nemzeti Bank on basis risk;
33. Recommendation No 7/2015 (VII. 22.) of the Magyar Nemzeti Bank on the consideration of reinsurance agreement in the non-life disaster risk sub-module;
34. Recommendation No 5/2015 (V. 05.) of the Magyar Nemzeti Bank on the electronic interfaces serving the presentation and comparison of insurance products and used during insurance mediation.

**2.4 Occupational pension providers**

Pursuant to Section 83(2) of Occupational Pension Act, the MNB provides the following statutory information.

**Occupational pension providers with registered office in an EEA state and operating in Hungary as a branch office or cross-border service provider must pay special attention to compliance with the following legal provisions:**

**Laws:**

1. Occupational Pension Act;
2. Act CXXII of 2019 on the Eligibility for Social Security Benefits and the funding for these benefits (**Social Security Eligibility Act**);
3. Act LXXXI of 1997 on Social Insurance Pensions (**Pension Act**).

**Government Decrees:**

1. Government Decree No 399/2007 (XII. 27.) on the Special features of the annual financial statements preparation and bookkeeping obligations of occupational pension provider institutions;
2. Government Decree No 461/2015 (XII. 29.) on the Calculation of the solvency capital requirements of occupational pension provider institutions;
3. Government Decree No 276/2018 (XII. 21.) on the rules for the forecasting of expected pension benefits provided by occupational pension providers

**MNB Decree:**

MNB Decree No 60/2023 (XI. 24.) on the obligations of funds and occupational pension provider institutions to report data to the central bank’s information system primarily to enable the Magyar Nemzeti Bank to carry out its supervisory duties.

1. As a general rule, it will enter into effect on 28 June 2025. [↑](#footnote-ref-2)
2. As a general rule, the Digital Services Act will enter into effect on 1 July 2024, with Part Five entering into effect on 1 June 2025. [↑](#footnote-ref-3)
3. In consideration of Sections 80–81 of Act XCIII of 2021 on the Coordination of Defence and Security Activities. [↑](#footnote-ref-4)
4. In consideration of Sections 80–81 of Act XCIII of 2021 on the Coordination of Defence and Security Activities. [↑](#footnote-ref-5)
5. In consideration of Sections 80–81 of Act XCIII of 2021 on the Coordination of Defence and Security Activities. [↑](#footnote-ref-6)
6. In consideration of Sections 80–81 of Act XCIII of 2021 on the Coordination of Defence and Security Activities. [↑](#footnote-ref-7)
7. In consideration of Sections 80–81 of Act XCIII of 2021 on the Coordination of Defence and Security Activities. [↑](#footnote-ref-8)
8. In consideration of Sections 80–81 of Act XCIII of 2021 on the Coordination of Defence and Security Activities. [↑](#footnote-ref-9)
9. In consideration of Sections 80–81 of Act XCIII of 2021 on the Coordination of Defence and Security Activities. [↑](#footnote-ref-10)