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Act XXXVII of 2014
on Further Development of the Institutional Framework to Strengthen the Safety of Certain Actors in the Financial Intermediation System *

In order to maintain financial stability, ensure the continued availability of critical functions provided by the financial sector, effectively manage institutional crises, minimise the use of taxpayers’ money for crisis management, and provide a framework for the restructuring of financial institutions in crisis, Parliament enacts the following law:

PART ONE
INTRODUCTORY PROVISIONS

CHAPTER I
Scope of the Act

Section 1

- (1) The resolution framework determined in this Act shall apply to
- a) credit institutions and investment firms with a registered office in Hungary (together referred to as “institutions”);
 - b) financial holding companies, mixed financial holding companies, mixed-activity holding companies with a registered office in Hungary;
 - c) * financial undertakings with a registered office in Hungary that are subject to supervision on a consolidated basis if the undertaking is a subsidiary of an institution or of an undertaking referred to in point b), and
 - d) the Hungarian branch office of an institution with a registered office in a third country.
- (2) * This Act shall not apply to the MFB Hungarian Development Bank Plc (Magyar Fejlesztési Bank Zrt.) and the Hungarian Export-Import Bank Plc (Magyar Export-Import Bank Zrt.) and to the entities authorised also in accordance with Article 14 of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (hereinafter referred to as “Regulation (EU) No 648/2012”).
- (3) *
- (4) * The provisions of Act CCXXXVII of 2013 on Credit Institutions and Financial Undertakings (hereinafter referred to as “the Credit Institutions Act”), Act CXXXVIII of 2007 on Investment Firms and Commodity Exchange Service Providers and the Rules Governing their Activities (hereinafter referred to as “the Investment Firms Act”), Act XLIX of 1991 on Bankruptcy and Compulsory Liquidation Proceedings (hereinafter referred to as “the Bankruptcy Act”), Act IV of 1959 on the Civil Code, Act V of 2013 on the Civil Code (hereinafter referred to as “the Civil Code”) and the Act on the Code of Civil Procedure (hereinafter referred to as “the Code of Civil Procedure”) shall apply with the derogations provided for in this Act.

Section 2

- (1) Resolution shall be the process of restructuring an institution or group with a view to ensuring the continuity of its essential functions, preserving the stability of the financial intermediation system and restoring the viability of all or part of the institution or group.
- (2) * A resolution measure that is used in resolution shall be a decision that is taken in respect of the application of resolution tools and resolution rights as well as the write-off or restructuring of capital elements.

CHAPTER II
EXPLANATORY NOTES

Section 3

For the purposes of this Act and the laws that are made under the authority of this Act

1. * *aggregate amount*: shall mean the amount by which, based on the assessment of the resolution authority, the liabilities eligible for bail-in must be written down or restructured in the event of the application of bail-in;
- 1a. * *subordinated instruments that can be written down*: shall mean instruments that comply with all the conditions described in Article 72a of the Regulation (EU) No 575/2013 with the exception of Article 72b(3)-(5);
- 1b. * *parent undertaking*: shall have the same meaning as defined in Subsection (1) of Section 6 of the Credit Institutions Act;
- 1c. * *EU framework of state aids*: shall mean the framework established by Articles 107-109 of the Treaty on the Functioning of the European Union and regulations made or adopted pursuant to Articles 108(4) or 109 of the Treaty on the Functioning of the European Union and all EU acts, including guidelines, communications and notifications;
2. *right of transfer*: shall mean the right to transfer to a transferee a membership share, debt instrument, asset, liability, right or obligation, or any combination thereof, in an institution under resolution;
3. * *conversion rate*: shall mean the factor that determines the amount of Common Equity Tier 1 capital items into which the Additional Tier 1 and Tier 2 capital items are converted by the Magyar Nemzeti Bank, acting in its resolution function, when converting the capital elements and liabilities eligible for bail-in;
4. *transferee*: shall mean the undertaking to which the membership share, debt instrument, asset, liability, right or obligation of the institution under resolution, or any combination thereof, is transferred;
5. *investment firm*: shall mean an entity as defined in Point 10 of Subsection (2) of Section 4 of the Investment Firms Act;
6. *investment protection scheme*: shall mean a scheme that is officially recognised in the EEA State concerned and which provides for coverage up to the compensation limit of investments or, at the discretion of the competent supervisory authority, a scheme providing investment protection equivalent to the officially recognised scheme;
7. *deposit guarantee scheme*: shall mean a scheme that is officially recognised in an EEA State and that provides coverage for up to the compensation limit for deposits or, at the discretion of the competent supervisory authority, a scheme providing deposit guarantee equivalent to the officially recognised scheme;
8. *group*: shall mean the term as defined in Subsection (1) of Section 6 of the Credit Institutions Act;
9. *intra-group guarantee*: shall mean an arrangement whereby one undertaking within a group guarantees the liabilities of another undertaking within the group to a third party;
10. *group resolution plan*: shall mean a plan for group-level resolution;
11. *group recovery plan*: shall mean a plan prepared for a group under Section 114 of the Credit Institutions Act or Section 102 of the Investment Firms Act;
12. *group resolution*: shall mean the application of resolution measures at the level of a parent undertaking or an institution that is subject to supervision on a consolidated basis or at the level of an institution that is covered by the supervision on a consolidated basis;
13. *group resolution authority*: shall mean a resolution authority operating in the EEA State where the registered office of the consolidating supervisor is found;
14. *EEA State*: shall mean a member state of the European Union or another state that is party to the Agreement on the European Economic Area;
15. * *set-off arrangement*: shall mean an agreement under which two or more claims or liabilities between contracting parties can be offset against each other;
16. *controlling influence*: shall mean the term as defined in Point 18 of Subsection (1) of Section 6 of the Credit Institutions Act;
17. * *Common Equity Tier 1*: shall mean the term as defined in the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending the Regulation (EU) No 648/2012 (hereinafter referred to as “the Regulation (EU) No 575/2013”);
- 17a. * *parent institution concerned*: shall mean a member state parent institution, an EU-level parent institution, a financial holding company, a mixed financial holding company, a mixed-activity holding company, the parent companies of a member state financial holding company, the parent companies of an EU-level financial holding company, the parent companies of a member state mixed financial holding company or the parent companies of an EU mixed financial holding company in respect of which the bail-in is applied;

18. *third-country authority concerned*: shall mean a third-country authority empowered to apply measures that are equivalent to resolution measures;

19. *creditor concerned*: shall mean a creditor whose claim relates to a liability of an institution under resolution that has been reduced or converted into a membership share through the exercise of a write-off or conversion power in the context of the application of the bail-in;

20. *holder concerned*: shall mean the holder of a membership share in an institution whose membership share is withdrawn or taken over by way of transfer on the basis of an entitlement provided for in this Act;

21. *EU parent company*: shall mean an EU parent institution, EU parent financial holding company or EU parent mixed financial holding company;

22. *EU parent institution*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

23. *EU parent financial holding company*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

24. *EU parent mixed financial holding company*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

24a. * *secured liability*: shall mean a liability the performance of which is secured by a mortgage, a pledge, a lien or other security, including liabilities arising from repurchase transactions and other title transfer collateral arrangements;

24b. * *covered bond*: a bond that qualifies as a covered bond under the law of the EEA State transposing Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU, or a bond issued before 8 July 2022 by a credit institution with a registered office in an EEA State and subject to special public supervision designed to protect the interests of bondholders by law, provided that the credit institution is required by law to invest the proceeds of the issue of the bonds in instruments that are capable at all times during the term of the bonds of satisfying the claims attached to them and that must be used in the first instance to repay the capital and pay the accrued interest in the event of the liquidation of the issuer;

25. *dilution*: shall mean a reduction in ownership share due to the issue of instruments representing new membership shares;

26. *right of termination*: shall mean the right to terminate a contract, the right to bring forward the due date of, to close, to offset or to net liabilities against each other, or any similar provision suspending, modifying or terminating the obligation of a contracting party to make payment, or a provision preventing a claim under a contract from becoming due;

27. *supervisory authority*: shall have the same meaning as defined in the Credit Institutions Act;

28. *supervisory college*: shall mean the body defined in Act CXXXIX of 2013 on the Magyar Nemzeti Bank;

29. *branch office*: shall have the same meaning as defined in the Act on Hungarian Branch Offices and Commercial Representative Offices of Foreign-Registered Companies;

30. *main business lines*: shall mean the business lines and related activities and services which constitute the main source of income or profit and value of the institution;

30a. * *global systemically important institution*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

31. *third country*: shall mean a country that is not an EEA State;

32. *third-country resolution procedure*: shall mean a measure under the law of a third country for dealing with the insolvency of a third-country institution which is similar in its objectives and expected results to resolution measures under this Act;

33. *cross-border group*: shall mean a group consisting of undertakings with a registered office in more than one EEA State;

33a. * *liabilities that are eligible for bail-in*: shall mean the liabilities of the institution or entity within the meaning of Paragraph b) or c) of Section 1 that are not considered to be Tier 1, Additional Tier 1 or Tier 2 items that are not excluded from the scope of the bail-in pursuant to Subsection (1) of Section 58;

34. * *credit institution*: shall mean an entity defined as such in Subsection (1) of Section 8 of the Credit Institutions Act;

34a. * *debt instrument*: shall mean bonds or other forms of negotiable debt, instruments that create or are recognisable as debt, and instruments entitling to acquire debt instruments;

35. *

36. *competent supervisory authority*: shall have the same meaning as defined as competent authority in the Regulation (EU) No 575/2013;

37. *competent ministry*: shall mean the ministry of an EEA State designated by national law as the competent ministry for resolution;

38. *Tier 2 capital*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

39. *significant branch office*: shall mean an entity that qualifies as a systemically important branch office under the Credit Institutions Act or the Investment Firms Act;

39a. * *significant subsidiary*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

40. *Additional Tier 1 capital*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

40a. * *combined buffer requirement*: shall mean the combined capital requirement as defined in Subsection (1) of Section 93 of the Credit Institutions Act;

41. *risk transfer transaction*: shall mean an agreement between two undertakings within a group for the purpose of transferring all or part of the risk inherent in a transaction between one of the undertakings within the group and a third party;

41a. * *credit institution permanently linked to a central body*: shall mean a credit institution that has been exempted pursuant to Article 10 of the Regulation (EU) No 575/2013;

42. *critical functions*: shall mean those activities, services and operational processes the cessation and limited substitution of which, because of the size or market share of the institution or group, its internal and external interconnectedness, complexity or cross-border reach, is likely to cause significant disruption to the economy or to financial markets in Hungary or another EEA State;

43. * *subsidiary*: shall mean subsidiaries as defined in Point 78 of Subsection (1) of Section 6 of the Credit Institutions Act and credit institutions that are permanently linked to a central body for the purposes of applying to groups that are eligible for resolution under Sections 7-9, 13-15, 32-32/A, 62, 65-68/F, 74 and 79 as the case may be and as appropriate, the central body itself and their subsidiaries, taking into account how such a group that is eligible for resolution fulfils the requirement under Subsection (3) of Section 68/A;

43a. * *eligible liabilities*: shall mean liabilities that are eligible for bail-in and meet the conditions determined in Section 66 or Paragraph a) of Subsection (5) of Section 68/B and Tier 2 capital instruments that meet the conditions determined in Article 72a(1)(b) of the Regulation (EU) No 575/2013;

44. *MNB*: shall mean the Magyar Nemzeti Bank;

45. *MNB extraordinary liquidity facility*: shall mean an extraordinary central bank credit granted under special conditions pursuant to Section 36 of Act CXXXIX of 2013 on the Magyar Nemzeti Bank and is not included in the monetary policy instruments defined in Section 18 of the Act;

45a. * *employees' representative*: shall have the same meaning as defined in the Labour Code;

46. *net asset value*: shall mean the value of assets less liabilities;

47. *netting agreement*: shall mean an agreement under which several claims or liabilities may be restructured into a single claim, including close-out netting agreements, where, upon the occurrence of an event specified by law or by the parties, the maturity of the parties' liabilities is brought forward so that they become immediately due or are extinguished and, in either case, are converted into or replaced by a single claim;

48. *on consolidated basis*: shall mean that on the basis of the consolidated situation determined in accordance with Article 4(1)(47) of the Regulation (EU) No 575/2013;

49. *consolidating supervisor*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

50. *financial holding company*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

51. *financial contract*: shall mean

a) securities transactions, in particular

aa) transactions for buying, selling or lending securities, groups of securities or indices of securities;

ab) options on securities, groups of securities or indices of securities;

ac) repo or reverse repo transactions relating to any security, group of securities or index of securities;

b) commodity transactions, in particular

ba) transactions for the purchase, sale or lending of commodities, groups of commodities or indices to be delivered at a later date;

bb) options on commodities, groups of commodities or indices;

bc) repo or reverse repo transactions relating to any commodity, group of commodities or indices of commodities;

c) stock exchange and over-the-counter futures, including transactions for the purchase, sale or transfer of goods or any other property, service, right or interest at a specified price and time (excluding commodity transactions);

d) swap agreements, in particular

da) swaps and options relating to interest rates; spot and other foreign exchange transactions; swaps or options relating to currencies, securities or security indices, debt instruments or debt instrument indices, commodities or commodity indices, weather variables, issues or inflation rates;

db) total return swaps, swaps related to credit risk margins or credit swaps;

dc) agreements or transactions similar to those referred to in Subparagraph da) or db) that are regularly entered into in the swaps or derivatives market;

e) * interbank lending agreements with a maturity of three months or less;

f) framework agreements for any of the contracts or transactions referred to in Paragraphs a)-e);

52. *financial undertaking*: shall mean an entity as defined in Subsection (1) of Section 9 of the Credit Institutions Act;

53. *extraordinary state financial assistance*: shall mean state aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union granted to preserve or restore the viability, liquidity or solvency of an institution or group;

54. *systemic crisis*: shall mean a disruption in the financial intermediation system that could have significant negative consequences for the financial intermediation system and the infrastructure that supports it as well as for the real economy;

54a. * *relevant capital item*: shall mean Additional Tier 1 and Tier 2 items;

55. *regulated market*: shall mean the market defined in Point 114 of Subsection (1) of Section 5 of Act CXX of 2001 on the Capital Market;

56. * *institution under resolution*: shall mean an institution or entity within the meaning of Paragraph b) or c) of Subsection (1) of Section 1 whose resolution has been ordered by a decision of the MNB or another resolution authority acting in its resolution function or in respect of which a resolution measure has been applied;

56a. * *group eligible for resolution*: shall mean

a) an entity that is eligible for resolution and its subsidiaries that are not

aa) entities eligible for resolution;

ab) subsidiaries of other entities eligible for resolution; or

ac) entities with a registered office in a third country that are not part of the group eligible for resolution under the resolution plan and their subsidiaries; or

b) credit institutions permanently linked to a central body, together with their central body, where at least one of the credit institutions or the central body is an entity eligible for resolution, and their subsidiaries;

56b. * *entity eligible for resolution*: shall mean

a) a legal entity established in an EEA State that is identified by a resolution authority as an entity for which a resolution plan provides for a resolution action; or

b) an institution not subject to supervision on a consolidated basis for which a resolution plan provides for a resolution action;

57. *resolution authority*: shall mean an authority in an EEA State empowered to apply measures equivalent to resolution measures;

58. *resolution funding scheme*: shall mean a scheme set up by an EEA State to provide the financial resources necessary for the effective application of resolution measures;

59. *own funds*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

59a. * *own funds requirements*: shall mean the requirements determined in Articles 92-98 of the Regulation (EU) No 575/2013;

60. *

61. *managing director*: shall have the same meaning as defined in Subsection (1) of Section 6 of the Credit Institutions Act;

62. * *asset sale*: shall mean the transfer of membership shares issued by the institution under resolution or of the assets, liabilities, rights and obligations of the institution under resolution to a transferee under this Act, other than a bridge institution, by the MNB, acting in its resolution function;

63. *enterprise*: shall mean a legal person engaged in an economic activity, a sole proprietorship or a self-employed person;

63a. * *crisis prevention measure*: shall mean, in the case of a recovery plan that has not been properly revised by the institution, the determination by the supervisory authority of the manner, means, elements and details of the revision, the application of an extraordinary measure, the appointment of a supervisory commissioner, the exercise of the power to address or remove obstacles to resolution and the exercise of the power to write down or restructure capital items;

64. *mixed financial holding company*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

65. *mixed-activity holding company*: shall have the same meaning as defined in the Regulation (EU) No 575/2013;

66. *management*: the board of directors and supervisory board of the institution and of the financial undertaking and its managers and members, including the senior staff of the institution operating in the form of a branch office.

PART TWO PREPARATION OF THE RESOLUTION

CHAPTER III Resolution Planning

1. Preparation and content of the resolution plan

Section 4

(1) * The MNB, acting in its resolution function, shall prepare individual resolution plans for the institutions that are not subject to consolidated supervision and group resolution plans for institutions that are subject to consolidated supervision, while respecting the principle of proportionality.

(2) * The MNB, acting in its resolution function, taking into account the possible effects arising from the nature of the institution's activities, its shareholder structure, legal form, risk profile, size and legal status, its interconnectedness with other institutions or the financial intermediation system as a whole, the scope and complexity of its activities, its membership of an institution protection scheme or other mutual guarantee schemes referred to in Article 113(7) of the Regulation (EU) No 575/2013, and the investment services or activities determined by Section 5 of the Investment Firms Act, and with a view to whether its insolvency and subsequent liquidation under ordinary insolvency proceedings would be likely to have a material adverse effect on financial markets, other institutions, funding conditions or the wider economy, if necessary in consultation with the MNB, acting in its macro-prudential function, shall be entitled to determine: *

a) the content and details of the resolution plans determined in Sections 4-10;

b) * the timetable for the preparation of resolution plans and the frequency of their updating, which may be less frequent than the rates determined in this Act where simplified requirements apply;

c) the scope and the level of detail of the data to be provided by the institutions pursuant to Subsection (1) of Section 6;

d) the level of detail of the assessment of resolvability under Sections 10 and 13 and Annex 2.

(2a) * The application of simplified requirements shall not restrict the right of the MNB, acting in its resolution function, to impose full, non-simplified obligations and to take crisis prevention or crisis management measures where necessary.

(2b) * The MNB, acting in its resolution function, shall have the right to waive the application of the requirements in this Chapter in the case of a parent undertaking and its related institutions that are fully or partially exempted from the prudential requirements in accordance with Article 10 of the Regulation (EU) No 575/2013. In case of such exemption, a group resolution plan shall be prepared for the group within the meaning of Article 10 of the Regulation (EU) No 575/2013.

(2c) * Where the exemption provided for in Subsection (2b) is applied, the MNB, acting in its resolution function, shall inform the European Banking Authority (hereinafter referred to as “the EBA”) of the manner in which the exemption is applied.

(3) The individual resolution plan shall include, in consultation with the MNB, acting in its capacity as the supervisory authority of the financial intermediary system (hereinafter “the Supervisory Authority”), the possible measures and exceptional measures that the Supervisory Authority may take against the institution if the resolution conditions are met, and the possible resolution measures that the MNB, acting in its resolution function, may take to achieve the resolution objectives.

(4) In addition to the individual resolution plans of the institutions belonging to the group, the group resolution plan shall contain the measures and extraordinary measures that the Supervisory Authority may apply to the group if the resolution conditions are met, and the resolution measures that the MNB, acting in its resolution function, may apply.

(5) The MNB, acting in its resolution function shall review its decision to prepare a resolution plan at least every two years.

(6) * The MNB, acting in its resolution function, shall review the resolution plan at least annually in consultation with the Supervisory Authority and amend it if necessary.

Section 5

(1) The resolution plan shall include alternative scenarios for the case where the need for resolution is due to specific reasons or where the resolution is the result of a general crisis in the financial intermediary system.

(2) When preparing the resolution plan, any form of extraordinary state financial support and extraordinary liquidity facilities from the MNB or other central bank shall be disregarded.

(3) * The resolution plan shall also be reviewed and amended if there is any change in the organisation, activity or financial situation of the institution that could materially affect the effectiveness of the resolution. The review under this paragraph shall be carried out by the MNB, acting in its resolution function, following the implementation of resolution measures or the exercise of the power to write down or restructure relevant capital instruments and eligible liabilities.

(4) The minimum content of individual and group remediation plans is described in *Annex 1*.

(5) The level of detail of the resolution plan shall be adapted to the expected impact on financial markets, other financial institutions and funding conditions in the event of the insolvency of the institution, taking into account in particular the size of the institution concerned as well as the complexity and riskiness of its business model and activities.

(6) The scope of institutions under Subsection (1) of Section 4 and the resolution plan are not public.

(7) The MNB, acting in its resolution function, shall share with the institution

a) the essential elements of the resolution plan, in particular the information under Subpoints 1 and 6 of Point A) of Annex 1;

b) the information specified in the points of Annex 1, in particular in Subpoints 5, 8, 11 and 14 of Point A), in order to conduct the resolution assessment and to remove the obstacles to the resolution.

(8) * The MNB, acting in its resolution function, shall inform the Supervisory Authority of the resolution plan and of any amendments thereto.

Section 6

(1) * In the context of reporting, the institution shall provide the MNB, acting in its resolution function, with the data necessary for the preparation and review of the resolution plan.

(2) The MNB, acting in its resolution function, may not request from the institution any information that is available to the Supervisory Authority, the MNB acting in its central bank function, or the MNB, acting in its macro-prudential function.

(3) The MNB, acting in its resolution function, may request and use data available to the Supervisory Authority, the MNB acting in its central bank function or the MNB acting in its macro-prudential function, in order to determine the scope of institutions concerned for the purposes of the resolution plan and to prepare the resolution plan.

(4) The MNB shall establish its internal procedures for the flow of information determined in Subsections (2) and (3).

2. Group resolution plan

Section 7

(1) If the institution is part of a group and the group resolution authority is the MNB, acting in its resolution function, the MNB, acting in its resolution function, shall prepare the group resolution plan in consultation with the resolution authority of the subsidiary.

(2) If an institution located in Hungary is part of a group, but the group resolution authority is not the MNB, acting in its resolution function, the MNB, acting in its resolution function, shall participate in the coordination of the group resolution plan prepared by the group resolution authority.

(3) The group resolution plan also covers the significant branch offices in the group, thus

a) in the consultation on the group resolution plan, if the group resolution authority is the MNB, acting in its resolution function, it shall involve the resolution authority competent for the significant branch office;

b) the MNB, acting in its resolution function, may also participate in the consultation on the group resolution plan if it is the competent resolution authority for the significant branch office.

(4) * The group resolution plan shall identify for each group the entities eligible for resolution and the groups eligible for resolution where the group resolution plan includes resolution measures.

(5) The effect of the group resolution plan shall include:

a) the EU parent companies;

b) the subsidiaries belonging to the group with a registered office in an EEA State;

c) the financial undertakings within the meaning of Subsection (1) of Section 1 belonging to the group; and

d) the subsidiaries belonging to the group with a registered office in a third country.

(6) The group resolution plan may not impose a disproportionate burden in any of the EEA States concerned by group resolution.

(7) The group resolution assessment shall be carried out and updated in accordance with this Section. The group resolution assessment shall be presented in the group resolution plan.

(8) * The group resolution plan

a) shall specify the resolution measures to be applied in the alternative scenarios determined in Subsection (1) of Section 5 in respect of entities eligible for resolution and the impact of those resolution measures on the entities within the meaning of Paragraphs *b)* and *c)* of Subsection (1) of Section 1, the other entities belonging to the group, the parent undertakings and the subsidiaries;

b) shall address the extent to which resolution measures and powers are applicable and exercisable in a coordinated manner to the entities of the group that are eligible for resolution and have a registered office in an EEA State, including measures to facilitate the sale to third parties of the whole group or of a separate activity or business carried out by multiple entities within the group, or of individual entities or groups within the group that are eligible for resolution, and identify obstacles to coordinated resolution;

c) shall address the possibility for the group to cooperate with relevant third-country authorities in relation to group entities with a registered office in a third country, the resolution measures that may be applied and the consequences of a possible resolution in relation to group entities with a registered office in an EEA State;

d) in the event of a group resolution, shall determine the resolution arrangements for both the group resolution authority and the resolution authorities concerned, including the legal and economic separation or unbundling of functions or business lines;

e) shall include how the group resolution will be funded and shared between the EEA States concerned and the possibility and necessity of using the funding scheme;

f) in the case of a group comprising more than one groups that are eligible for resolution, shall determine the resolution measures to be taken in respect of the entities that are eligible for resolution in each group that is eligible for resolution and the consequences of these resolution measures

fa) on other entities within the group belonging to the same group eligible for resolution; and

fb) on other groups eligible for resolution;

g) shall specify any additional measures that the resolution authorities concerned may wish to apply to entities within each group eligible for resolution.

(9) For the purposes of Paragraph *a)* of Subsection (8), where the MNB, acting in its resolution function, is not the group resolution authority but the subsidiary is located in Hungary, the MNB, acting in its resolution function, shall actively participate in planning the coordinated measure to be applied to the subsidiary.

(10) For the purposes of Paragraph *e)* of Subsection (8), the group resolution plan may not include extraordinary public financial support-not including here any amount paid from the Resolution Fund-extraordinary liquidity support provided by a central bank or central bank liquidity support provided on non-standard terms (collateral, maturity and interest rate).

(11) * In applying Paragraph *e)* of Subsection (8), the distribution between EEA States shall take into account proportionality, balance, including in particular the principles to be taken into account in determining the contribution of resolution funding schemes, and the impact on the stability of the financial system of the EEA State concerned.

Section 8

(1) For the preparation of the group resolution plan, the EU parent shall provide the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, with all necessary information pursuant to Section 6. The information shall relate to the EU parent undertaking, the entities in the group and the financial undertakings within the meaning of Subsection (1) of Section 1.

(2) In order to comply with the confidentiality rules, from the information provided by the EU parent undertaking, the MNB, acting in its resolution function, shall forward

a) * the information that is necessary to carry out the EBA's tasks in relation to the group resolution plan to the EBA;

b) the information that is necessary for it to carry out its responsibilities to the resolution authority of the subsidiary;

c) the information that is necessary for the branch office or the relevant resolution authority to discharge its duties to the resolution authority of significant branch offices in the group;

d) the information that is necessary for the performance of their tasks to the Supervisory Authority within the context of supervision agreements concluded with it or to the colleges of supervisors, on the basis of their involvement in the performance of their duties;

e) the information that is necessary for the competent resolution authority of the financial undertaking within the meaning of Subsection (1) of Section 1 to carry out its duties.

(3) Information relating to a subsidiary with a registered office in a third country may be disclosed to the entities referred to in Subsection (2) with the consent of the third-country authority concerned.

(4) If the group resolution authority is the MNB, acting in its resolution function, it shall cooperate and consult with the relevant resolution authorities and relevant supervisory authorities, including the Supervisory Authority, in the context of the resolution college, if established, in order to prepare and update the group resolution plan

a) at least once a year; or

b) in the event of any change in any undertaking in the group, its activities or its financial situation that is significant for the resolution plan.

(5) * In the procedure determined in Subsection (4), the MNB, acting in its resolution function, shall involve in the consultation the resolution authority of the subsidiary, financial undertaking within the meaning of Subsection (1) of Section 1 or significant branch office with a registered office in a third country, if the conditions determined in Section 125 are fulfilled with regard to the third-country authority concerned.

(6) Where the group resolution authority is not the MNB, acting in its resolution function, but it has jurisdiction over the institution, financial undertaking within the meaning of Subsection (1) of Section 1 or significant branch office that is concerned by the group resolution plan, the MNB, acting in its resolution function, shall cooperate with the group resolution authority.

Section 9

(1) * The procedure under Section 8 shall be a multilateral procedure and the decision that is taken shall be a decision in a multilateral procedure. If the group is composed of several groups eligible for resolution, the decision that is taken in the multilateral procedure shall include the resolution measures envisaged pursuant to Paragraph *f)* Subsection (8) of Section 7. The MNB, acting in its resolution function, as the group resolution authority, shall communicate its decision, including the detailed reasons, to the competent resolution authorities of all EEA States participating in the multilateral procedure and to the EU parent undertaking.

(2) * As a group resolution authority, the MNB, acting in its resolution function, may only take a valid decision in the context of a multilateral procedure with the agreement of all the competent resolution authorities of the EEA States involved in the procedure, a decision that is taken in the context of the multilateral procedure referred to in Section 1, within four months of the date of the transmission of all the information necessary to reach a joint decision to the competent resolution authorities involved in the procedure.

(3) If the multilateral procedure is unsuccessful due to lack of agreement of the competent resolution authority of an EEA State involved in the procedure, the MNB, acting in its resolution function, shall, within the time limit determined in Section 2, at the request of the competent resolution authority of any EEA State involved in the procedure, consult the EBA on the unsuccessful outcome of the multilateral procedure or may consult the EBA on its own initiative, except in the case referred to in Section 6.

(4) * If the multilateral procedure is unsuccessful due to lack of agreement by the resolution authority of an EEA State participating in the procedure,

a) if the group resolution authority is the MNB, acting in its resolution function, it may take a decision individually only in respect of the EU parent undertaking, taking into account the views and reservations expressed by the resolution authority of the EEA State participating in the proceedings;

b) * if the resolution authority of the subsidiary in the group is the MNB, acting in its resolution function, it may take a decision individually in respect of the subsidiary, if necessary by identifying the entity eligible for resolution and the group led by the subsidiary by notifying its decision to all members of the resolution college.

(5) * The MNB, acting in its resolution function, shall make its decision within 1 month after the conclusion of the multilateral procedure with the consenting resolution authorities, by sending the decision to the competent resolution authorities of all EEA States participating in the preparatory procedure for the decision taken under the multilateral procedure.

(6) If the resolution authority of the intra-group subsidiary considers that the fiscal powers of the EEA State in which its registered office is found are infringed and has referred the matter to the EBA under Subsection (3) or a decision under the multilateral procedure has been made without its involvement by the other authorities, it may initiate a reassessment of the group resolution plan, including the minimum requirement for own funds and eligible liabilities, within the framework of the resolution college chaired by the MNB in its resolution function.

(7) In relation to Subsection (6), if the resolution authority of the subsidiary is the MNB, acting in its resolution function, it shall initiate the procedure under Subsection (6) with the group resolution authority.

(8) * If the MNB, acting in its resolution function, coordinates with the EBA in accordance with Subsection (3), then, by way of derogation from Subsection (2), the deadline for the decision shall be one month after the transmission of the EBA's decision pursuant to Article 19(3) of the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC to the MNB, acting in its resolution function.

(9) The MNB, acting in its resolution function, shall, subject to Subsections (6) and (7), take into account the EBA's decision when making its decision, following the consultation referred to in Subsection (8). If the MNB, acting in its resolution function, deviates from the EBA decision in its decision, it shall state the reasons for the deviation in the decision.

(10) If the competent resolution authority of another EEA State is entitled to conduct the procedure and the resolution authority of the subsidiary credit institution of the EU parent institution is the MNB, acting in its resolution function, then the MNB, acting in its resolution function, shall send its opinion or reservation within the time limit determined by the competent resolution authority of the EEA State entitled to conduct the procedure.

(11) * A decision made by the resolution authority of the EEA State in which the registered office of the EU parent institution is found in the course of the procedure referred to in Subsection (1) shall be directly applicable and enforceable in Hungary. The MNB, acting in its resolution function, shall publish the fact of the decision of the competent resolution authority of the EEA State in the Hungarian language on its website. With respect to the entity falling within the competence of the MNB, acting in its resolution function, the Hungarian legislation applicable to decisions made by the MNB, acting in its resolution function, shall apply to the implementation, the monitoring of compliance and the measures that may be taken on the basis of the monitoring of the decisions made by the competent resolution authority of another EEA State.

(12) The MNB, acting in its resolution function, shall, at least once a year, examine the need to change the decision under Subsection (2), either ex officio or at the initiative of the competent resolution authority of the parent undertaking or subsidiary.

CHAPTER IV

Assessment of Resolvability and Preventive Powers

3. Assessment of resolvability

Section 10

(1) The MNB, acting in its resolution function, shall assess the extent to which the institution or-if the institution is subject to supervision on a consolidated basis-all institutions and financial undertakings with a registered office in Hungary that are subject to supervision on a consolidated basis, can be resolved without the institution or the institution or financial undertaking subject to supervision on the same consolidated basis having recourse to any form of extraordinary state financial assistance or to central bank liquidity support or extraordinary liquidity facilities provided by the MNB or another central bank on non-standard terms (collateral, maturity and interest rate) or to additional extraordinary credit facilities provided by the MNB or another central bank.

(2) In the assessment under Subsection (1), the MNB, acting in its resolution function, shall cooperate with the Supervisory Authority.

(3) In consideration of Section 17, the institution may be resolved if, in the opinion of the MNB, acting in its resolution function, in the insolvency proceedings against the institution or the resolution of the institution under the resolution plan

a) the continuity of critical functions can be maintained, and

b) significant negative consequences for the stability of the financial intermediation system of the state where the institution's registered office is or of the EEA member states or of the EEA as a whole can be avoided, even in the event of a systemic crisis.

(4) The criteria to be considered in assessing eligibility for resolution are determined in *Annex 2*.

(5) The assessment of resolvability shall be carried out when the resolution plan is prepared and when it is updated.

(6) If the MNB, acting in its resolution function, does not consider an institution eligible for resolution, it shall inform the EBA immediately after the decision has been made.

4. Addressing or removing obstacles to resolvability

Section 11

(1) * If the MNB, acting in its resolution function, concludes in its assessment of the resolvability that there are significant impediments to the resolvability of the institution, it shall inform the institution and the Supervisory Authority in writing.

(1a) * The MNB, acting in its resolution function, shall suspend the preparation of the resolution plan until the significant obstacles referred to in Subsection (1) have been removed.

(2) * Within a maximum of four months of receipt of the information referred to in Subsection (1), the entity shall make a proposal to the MNB, acting in its resolution function, to remove or address the obstacles to resolution that are identified in the information.

(2a) * Within a maximum of two weeks after receipt of the information referred to in Subsection (1), the entity shall propose to the MNB, acting in its resolution function, possible steps, including a timetable for the implementation of those proposed steps, to ensure compliance with the requirements of Section 68/A or 68/B and the combined buffer requirements in the event that a significant impediment to resolvability arises in one of the following situations:

a) the entity complies with both the combined buffer requirement and the requirements of Article 92(1)(a), (b) and (c) of the Regulation (EU) No 575/2013, but does not comply with the combined buffer requirement when calculated in accordance with Article 62(2)(a), when considered together with the requirements of Sections 67 and 68;

b) the entity does not comply with the requirements of Articles 92a and 494 of the Regulation (EU) No 575/2013 or with the requirements of Sections 67 and 68 of this Act.

(2b) * The timetable for the implementation of the steps proposed under Subsection (2a) shall take into account what has caused the obstacle to resolvability.

(3) * The MNB, acting in its resolution function, shall assess, in consultation with the Supervisory Authority, whether the steps proposed by the entity pursuant to Subsections (2)-(2b) are appropriate to address and remove the obstacles.

(4) * If the institution's proposal under Subsections (2)-(2b) is, in the opinion of the MNB, acting in its resolution function, suitable to remove or effectively address the obstacles to resolution, it shall require the institution or group to take the measures, setting a deadline of up to three months.

(5) * If the institution's proposal under Subsections (2)-(2b) does not, in the opinion of the MNB, acting in its resolution function, eliminate or effectively address the obstacles to resolvability, the MNB, acting in its resolution function, shall require the institution or group to take measures and to prepare a plan to reduce or eliminate the obstacles to resolvability, with a deadline of no more than one month.

(6) * In the identification of the measures prescribed in Subsection (5), the MNB, acting in its resolution function, shall give reasons why the steps proposed by the entity are not suitable for reducing or eliminating the obstacles to resolvability and how the alternative plan for taking the measures is able to remove the obstacles to resolvability. The MNB, acting in its resolution function, shall take into account what threat is posed by the obstacles to resolvability to financial stability and what effect the measures have on the entity's business activity, stability and its ability to contribute to the economy.

Section 12

(1) * In order to address or remove the obstacles to resolvability, the MNB, acting in its resolution function, may, after prior consultation with the Supervisory Authority, require the institution or entity under Paragraphs *b)* and *c)* of Subsection (1) of Section 1

a) to review the intra-group funding arrangements or the absence thereof, or to develop and conclude or amend service contracts, whether intra-group or with third parties, for the provision of critical functions;

b) to comply with a ceiling on the value of individual and aggregate exposures;

c) to fulfil specific or general information requirements relevant for resolution purposes;

d) to dispose of certain assets;

e) to limit, cease or refrain from engaging in current or planned activities, developing new or existing businesses or selling new or existing products;

f) to implement changes to reduce the complexity of the legal or operational structures of the entity or of any entity directly or indirectly controlled by the entity belonging to the group, in order to ensure that the critical functions can be legally and operationally separated from other functions through the application of resolution tools;

g) to create a financial holding company;

h) to submit a plan to restore compliance with the requirements determined in Section 68/A or 68/B as a percentage of the total risk exposure value calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013 and, where applicable, to restore compliance with the combined buffer requirement and the requirements determined in Section 68/A or 68/B as a percentage of the total exposure measure in accordance with Articles 429 and 429a of the Regulation (EU) No 575/2013;

i) to issue an eligible liability in order to comply with the requirements determined in Section 68/A or 68/B;

j) to take the necessary steps to comply with the minimum requirements for own funds and eligible or convertible liabilities pursuant to Section 68/A or 68/B, in particular to attempt to renegotiate any eligible liabilities, additional Tier 1 capital or Tier 2 capital issued by it in order to ensure that, where the MNB, acting in its resolution function, decides to write down or convert the liability or asset concerned, that decision can be enforced under the law of the jurisdiction applicable to the liability or asset;

k) in the case of a subsidiary of a mixed-activity holding company of an entity, I may require for the mixed-activity holding company to establish a separate financial holding company to control the entity if this is necessary to facilitate the resolution of the entity or to avoid that the use of resolution tools and the exercise of resolution powers have an adverse effect on the non-financial part of the group;

l) in order to comply with the requirements laid down in Section 68/A or 68/B on an ongoing basis, to change

la) the own fund elements; and

lb) the maturity structure of the eligible liabilities specified in Section 66 and Paragraph a) of Subsection (5) of Section 68/B.

(2) * With regard to Paragraphs b), d), e) and Subparagraph la) of Paragraph l), the decision of the MNB, acting in its resolution function, shall also be subject to the approval of the Supervisory Authority.

(3) * In order to address or remove obstacles to resolvability, the MNB, acting in its resolution function, may, after prior consultation with the Supervisory Authority, require the entity, if it is a subsidiary of a mixed-activity holding company, that the mixed-activity holding company establishes a separate financial holding company to exercise controlling influence over the institution, if this is necessary to facilitate the resolution of the institution.

(4) * The MNB in its resolution function shall, in its procedure under Subsections (1)-(3), take into account the threat to the stability of the financial intermediary system posed by the obstacles to resolution, having regard also to the principle of proportionality, after consulting the Supervisory Authority and, where appropriate, the MNB in its macro-prudential function, and the impact of the measures to be applied to address or remove the resolution impediment on the business and the stability of the institution, its ability to contribute to economic growth, the internal market for financial services and the financial stability of the EEA States or the EEA as a whole.

5. Assessing the group's resolvability and addressing or removing obstacles to group resolvability

Section 13

(1) * A group-an entity eligible for resolution-may be resolved, if the group resolution authority is of the opinion that the insolvency proceedings against an entity belonging to the group or the resolution of the group-an entity eligible for resolution-may be implemented and shall be authentic, in the course of which

a) significant negative consequences for the stability of the financial intermediation system

aa) at the registered office or branch office of the entities belonging to the group or

ab) in the EEA States or the EEA as a whole

even in the event of a systemic crisis, can be avoided to the highest extent, and

b) the continuity of critical functions can be maintained by their separation within a reasonable time or in another way.

(2) If the MNB is the group resolution authority, the assessment of group resolution eligibility shall be carried out by the MNB, acting in its resolution function, together with the resolution authorities of subsidiaries and significant branch offices, and the Supervisory Authority responsible for supervision on a consolidated basis and the competent authorities of subsidiaries and significant branch offices shall be consulted.

(3) * If the MNB, acting in its resolution function, is the resolution authority of a subsidiary-that is an eligible entity or a subsidiary that is not an eligible entity-in the group, it shall decide jointly with the group resolution authority on the assessment of the group's eligibility for resolution.

(4) When assessing group-level resolvability, the following shall not be taken into account:

a) extraordinary state financial assistance in any form, not including the use of funds from the resolution funding scheme and the use of the deposit guarantee scheme, including the National Deposit Insurance Fund (hereinafter referred to as "NDIF", Hungarian abbreviation: "OBA"), for resolution purposes;

b) central bank liquidity support provided on non-standard terms (collateral, maturity and interest rate); and

c) extraordinary liquidity facility from the MNB or another central bank.

(5) The decision on the assessment of the group's eligibility for resolution shall be made by the MNB acting in its resolution function-if the MNB, acting in its resolution function, is the group resolution authority-in the context of the resolution college, during which the criteria described in Annex 2 shall be taken into account.

(6) The assessment of the group's resolvability shall be carried out when the group resolution plan is prepared and when it is updated.

(6a) * If a group consists of more than one groups eligible for resolution, the assessment of resolvability must be carried out also on a group-by-group basis.

(7) A decision pursuant to this Section shall be taken in accordance with Sections 7-9.

(8) If the MNB, acting in its resolution function, as a group resolution authority, considers that a group is not eligible for resolution on the basis of the resolution assessment, it shall inform the EBA without delay.

Section 14

(1) Following the assessment of group resolvability, obstacles to resolution shall be removed, if necessary.

(2) A decision on the removal of obstacles to group resolution is made by the members of the resolution college in a multilateral procedure under the leadership of the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority. The resolution authorities of the subsidiaries belonging to the group shall be involved in the procedure and in the decision and the MNB, acting in its resolution function, shall consult the group college of supervisors and the competent resolution authorities of significant branch offices in the group before making the decision.

(3) * The MNB, acting in its resolution function, where it is the group resolution authority, shall report to the consolidating supervisor and the EBA, after consulting the competent supervisory authorities, on the obstacles to the effective application of resolution measures and resolution entitlements to the group or, where the group consists of more than one group eligible for resolution, to the resolution groups.

(4) The report under Subsection (3)

a) * shall take into account the group's business model and the impact on it; and

b) shall propose proportionate and targeted possible measures which are necessary and appropriate to remove the obstacle referred to in Subsection (3).

(5) The report specified in Subsection (3) shall be sent by the MNB, acting in its resolution function, to

a) the EU parent company;

b) the resolution authorities of the subsidiaries belonging to the group; and

c) the competent resolution authorities of significant branch offices of the group.

(5a) * If the impediment to the group's resolvability is a consequence of the condition determined in Subsection (2a) of Section 11, the MNB, acting in its resolution function, as group resolution authority shall, after consulting the relevant resolution authorities, notify the EU parent of its assessment of the impediment encountered.

(6) If the resolution authority of the subsidiary of the group is the MNB, acting in its resolution function, the report sent to the MNB regarding participation in the resolution college shall be sent to the subsidiary immediately upon receipt.

(7) Within four months of receiving the report, the EU parent company may

a) make comments; and

b) propose to the group resolution authority an alternative possible measure to overcome the obstacle identified in the report.

(7a) * If the EU parent undertaking has been notified that an impediment to the group's resolvability is attributable to an entity belonging to the group in a situation within the meaning of Subsection (2a) of Section 11, it shall, within two weeks of receipt of the notification, propose to the MNB, acting in its resolution function, possible steps, including their scheduling, to bring the entity into compliance with the requirements of Section 68/A or 68/B expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013 and, where applicable, the combined buffer requirement and the requirements determined in Section 68/A or 68/B expressed as a percentage of the total exposure amount calculated in accordance with Articles 429 and 429a of the Regulation (EU) No 575/2013. When scheduling the proposed steps, the cause of the impediment to resolvability shall be taken into account. The MNB, acting in its resolution function, following consultations with the Supervisory Authority, shall assess whether the proposed steps efficiently reduce or remove the obstacles to resolvability or not.

(8) The comments and proposals made by the EU parent undertaking shall be forwarded by the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, to

a) the authority responsible for supervision on a consolidated basis;

b) the EBA;

c) the resolution authority of the subsidiary; and

d) to the competent resolution authorities of significant branch offices.

(9) With regard to the removal of obstacles to group resolution, a decision shall be taken by the members of the resolution college in a multilateral procedure pursuant to Subsection (2), under the leadership of the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority. In reaching their decision, they shall take into account the comments and proposals of the EU parent undertaking.

(10) The decision made in the multilateral procedure shall take into account the impacts arising in all EEA States concerned by the group and in the financial system of the European Union.

(11) * In the multilateral procedure, the decision shall be made

a) within four months of receipt of comments and proposals from the EU parent company or, in the absence of comments from the EU parent company, within one month of the expiry of the four months period for comments;

b) in the case of an organisation in a situation under Subsection (2) of Section 11, within two weeks of receiving the comments and proposals of the EU parent company, and shall be sent to the MNB, acting in its resolution function, or, where the MNB, acting in its resolution function, is the group resolution authority, to the EU parent undertaking.

Section 15

(1) * If the resolution authorities cannot reach a decision jointly under Subsection (11) of Section 14, the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, shall make a decision on the assessment of resolvability at the level of the group eligible for resolution. In the justification of the decision, the MNB in its resolution function shall reflect the views and reservations of the relevant resolution authorities of the other entities in the group.

(2) * The decision under Subsection (1) shall be sent by the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, to the EU parent undertaking and the relevant resolution authorities.

(3) The MNB, acting in its resolution function, may not act under Subsection (1) if any of the resolution authorities concerned refers the matter to the EBA for resolution assessment

a) during the four-month period specified in Subsection (11) of Section 14; or

b) when it realises that no decision will be made in a multilateral procedure.

(4) In the case of Subsection (3), the EBA shall, within one month of the request, make a decision in accordance with which the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, shall take its decision. If the EBA does not make a decision within one month, the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, shall make its decision in accordance with Subsection (1).

(5) * In the absence of a decision under a multilateral procedure, in cases involving subsidiaries that are eligible for resolution and those that are not eligible for resolution, where a decision is required, the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the resolution authority of the subsidiary, shall take the decision on the necessary action, stating its reasons and including the views and reservations of the other resolution authorities concerned. In addition to the subsidiary, this decision shall also be sent to the resolution authority of the subsidiary and the entity eligible for resolution of the same group eligible for resolution, the resolution authority of the entity concerned eligible for resolution and the group resolution authority.

5/A. * Prohibition of certain profit distributions

Section 15/A *

(1) If the entity complies with the combined buffer requirement, with Article 92(1)(a), (b) and (c) of the Regulation (EU) No 575/2013 and the excess capital requirement for the management of the risk of excessive leverage, but together with the requirements of Sections 67 and 68 fails to comply with the combined buffer requirement calculated in accordance with Paragraph a) of Subsection (2) of Section 62, the MNB, acting in its resolution function, may prohibit the entity from paying out more than the distributable amount related to the minimum requirements for own funds and eligible liabilities (M-MDA) calculated in accordance with Annex 3 through

a) profit payments related to Tier 1 capital;

b) the creation of an obligation to pay performance-related remuneration or non-compulsory retirement benefits, or the payment of performance-related remuneration, if the obligation to pay arises at a time when the institution did not meet the combined buffer requirement; or

c) any payment related to the Additional Tier 1 capital item.

(2) If the entity is in the situation described in Subsection (1), it shall immediately notify the MNB, acting in its resolution function.

(3) In the situation referred to in Subsection (1), the MNB, acting in its resolution function, shall, without undue delay and after consultation with the Supervisory Authority, consider whether to exercise the prohibition on the distribution of profits, for which purpose it shall take into account:

a) the cause, duration and extent of the non-compliance and its impact on resolvability;

b) the development of the financial situation of the entity and the likelihood that the conditions for resolution will be met in the foreseeable future;

c) the prospect that the organisation will be able to meet the requirements within a reasonable time;

d) that in the case where the entity is unable to take on liabilities that no longer meet the conditions for eligible liabilities or their maturity determined in Articles 72b and 72c, of the Regulation (EU) No 575/2013 or Section 66 or Subsection (5) of Section 68/B of this Act, this is due to specific reasons or to market-wide disruption; and

e) whether a prohibition on the distribution of profits would be the most appropriate and proportionate means of addressing the situation of the entity, taking into account the potential impact on the funding conditions and resolvability of the entity concerned.

(4) The MNB, acting in its resolution function, shall repeat the assessment pursuant to Subsection (3) at least every month for as long as the entity is in the situation described in Subsection (1).

(5) If the MNB, acting in its resolution function, ascertains that the entity is still in the situation referred to in Subsection (1) nine months after the notification, it shall, after consulting the Supervisory Authority, exercise the prohibition on the distribution of profits unless at least two of the following conditions are met:

a) the non-compliance is due to a severe disruption in the functioning of financial markets, which has led to a situation of stress in many areas of the financial markets affecting a large part of them;

b) the disruption referred to in Paragraph a) results not only in increased volatility in the price of the entity's own funds and its eligible liabilities or an increase in the entity's costs, but also leads to the total or partial closure of markets, which prevents the entity from issuing own funds or eligible liabilities on the markets;

c) the closure of the market under Paragraph b) applies not only to the entity concerned but also to several other entities;

d) because of the disruption referred to in Paragraph a), the entity concerned is unable to issue sufficient own funds and eligible liabilities to remedy the non-compliance; or

e) the prohibition of profit distribution has a negative spill-over effect on part of the banking sector, which threatens financial stability.

(6) If the MNB, acting in its resolution function, applies an exception pursuant to Subsection (5), it shall notify the Supervisory Authority thereof, providing a detailed written explanation of the assessment.

(7) The MNB, acting in its resolution function, shall repeat the assessment under Subsection (5) at least monthly.

***PART THREE
RESOLUTION***

***CHAPTER V
Resolution Objectives, Conditions and General Principles***

6. Resolution objectives

Section 16

(1) When applying resolution measures and exercising resolution prerogatives, the MNB, acting in its resolution function, should take into account the resolution objectives and choose the measures and prerogatives that best serve the resolution objectives in the circumstances of the case.

(2) The resolution objectives are as follows:

a) * protecting public funds by minimising the need for and use of any form of extraordinary public financial support;

b) ensuring the continuity of providing critical functions;

c) avoiding the development of effects that threaten the stability of the financial intermediation system or eliminating their effects already occurred;

d) protecting the deposits covered by the deposit guarantee scheme, including the NDIF, and investments covered by the investment protection scheme, including the Investor Protection Fund (hereinafter referred to as "IPF", Hungarian abbreviation: "Beva");

e) protecting the customers' funds and property; and

f) maintaining depositor and investor confidence to ensure the stability of the financial intermediary system.

(3) * The MNB, acting in its resolution function, shall pursue each of the resolution objectives determined in Subsection (2), taking into account the specificities of the circumstances of each case.

(4) The MNB, acting in its resolution function, shall aim

a) to minimise the costs of resolution; and

b) not to reduce the assets of the institution under resolution as a result of the resolution, unless this is unavoidable in order to achieve the objective of the resolution.

7. Conditions of the resolution and ordering the resolution

Section 17

(1) The MNB, acting in its resolution function, shall, on the basis of Subsection (10), order and open resolution proceedings for the institution if the following joint conditions are met:

a) the Supervisory Authority establishes that the institution is insolvent or likely to become insolvent;

b) * in the judgment of the MNB, acting in its resolution function, it is unlikely in the timing and other relevant circumstances that any measures other than resolution measures-including measures taken by the Supervisory Authority, the institution, the voluntary institution protection fund, the mandatory institution protection organisation or other market participants, including measures that may be taken by the MNB, acting in its resolution function, to write down and restructure relevant capital items and eligible liabilities - within a reasonable time would prevent the institution from becoming insolvent;

c) the MNB, acting in its resolution function, considers that resolution is in the public interest.

(1a) * A central body and all credit institutions permanently linked to it may be placed under resolution if the resolution criteria are fulfilled in their entirety for the central body and all credit institutions permanently linked to the central body.

(2) An institution is insolvent or is likely to become insolvent if

a) it is in breach of the requirements for the maintenance of its licence to operate or is likely, on the basis of available quantifiable data (capital adequacy, profitability and portfolio quality), to be in breach of those requirements in the near future, but no later than 12 months, to the extent that its licence to operate would be withdrawn, in particular because of incurring or being likely to incur losses resulting in the loss of all or a significant part of its own funds as defined in the Regulation (EU) No 575/2013;

b) its assets do not cover the claims of known creditors or, on the basis of the available quantifiable data (capital adequacy, profitability and portfolio quality), this is likely to occur in the near future, but no later than 12 months, which would lead to the withdrawal of its licence to operate;

c) * the institution fails to settle its non-disputed liabilities relating to its financial services, auxiliary financial services, investment services or ancillary services relating to its investment services, or, on the basis of available quantifiable data (deposit coverage ratio, balance sheet coverage ratio, foreign currency funding ratio for a credit institution), it is likely to fail to do so in the near future, but no later than 12 months; or

d) the institution requires or benefits from extraordinary public financial assistance, except where such public assistance is intended to deal with serious disturbances in the economy of the country and to safeguard financial stability, and takes one of the following forms:

da) state guarantee or equivalent support to facilitate access to the MNB's monetary policy instruments;

db) state guarantee or equivalent support for new liabilities;

dc) increase in own capital or purchase of a capital item by the state on the basis of the private market investor principle, where neither Paragraphs a)-c) nor the circumstances requiring the write-off or restructuring of the capital items are present at the time the aid is granted. *

(3) The aids referred to in Paragraph d) of Subsection (2) may be granted

a) exclusively to solvent institutions;

b) * following approval under the EU Framework for State Aids;

c) as a precautionary, preventive measure;

d) to the extent necessary to deal with the national economic disturbances

and may not be used to finance losses incurred or expected to be incurred by the institution concerned.

(4) A capital increase under Subparagraph dc) of Paragraph d) of Subsection (2) may be granted only up to the extent of the capital shortfall identified by stress tests, asset quality assessments or other equivalent procedures performed nationally, in multiple EEA States or in the euro area.

(5) A remedy shall serve the public interest if

a) the measure is necessary and proportionate for the achievement of one or more of the resolution objectives determined in this Act; and

b) the liquidation of the institution in the context of insolvency proceedings would not achieve those resolution objectives at least to the extent that the application of the resolution measure could achieve them.

(6) *

(7) The MNB, acting in its resolution function, shall prepare a resolution action plan for the institution at the latest when ordering the resolution under Subsection (1), which shall take into account the resolution plan, if available at that time, unless the circumstances of the case justify a deviation.

(8) The resolution action plan shall include the envisaged resolution measures and the planned course of their implementation as well as the financing plan for the resolution, the contribution of the NDIF and the Resolution Fund under this Act and, if applicable, the need for and the modalities of the state's temporary budgetary contribution based on the principle of fiscal neutrality.

(9) The prior approval of the government is required for the use of public funds if the state's budgetary involvement in the resolution, including the provision of a loan to the Resolution Fund related to the resolution measure or procedure, becomes necessary or, on the basis of the information available, is likely to become necessary within twelve months. The Government shall not be bound by a resolution action plan or resolution measure ordered by the MNB, acting in its resolution function, when taking its decision.

(10) * The decision whether or not the conditions of resolution pursuant to Subsection (1) exist shall be made by the Financial Stability Council (hereinafter referred to as "FSC"), with the proviso that the managers responsible for the performance of the functions pursuant to Subsection (9) of Section 4 of Act CXXXIX of 2013 on the Magyar Nemzeti Bank (hereinafter referred to as "MNB Act") shall not have voting rights.

Section 18

A financial undertaking within the meaning of Subsection (1) of Section 1 may be subject to a resolution measure if the resolution criteria are fulfilled for both the institution and the related financial undertaking that is subject to supervision on a consolidated basis.

Section 19 *

(1) A financial holding company, mixed financial holding company or mixed-activity holding company with a registered office in Hungary may be placed under resolution if the resolution criteria are met for the holding company.

(2) Where a subsidiary of a mixed-activity holding company is directly or indirectly owned by a financial holding company, the resolution plan shall specify that the intermediate financial holding company shall be identified as an entity eligible for resolution and that resolution measures taken for the purpose of group resolution shall only be targeted at the intermediate financial holding company and not applicable to the mixed-activity holding company.

(3) By way of derogation from Subsection (1), the MNB, acting in its resolution function, may take a resolution measure in respect of a holding company within the meaning of Subsection (1) even if

a) it is an entity eligible for resolution;

b) one or more of its subsidiary institutions are not entities eligible for resolution but meet the resolution criteria;

c) a subsidiary within the meaning of Paragraph b) has assets and liabilities because of which the insolvency of the subsidiaries jeopardises the group as a whole eligible for resolution; and

d) in relation to a financial holding company, a resolution measure is necessary for the resolution of its subsidiary institution or the whole of the relevant group eligible for resolution.

8. General requirements for resolution

Section 20

(1) In taking resolution measures and applying resolution rights, the following principles shall be applied:

a) * the losses incurred shall be borne in the first instance by the owners of the institution or financial undertaking in resolution within the meaning of Subsection (1) of Section 1;

b) * following the owners of the institution or financial undertaking in resolution within the meaning of Subsection (1) of Section 1, in the second instance, the creditors shall bear the losses incurred in the loss absorption order and proportion determined in Subsection (1) of Section 57 of the Bankruptcy Act, taking into account the provisions of the Credit Institutions Act and the Investment Firms Act relating to liquidation proceedings;

c) the mandate of senior managers of the institution under resolution shall be withdrawn, unless the MNB, acting in its resolution function, deems it necessary to retain all or part of the senior management in order to achieve the resolution objectives, in particular where the removal of the senior manager would impede the effective implementation of the resolution;

d) the reasons for the insolvency or likely insolvency of the institution under resolution must be identified;

e) * the creditors belonging to the same class of creditors shall be treated equally, unless otherwise provided by this Act;

f) * no holder or creditor may bear losses directly related to the application of the resolution measures that are greater than those which would have been incurred if the institution or financial undertaking within the meaning of Subsection (1) of Section 1 had been liquidated; and

g) the resolution measure shall be applied in accordance with the safeguards provided for in this Act;

h) * the part of the covered deposit below the limit of indemnity must be fully protected.

(2) The management and auditor of the institution shall cooperate with the MNB, acting in its resolution function, to achieve the resolution objectives.

(3) If the institution is part of a group, the MNB, acting in its resolution function, shall seek to minimise the negative impact on the group, its members and the relevant financial market when taking resolution measures and applying resolution tools.

(3a) * When taking resolution measures and exercising the right to resolution, the MNB, acting in its resolution function, shall inform and, if necessary, consult with the employee representatives of the institution or financial undertaking under resolution within the meaning of Subsection (1) of Section 1.

(4) In the framework of continuous supervision, including the assessment of regular data reporting, the Supervisory Authority shall, upon establishing that the conditions of resolution pursuant to Paragraph a) of Subsection (1) of Section 17 exist, notify the MNB, acting in its resolution function, of the fulfilment of these resolution conditions and of the fact that, based on the measures and extraordinary measures it may apply, it is not possible to eliminate these resolution conditions.

(5) * Claims for damages against the MNB, acting in its resolution function, and any participant engaged by it in connection with the resolution arising from any act performed or omission made in this capacity may be brought only for intentional breach of a material obligation, provided that the act or omission caused the damage directly.

(6) * The employees of the MNB, acting in its resolution function, shall be liable as employees towards the MNB, acting in its resolution function, for damages caused by their act or omission in connection with the performance of its resolution function only in the event of a wilful breach of a material obligation, provided that the act or omission caused the damage directly.

9. Termination of the resolution

Section 21

The MNB, acting in its resolution function, shall decide to terminate the resolution procedure in a decision if the circumstances giving rise to the resolution have ceased to exist and the resolution objectives have been fulfilled or the resolution is no longer expected to achieve the resolution objectives.

CHAPTER VI

Valuation of Assets and Liabilities

10. Independent valuation

Section 22

(1) * Prior to the decision to adopt a resolution measure, the MNB, acting in its resolution function, shall ensure that a reliable and fair valuation of the assets and liabilities of the institution or financial undertaking within the meaning of Subsection (1) of Section 1, (hereinafter referred to as “independent valuation”) is carried out by an independent person meeting the professional and incompatibility requirements laid down by law (hereinafter referred to as “independent valuer”).

(2) The list of independent valuers shall be maintained by the MNB in its resolution function and published on its website. The register of independent valuers shall include:

a) in the case of natural persons

aa) the natural person’s name, address, postal and e-mail address, registration number and date of registration;

ab) the name, registered office and registration number of the legal entity in which the independent valuer has a direct or indirect share;

b) in the case of a legal entity

ba) the legal entity’s name, postal and e-mail address, registered office, place of business, branch office (area of operations);

bb) registration number and date of registration;

bc) the managing director’s and the auditor’s name and address;

bd) its principal activity and the additional activities defined in its memorandum of association according to the nomenclature published by the Central Statistical Office;

be) the name (company name) and place of residence (registered office) of each of its members (shareholders) holding a direct or indirect participation, and if the independent valuer is a Hungarian branch office of a company with a registered office abroad, the name (company name), registered office and registration number of the foreign-registered company; and

bf) the name, registered office and registration number of the legal entity in which the independent valuer has a direct or indirect shareholding.

(3) * The register referred to in Subsection (2) shall constitute a public register in respect of the registration number of the independent valuer, the date of registration and the entitlement to act as an independent valuer.

(4) * The MNB, acting in its resolution function, shall invite a public tender for independent valuers at least once a year. The applications received shall be assessed by a selection committee of at least three and no more than seven members appointed by the MNB, acting in its resolution function. The decision of the selection committee may be challenged by way of administrative proceedings. If the applicant fulfils the legal requirements, the MNB, acting in its resolution function, shall enter it on the list.

(5) The MNB, acting in its resolution function, shall establish its internal procedure for the selection of the members of the selection committee referred to in Subsection (4) and publish this procedure on the website of the MNB, acting in its resolution function.

(6) The MNB, acting in its resolution function, shall remove the independent valuer from the list referred to in Subsection (2) if

a) the independent valuer provided false information in his/her application;

b) the independent valuer no longer meets the conditions determined in this Act and in the legislation issued pursuant to this Act;

c) it is requested in writing by the independent valuer;

d) the person registered as independent valuer deceased or the organisation has ceased to exist;

e) * the MNB becomes aware of any conduct in connection with the person or organisation registered as independent valuer or its economic or professional activities that is contrary to law or professional or ethical rules, or that is able to damage or compromise the public trust necessary for the performance of the independent valuer’s duties.

(7) * The list of independent valuers shall be open to a natural person who

a) has a university or college degree in economics, or a bachelor’s or master’s degree in the field of economics; or

b) is qualified as a lawyer;

c) * has a professional qualification as auditor and its certification by a financial institution or investment firm or has appropriate asset valuation experience; and

d) has no criminal record; and

e) has no public debt, according to his/her tax certificate or the database of taxpayers without public debt.

(7a) * No person or entity shall be included in the list of independent valuers if the MNB, acting in its resolution function, becomes aware of any conduct in relation to the economic or professional activities of that person or entity that is in breach of any law or professional or ethical rules, or that is able to damage or jeopardise the public trust necessary for the performance of the independent valuer’s duties or if the person or entity registered as independent valuer has been removed from the register by the MNB, acting in its resolution function, pursuant to Paragraph e) of Subsection 6, for a period of five years from the date of removal.

(8) * The list of independent valuers shall be open to legal entities that employ or engage, for the purpose of carrying out independent valuation, at least one employee or other person in an employment relationship who meets the requirements determined in Subsection (7) and is not subject to proceedings that will result in termination without a legal successor.

(9) * When applying for or being appointed to a specific task, the independent valuer shall declare his/her independence from the institution, the MNB, acting in its resolution function, and the Supervisory Authority. An independent valuer shall be considered independent if, in the given financial year or in any of the preceding 3 financial years, he or she has not received more than 5 per cent of his or her annual gross turnover from the institution under resolution or the MNB.

(10) The MNB, acting in its resolution function, shall develop an internal procedure for

a) the selection; and

b) assignment

of the independent valuer, and publish the procedure on its website.

(11) At the same time as appointing the independent valuer, the MNB, acting in its resolution function, shall specify the deadline for the independent valuation and the assumptions to be taken into account in the independent valuation.

(12) A third party may bring a claim for damages against the independent valuer and any intermediary engaged by him or her for an act or omission committed in that capacity only in the event of a serious and negligent breach of a fundamental obligation, provided that the act or omission caused the damage directly.

11. Purpose of the independent valuation

Section 23

(1) * The basic purpose of the independent valuation is to determine the value of the assets and liabilities of an institution or financial undertaking within the meaning of Subsection (1) of Section 1, that is insolvent or, on the basis of the information available, is likely to become insolvent.

(2) Additional objectives of the independent evaluation:

a) to provide information to determine whether the conditions for resolution or for the write-off or restructuring of capital items are met;

b) * if the conditions of resolution are met, to provide information on the applicability of the resolution measure to be applied to the institution or financial undertaking within the meaning of Subsection (1) of Section 1;

c) in the event of the application of bail-in or the right to write down or restructure capital elements, to provide information for the decision on the extent to which member holdings in the institution have to be withdrawn, written down or restructured and the extent to which Additional Tier 1 and Tier 2 capital items have to be written down or restructured;

d) in the case of a bridge institution or asset separation, to provide information for the decision on the assets, liabilities, rights and obligations to be transferred or the value of the membership shares in the institution and the value of the compensation to be paid to the institution under resolution or to the holders of membership shares in the institution;

e) information to be provided to the MNB, acting in its resolution function, to determine the market condition for a decision on the assets, liabilities, rights and obligations to be transferred or the membership shares in the institution in the event of an asset sale;

f) * to ensure that any losses on the institution’s assets are fully accounted for when resolution tools are used or before the right to write down or convert capital items is exercised.

(3) The independent valuation must be based on prudent assumptions including the determination of the default rate of the assets and the extent of expected losses.

(4) * The independent valuation shall not assume that the institution will in the future benefit from extraordinary public financial support after the date of the resolution measure or after the application of the right to write down or restructure capital items. If the institution has received extraordinary state financial assistance in the three months preceding the independent valuation, any value-increasing effect of that assistance shall be disregarded.

(5) The independent valuation shall take into account that, in the case of the application of any of the resolution tools

a) the MNB, acting in its resolution function, shall be entitled to claim reimbursement of its reasonable and justifiable expenses from the institution under resolution;

b) the Resolution Fund may charge interest or fees on loans or guarantees granted to the institution under resolution.

(6) The independent valuation must be accompanied by the following information in addition to that contained in the institution's accounting records:

a) a balance sheet prepared for the balance sheet date determined by the MNB, acting in its resolution function, and a report on the financial situation of the institution;

b) an analytical inventory showing the marketability and book value of assets and liabilities;

c) a list of the outstanding liabilities, indicating in each case, by way of the derogation determined in the Credit Institutions Act or the Investment Firms Act, the amount of the liability under Subsection (1) of Section 57 of the Bankruptcy Act;

d) a list of the assets held by the institution on behalf of third parties that are not eligible for loss absorption;

e) the presentation of provisions to be created for expected losses.

(7) The independent valuer shall supplement the statement in Paragraph *c)* of Subsection (6) with an estimate of the expected return to each group of owners and creditors in the event of the liquidation of the institution.

(8) The independent valuation is approved by an order of the MNB, acting in its resolution function, which can only be challenged in conjunction with an appeal against the decision ordering the resolution.

12. Provisional valuation

Section 24

(1) If, in view of the financial situation of the institution, the stability of the financial intermediary system or the other circumstances of the resolution procedure, an independent valuation cannot be carried out before or during the resolution procedure because of the time needed or if the independent assessment cannot ensure that the requirements of Subsection (6) and (7) of Section 23 are met, the MNB, acting in its resolution function, may itself carry out a valuation of the institution's assets and liabilities on the basis of the institution's accounting records, using valuation buffers and discount factors that take into account the marketability of the assets and the uncertainty of the enforceability of the collateral (hereinafter referred to as "provisional valuation")

(2) The MNB, acting in its resolution function, may use the services of an intermediary, including a non-profit company carrying out the liquidation of entities defined in the MNB Act, for the provisional valuation under Subsection (1). The professional and incompatibility requirements for independent valuers shall also apply to the intermediary, with the exception of Subsection (9) of Section 22, and the intermediary shall be included in the list of independent valuers, unless the resulting loss of time would jeopardise the effective fulfilment of the resolution objectives.

(3) The provisional valuation shall aim to take the utmost account of the objectives and requirements set as the objective of the independent evaluation.

Section 25

(1) The provisional valuation may provide a basis for the MNB, acting in its resolution function, to take resolution measures or to exercise its powers to write down or restructure capital items.

(2) The provisional valuation shall form part of the decision on the use of a resolution tool or the exercise of the right of resolution or the exercise of the right to write down or restructure capital items.

(3) The provisional valuation shall be approved by the MNB, acting in its resolution function, by means of an order prior to the resolution procedure, which may only be challenged in conjunction with an appeal against the decision ordering the resolution. If the provisional valuation is made after the decision ordering the resolution, it shall be approved by a decision of the MNB, acting in its resolution function.

13. Ex-post final valuation

Section 26

(1) A provisional valuation shall not be considered an independent valuation until an independent valuer has carried out an evaluation that meets the objectives and fulfils all the requirements for an independent valuation in accordance with Subsections (1) and (2) of Section 23 (hereinafter referred to as "ex-post final valuation").

(2) The ex-post final valuation shall be carried out as soon as possible after the date of the decision of the MNB, acting in its resolution function, approving the provisional valuation, but no later than six months after the provisional valuation.

(3) The purpose of the ex-post final valuation, in addition to the purposes of the independent valuation, shall be:

a) to ensure that any losses on the institution's assets are fully accounted for in the institution's accounting records;

b) to provide information for a decision as to reverse the creditors' claims or to increase the value of the consideration paid in accordance with Section 4.

(3a) * The MNB, acting in its resolution function, shall approve the valuation determined in Section 3 by a decision.

(4) * If the ex-post final valuation of the institution's own funds results in a higher value than the provisional valuation of the institution's own funds, the MNB, acting in its resolution function, may in a decision

a) require the bridge institution or the resolution asset manager to pay additional compensation to the institution under resolution in respect of assets, liabilities, rights and obligations and/or to the holders of membership shares in the institution;

b) exercise its power to increase the value of claims of the owners or creditors of the institution under resolution written down in the context of bail-in.

14. Resolution college

Section 27

(1) The resolution authorities concerned by the group shall set up a resolution college for the purposes of

a) the group resolution plan;

b) the assessment of group resolvability;

c) removing the obstacles to group resolvability;

d) * the minimum requirements for own funds and the eligible liability;

e) the resolution of subsidiaries;

f) group-level resolution measures; and

g) coordination and implementation of the necessary measures for cross-border activities,

involving the MNB, acting in its resolution function, if it is the group resolution authority or the resolution authority of a subsidiary, a financial holding company or a significant branch office of the group.

(2) The resolution college may also coordinate and cooperate with the relevant third-country authority where the third-country institution is a member of the group and is involved in or directly affected by the resolution process.

(3) In the framework of the resolution college, the group resolution authority and the resolution authority of the subsidiary, in coordination with the competent supervisory authority and the consolidating supervisory authority, shall

a) develop the group resolution plan;

b) assess the resolvability of the group;

c) prepare and take measures to address and remove obstacles to the group's resolvability;

d) decide on the need for and promote the establishment of a group resolution system;

e) coordinate disclosures and communication on the group resolution strategy, measures, tools and systems;

f) coordinate the use of funding schemes;

g) * lay down the minimum requirements for own funds and eligible or convertible liabilities on a consolidated basis and at subsidiary level; and

h) discuss issues raised in the context of the resolution of the cross-border group with the proviso that the MNB, acting in its resolution function, may act as the group resolution authority or as the resolution authority of the subsidiary, financial holding company or significant branch office of the group, and the Supervisory Authority may act as the competent supervisory authority or as the consolidating supervisory authority.

(4) The members of the resolution college referred to in Subsection (1) shall be

a) the group resolution authority;

b) for supervision on a consolidated basis, the resolution authority of the subsidiary belonging to the group;

c) the resolution authority of the financial holding company within the meaning of Paragraph *a)* of Subsection (1) Section 1;

d) the competent resolution authority of the significant branch office belonging to the group;

e) a representative of the competent supervisory authority of the EEA State of the resolution authority referred to in Paragraphs *a)* and *b)* or, at the discretion of the competent supervisory authority, a representative of the central bank of the EEA State of the resolution authority;

f) the competent ministry;

g) the authority responsible for the deposit guarantee scheme of the EEA State if the resolution authority of that EEA State is a member of the resolution college; and

h) the EBA.

(5) In relation to Subsection (4), the member shall be

a) regarding Paragraph *a)*, the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority;

b) regarding Paragraphs *b)-d)*, the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the resolution authority of the subsidiary, financial holding company or significant branch office of the group;

- c) regarding Paragraph e), the Supervisory Authority if the Supervisory Authority is the competent supervisory authority;
 - d) regarding Paragraph f), the Hungarian ministry responsible for the regulation of the financial, capital and insurance markets, if the MNB, acting in its resolution function, is the resolution authority in respect of any of Paragraphs a)-d); and
 - e) regarding Paragraph g), the NDIF if the MNB, acting in its resolution function, is the resolution authority in respect of any of Paragraphs a)-d).
- (6) * If the group includes a subsidiary or a significant branch office which has its registered office in a third country or is established in a third country, the relevant third-country authority of that subsidiary or significant branch office shall, upon its request, be invited by the MNB, if the MNB is the group resolution authority, to attend the meetings of the resolution college as an observer, provided that the conditions determined in Section 125 are met.
- (7) The MNB, acting in its resolution function, if it is the group resolution authority, shall invite the EBA to the meetings of the resolution college, with the proviso that the EBA shall have no right to vote, but may make proposals to facilitate the efficient, effective and consistent functioning of the resolution college.

Section 28

- (1) If the MNB, acting in its resolution function, is the group resolution authority, the MNB, acting in its resolution function, shall chair the resolution college.
- (2) Regarding Subsection (1), the MNB, acting in its resolution function,
- a) shall lay down in writing the rules and procedures applicable to the resolution college based on consultation with the members of the resolution college;
 - b) shall coordinate the tasks and activities of the resolution college;
 - c) shall organise and chair the meetings of the resolution college including full prior information on dates, topics to be discussed and agenda;
 - d) shall inform the members of the resolution college in writing of the planned meetings, so that they can request to attend as necessary and develop the background to the position to be taken;
 - e) may decide that, on the basis of the potential impact on financial stability, it is not necessary to invite the members referred to in Paragraphs c)-g) of Subsection (4) of Section 27 to the meeting of the resolution college in respect of each institution; and
 - f) shall inform the members of the resolution college in writing of the decision taken as a result of the resolution college meeting and of the results and conclusions of the meeting.
- (3) The MNB, acting in its resolution function, shall work closely with the members of the resolution college to ensure its effective and efficient functioning.
- (4) Regardless of whether or not the group resolution authority has invited the MNB, acting in its resolution function, as a member of the resolution authority of the resolution college in respect of Subsection (2) or similar arrangements in its national legal order, if a decision is taken in the context of a multilateral proceeding or matters relating to an entity falling within the scope of its competence are on the agenda of a meeting of the resolution college, the MNB, acting in its resolution function, shall be entitled to participate in the meeting of the resolution college.

15. European resolution college

Section 29

- (1) If a third-country institution or third-country parent undertaking has subsidiaries or significant branch offices in at least one EEA State other than Hungary, the European resolution college established by the competent resolution authorities of those subsidiaries and significant branch offices shall also include the MNB, acting in its resolution function.
- (2) The European resolution college shall perform the functions of the resolution college in relation to the subsidiary and the significant branch office, and the European resolution college shall operate under the rules of the resolution college in the framework of which the MNB, acting in its resolution function, shall participate if the condition under Subsection (1) is met.
- (2a) * If the subsidiary established in an EEA State or the EU parent and its subsidiary are not eligible entities under the global resolution strategy, then, with the agreement of the members of the European Resolution College, the subsidiary established in an EEA State or, on a consolidated basis, the EU parent shall, comply with the requirement under Subsection (8) of Section 68/B by issuing the instruments under Paragraphs a) and b) of Subsection (5) of Section 68/B
- a) to their ultimate parent undertaking established in a third country or a subsidiary of their ultimate parent company established in the same third country; or
 - b) to other organisations under the conditions determined in Subparagraph aa) of Paragraph a) and Subparagraph bb) of Paragraph b) of Subsection (5) of Section 68/B.
- (3) * The European resolution college shall be chaired by the MNB, acting in its resolution function, if
- a) the only EU parent undertaking of the group is in Hungary; or
 - b) the largest EU parent undertaking or EEA subsidiary belonging to the group is located in Hungary.
- (4) The relevant resolution authorities, including the MNB, acting in its resolution function, may refrain from setting up a European resolution college if there is another group or college that performs the tasks of the European resolution college.

16. Information exchange

Section 30

- (1) The members of the resolution college shall, upon request, provide other authorities with the information necessary for them to perform their tasks regarding the resolution. This information and its flow that is necessary for performing the tasks of the resolution college shall be coordinated by the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority.
- (2) * Information sent or transmitted by the relevant third-country authority of a third-country institution or parent undertaking may only be forwarded with the consent of the sending authority.
- (3) Information provided by the resolution authorities shall be made available to the competent ministry by the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, if it relates to a decision or case where notification to or consultation with the ministry is mandatory or if it may involve public funds.

17. Group resolution affecting a subsidiary

Section 31

- (1) If, in the case of a subsidiary belonging to a group or a financial holding company within the meaning of Subsection (1) of Section 1, the MNB, acting in its resolution function, establishes that the conditions for resolution are met, it shall immediately notify the group resolution authority, the authority responsible for supervision on a consolidated basis and the members of the resolution college of the group concerned
- a) on the decision regarding the fulfilment of the conditions of the resolution; and
 - b) on the resolution or insolvency proceedings deemed appropriate for the subsidiary or financial holding company concerned.
- (2) Immediately following the notification of a foreign resolution authority pursuant to Subsection (1), the MNB, acting in its resolution function, if it is the group resolution authority, shall, after consulting the members of the resolution college, examine and assess the potential impact of the process and measures determined in Paragraph b) of Subsection (1) on the group and the institutions and undertakings belonging to the group. This assessment shall include whether the potential impact may be that the other entity in the group meets the conditions of resolution.
- (3) If the MNB, acting in its resolution function, is the group resolution authority, and after consulting the other members of the resolution college, it determines that there is no likelihood of contagion to another undertaking referred to in Subsection (2), the MNB, acting in its resolution function, shall conduct the resolution of the group members with a registered office in Hungary on its own initiative, as notified in Paragraph b) of Subsection (1). If the MNB, acting in its resolution function, is not the group resolution authority but is a member of the resolution college, it shall participate in the coordination carried out by the group resolution authority in the resolution college.
- (4) If the group resolution authority, after consulting the other members of the resolution college, concludes that there is a likelihood of contagion to another undertaking referred to in Subsection (2),
- a) if the MNB is the group resolution authority, it shall propose a group resolution action plan to the members of the resolution college within 24 hours;
 - b) if the MNB is not the group resolution authority, it shall act in accordance with the group resolution action plan proposed by the group resolution authority within 24 hours of receipt of the notification referred to in Subsection (1) and agreed by the members of the resolution college.
- (5) The 24-hour time limit determined in Subsection (4) may be extended up to two times by 24 hours on each occasion by the MNB, acting in its resolution function, if the MNB, acting in its resolution function, is the group resolution authority, with the consent of the resolution authority that has determined that the resolution conditions are met.
- (6) After the expiry of the time limits determined in Subsections (4) or (5), if the assessment by the group resolution authority is not completed, the MNB, acting in its resolution function, shall make a decision.
- (7) The group resolution action plan takes into account the resolution plans and the effective achievement of the resolution objectives, and identifies the resolution actions that the relevant resolution authorities need to implement to meet the resolution objectives and principles. The group resolution action plan, which includes the funding plan, determines the coordination of resolution actions.
- (8) The group resolution action plan is a decision made in a multilateral procedure by the MNB, acting in its resolution function, if it is the group resolution authority, and the resolution authority of the subsidiaries concerned by the group resolution action plan, for which the involvement of the EBA may be requested. If the MNB, acting in its resolution function, is not the group resolution authority but is the resolution authority of the subsidiary concerned by the group resolution action plan, then the group resolution action plan shall be the decision made in a multilateral procedure by the group resolution authority, the MNB, acting in its resolution function, and the resolution authority of another subsidiary concerned by the resolution action plan, for which the intervention of EBA may be requested.
- (9) If a resolution authority disagrees with the group resolution action plan proposed by the MNB, acting in its resolution function, as the group resolution authority, and in its opinion the resolution measures have a significant impact on its financial stability, it shall report the disagreement, the reasons for the disagreement and the measures it intends to take to the MNB, acting in its resolution function, and the other affected authorities with the proviso that as a part of the report it shall include an analysis of the impact of its intended measures on the group, the undertakings in the group and the EEA States in which their registered offices are found.

(10) If the MNB, acting in its resolution function, is not the group resolution authority and it disagrees with the group resolution action plan proposed by the group resolution authority and in its opinion the resolution measures have a significant impact on the financial stability, it shall state its disagreement, the reasons for the disagreement and the measures it intends to take, it shall inform in writing the group resolution authority and the other authorities concerned, with the proviso that as a part of the report it shall include an analysis of the impact of the measures it intends to take on the group, the undertakings in the group and the EEA States in which their registered offices are found.

(11) The decision taken under a multilateral procedure pursuant to Subsection (8) and the separate decision taken pursuant to Subsection (9) shall be directly applicable and enforceable in Hungary.

(12) If a group resolution action plan is not adopted in the context of the resolution college, but the MNB, acting in its resolution function, decides on necessary measures for the undertaking belonging to the group, it shall keep the members of the resolution college informed of its measures, their possible effects and the related processes.

18. Group resolution

Section 32

(1) If the MNB, acting in its resolution function, as the group resolution authority, determines that the EU parent company complies with the resolution criteria, it shall immediately notify the authority responsible for supervision on a consolidated basis and the resolution authorities in the resolution college of the information pursuant to Subsection (1) of Section 31.

(2) In the context of designing a resolution measure, the conditions and purposes determined in Subsection (7) of Section 31 shall be taken into account; and

a) the appropriate resolution or insolvency procedure under Paragraph *b)* of Subsection (1) of Section 31 must presume that the conditions for resolution are also met for an undertaking belonging to the group but located in another EEA State;

b) it also shall be taken into account that the resolution measures applicable to the EU parent company are not sufficient;

c) whether the conditions for resolution are also met for a subsidiary belonging to the group; or

d) whether the group resolution measures will have a positive impact on the group's subsidiaries that justifies the use of group resolution.

(3) If the resolution procedure established on the basis of the statement determined in Subsection (1) does not include a group resolution procedure, the MNB, as the group resolution authority, acting in its resolution function, shall, after consultation with the resolution college, take a decision autonomously, taking into account

a) and following the group resolution plan, i.e. may deviate from it only in duly justified exceptional cases, in particular where the deviation would better achieve the resolution objectives; and

b) the impact on the financial stability of the EEA States concerned.

(4) If the resolution procedure established on the basis of the statement determined in Subsection (1) includes a group resolution procedure, then the group resolution procedure shall be established in a multilateral procedure by a decision of the MNB, as the group resolution authority, acting in its resolution function, and the resolution authority of the subsidiary subject to the group resolution procedure, with the possibility for the EBA to participate in the decision-making process if invited by the resolution authorities.

(5) If the resolution procedure established on the basis of the statement determined in Subsection (1) includes a group resolution procedure and the MNB, acting in its resolution function, is not the group resolution authority but it is the resolution authority of the subsidiary subject to the group resolution process, then the group resolution procedure shall be established in a multilateral procedure by a decision of the group resolution authority, the MNB, acting in its resolution function, and the resolution authority of another subsidiary concerned by the resolution action plan, with the possibility for the EBA to participate in the decision-making process if invited by the resolution authorities.

(6) If the MNB, acting in its resolution function, does not agree with the group resolution action plan proposed by the group resolution authority, it shall act in accordance with Subsection (10) of Section 31.

(7) The decision taken in a multilateral procedure pursuant to Subsection (5) and the separate decision taken pursuant to Subsection (6) shall be directly applicable and enforceable in Hungary.

(8) If a group resolution action plan is not adopted by the authorities specified in Subsection (1), but the MNB, acting in its resolution function, decides on necessary measures for the entity belonging to the group, it shall keep the authorities specified in Subsection (1) informed of its measures, their possible effects and the related processes (including their progress).

(9) In order to facilitate the exercise of the right to appeal against a decision taken in the multilateral procedure under this Act or in the event of its failure that is not made by the MNB, acting in its resolution function, the MNB, acting in its resolution function, shall publish on its website the information on the appeal made available by the chairperson and the members of the resolution college.

(10) In order to obtain the information referred to in Subsection (9), the MNB, acting in its resolution function, shall contact the chairperson and the members of the resolution college.

Section 32/A *

(1) If the group resolution authority is the MNB, acting in its resolution function, it shall propose a funding plan as part of the resolution action plan, after consultation with the resolution authorities of the institutions in the group, before taking resolution action if necessary.

(2) The funding plan shall be adopted in accordance with the procedure determined in Sections 31 and 32.

(3) The financing plan shall include the following:

a) an assessment of the assets and liabilities of the undertakings belonging to the group concerned;

b) the losses that can be accounted for by each of the undertakings belonging to the group concerned at the time of applying the resolution tools;

c) the losses incurred by each class of shareholders or creditors for each of the undertakings in the group concerned;

d) any contributions payable by deposit guarantee schemes;

e) the total contribution from resolution funding schemes and the purpose and form of the contribution;

f) the basis used to calculate the amount of the contribution to be provided by the resolution funding schemes of each EEA State of the undertakings belonging to the group concerned to the funding of the group resolution to meet the total funding contribution under Paragraph *e)*;

g) the amount and form of the contribution to be made by the resolution funding schemes of each of the undertakings concerned belonging to the group to the funding of the group resolution;

h) the amount of special loan to be raised from institutions, financial undertakings and other third parties by the resolution funding schemes of the EEA States of the undertakings belonging to the group concerned; and

i) the timeframe within which the resolution funding schemes of the EEA States of the undertakings belonging to the group concerned may be used, which may be extended if necessary.

(4) The basis used to apportion the funding contribution under Paragraph *e)* of Subsection (3) shall be in accordance with Subsection (5) and the principles determined in the group resolution plan in accordance with Subsection (11) of Section 7, unless the funding plan contains other arrangements.

(5) In particular, unless otherwise agreed in the funding plan, the following shall be taken into account when determining the basis for calculating the contribution of each resolution funding scheme:

a) the ratio of risk-weighted assets held by institutions established in the EEA State of the resolution funding scheme concerned and financial undertakings within the meaning of Subsection (1) of Section 1 to the assets of the group;

b) the ratio of assets held by the institutions established in the EEA State of the scheme financing the relevant resolution and the assets held by financial undertakings within the meaning of Subsection (1) of Section 1 to the assets of the group;

c) the proportion of losses requiring group resolution incurred by undertakings belonging to the group that are subject to supervision by the competent supervisory authorities in the EEA State of the scheme providing the resolution funding; and

d) the proportion of the resources of the group funding schemes that, according to the funding plan, may be used to directly assist undertakings belonging to the group with a registered office in the EEA State of the scheme funding the given resolution.

CHAPTER VII

Resolution Tools

19. General principles of the resolution tools and the applicable resolution tools

Section 33 *

When the application of the resolution instrument would result in a loss to be borne by creditors or in a restructuring of their claims, the MNB, acting in its resolution function, shall exercise its powers to write down and restructure the capital items immediately before, but at the latest together with, the application of the resolution instrument.

Section 34

(1) The resolution tools that can be used in the resolution process are

a) sale of business;

b) use of a bridge facility;

c) asset separation; and

d) bail-in.

(2) Resolution tools can be used individually or in combination, with the proviso that the asset separation tool can only be used in combination with another resolution tool.

(3) * If a resolution tool under Paragraph *a)* or *b)* of Subsection (1) is used only for the transfer of assets, liabilities, rights or obligations of the financial undertaking within the meaning of Subsection (1) of Section 1 that is under resolution, the MNB, acting in its resolution function, shall initiate with the Supervisory Authority the withdrawal of the licence to operate of the institution or financial undertaking within the meaning of Subsection (1) of Section 1 that is under resolution in respect of which a part of its assets, liabilities, rights or obligations has been transferred.

(4) The procedure for the withdrawal of the licence to operate as provided for in Subsection (3) shall not be completed until

a) * the institution or financial undertaking within the meaning of Subsection (1) of Section 1 shall provide services or support to the transferee in accordance with Section 86 in order to enable the transferee to continue the activities or services transferred to it; and

b) * the continuation of the activities of the remaining part of the institution or financial undertaking within the meaning of Subsection (1) of Section 1 is necessary in order to achieve the objectives of the resolution or to comply with the principles determined in Section 20.

(5) In the event of a systemic crisis, the MNB, acting in its resolution function, may seek an alternative financing solution under a public financial stabilisation facility under Sections 81-83 if

a) the holders of membership shares, Additional Tier 1 and Tier 2 capital and other eligible and convertible liabilities have contributed to the bail-in, by way of write-off and restructuring or otherwise, in an amount equal to or greater than 8 per cent of the total value of the liabilities, including the own funds of the institution under resolution, calculated on the basis of an independent valuation; and

b) approved state aid within the meaning of the Treaty on the Functioning of the European Union.

Section 35

(1) The MNB, acting in its resolution function, and the Resolution Fund shall be entitled to reimbursement by the institution or financial undertaking within the meaning of Subsection (1) of Section 1 under resolution of justified costs reasonably incurred in connection with the application of resolution tools or the exercise of resolution powers, in accordance with the legislation issued pursuant to the authorisation of this Act: *

a) * in the form of a deduction from the compensation paid by the transferee to the institution or financial undertaking within the meaning of Subsection (1) of Section 1 under resolution or the holders of participations in the institution or financial undertaking within the meaning of Subsection (1) of Section 1; or

b) * from the institution or financial undertaking within the meaning of Subsection (1) of Section 1 under resolution, the bridge institution or resolution asset manager in the course of liquidation or winding-up as a liquidation cost.

(2) The MNB, acting in its resolution function, may apply the methods determined in Subsection (1) in combination.

Section 35/A *

(1) The resolution asset manager, to carry out its tasks in order to enforce the resolution objectives and increase the effectiveness of resolution measures

a) in order to mitigate or prevent loss from a financial service, to utilise collateral or security;

b) for activities aiming to participation in sale;

c) for activities aiming to administering and recovering debts on the basis of a mandate;

d) for information technology service activities and all activities relating to financial and ancillary financial service activities or required by law to be carried out in the course of which data management, data processing or data storage is performed;

may also use the services of a financial undertaking owned by the state or owned or being under the controlling influence of the MNB, or of an entity owned by such a financial undertaking.

(2) The financial undertaking that is owned by the state or owned or being under the controlling influence of the MNB shall be entitled to carry out the activities under Paragraphs *a)*-*d)* of Subsection (1) for the resolution asset manager under an agreement with the resolution asset manager without a supervisory licence under the Credit Institutions Act.

20. Sale of business

Section 36

(1) The MNB, acting in its resolution function, in the application of the sale of business, by way of an official decision pursuant to Subsection (3) of Section 6:2 of the Civil Code, shall have the right to transfer to a transferee which is not qualified as a bridge institution

a) membership shares issued by the institution under resolution;

b) all or some of the assets, liabilities, rights and obligations of the institution under resolution.

(2) * If the Supervisory Authority informs the MNB, acting in its resolution function, that, despite the measures and exceptional measures applied by the Supervisory Authority, the institution still has grounds for the application of supervisory measures or extraordinary measures under the Credit Institutions Act or the Investment Firms Act, the MNB, acting in its resolution function, may, through the Supervisory Authority, require the management of the institution to search for a buyer, subject to the requirements determined in Subsection (2) of Section 42 and the confidentiality requirements, or may itself start searching for a potential buyer before making the decision on ordering the resolution. The application of the sale of business tool must be on commercial terms, taking into account the circumstances of the case. When applying the sale of business tool, the MNB, acting in its resolution function, shall take all reasonable steps to ensure that the transfer is made on either independent or ex-post commercial terms as defined in Sections 22-26, consistent with the final valuation, taking into account the circumstances of the case.

(3) In the context of the sale of business tool, the transfer may take place in several steps during the resolution process. In this case, the MNB, acting in its resolution function, may transfer some or all of the assets or liabilities or membership shares of the institution under resolution to different transferees in the course of the applications of the tool.

(4) * A transfer under Subsection (1) shall not require the consent of the owner of the institution under resolution or of any other person other than the transferee, except for the consent of the Supervisory Authority or the competent foreign supervisory authority in the case of acquisition or disposal of a qualifying holding or an increase in the qualifying holding by an amount equal to or exceeding the amount prescribed by law. The transfer shall also take into account the requirements of this Act on the sale of business.

Section 37

The proceeds from applying the sale of business tool, after reimbursing the MNB, acting in its resolution function, and the Resolution Fund for the costs reasonably incurred in applying the sale of business tool in accordance with the law issued pursuant to this Act, shall be allocated to

a) the holders of membership shares in the institution if the sale of business tool has been applied by the transfer of membership shares issued by the institution under resolution from their holders to the transferee; and

b) the institution under resolution if the sale of business tool has been applied by transferring all or part of the assets or liabilities of the institution under resolution to the transferee.

Section 38

(1) Following the application of the sale of business tool, the MNB, acting in its resolution function, may, with the consent of the transferee, re-transfer the assets, liabilities, rights or obligations transferred to the transferee back to the institution under resolution and the membership shares back to the original owners.

(2) In the case of the transaction referred to in Subsection (1), the institution or the original owners shall be required to repossess the said assets, liabilities, rights or obligations or the membership shares in the institution and to repay the consideration previously received to the transferee.

(3) The provisions on the protection of owners and creditors laid down in this Act shall apply to transfers between the original owners of an institution under resolution or of membership shares and the transferee.

Section 39

(1) Where the sale of business tool is used, the transferee must have the necessary authorisation to carry on the activity in relation to the assets and liabilities it has acquired.

(2) The Supervisory Authority shall, when authorising the acquisition of a qualifying holding or the transfer of a holding of deposits or other contractual obligations pursuant to Subsection (1) of Section 36, act ex officio on the basis of a notification received from the MNB, acting in its resolution function, and shall conduct the procedure in a timely manner so as not to hinder the application of the sale of business tool and not to prevent the resolution objectives from being achieved by the application of the resolution tool.

(3) If the Supervisory Authority is unable to carry out the authorisation procedure referred to in Subsection (2) by the time when the MNB, acting in its resolution function, transfers the membership shares in the institution in the context of the application of the sale of business tool

a) the transfer of membership shares to a transferee must have immediate legal effect;

b) during the assessment period and any disposal period under Paragraph *e)*, the transferee's voting rights in respect of the membership shares in the institution shall be suspended and may be exercised only by the MNB acting in its resolution capacity on behalf of the transferor; however, the MNB, acting in its resolution function, shall be under no obligation to exercise or refrain from exercising voting rights;

c) * at the end of the authorisation procedure, the Supervisory Authority shall inform the transferee and the MNB, acting in its resolution function, in writing whether it authorises the transfer of the membership shares in the institution to the transferee;

d) if the Supervisory Authority authorises the transfer of the relevant membership shares to the transferee, the voting rights attached to the membership shares in the institution shall be deemed to be transferred to the transferee as soon as the transferee receives the decision from the Supervisory Authority;

e) if the Supervisory Authority does not authorise the transfer to the transferee of the membership shares issued by the institution, then

- ea*) based on Paragraph *b*), the voting rights attached to those shares shall remain in full force and effect;
 - eb*) the MNB, acting in its resolution function, may require the transferee to dispose of the institution's shares within a time limit for disposal set by the MNB taking into account current market conditions; and
 - ec*) * if the transferee fails to carry out the divestiture within the prescribed divestiture deadline, the Supervisory Authority may impose sanctions and measures on the transferee for the breach of the requirements for the acquisition and elimination of qualifying holdings;
 - f*) * during the authorisation procedure and within the divestiture deadline set by the MNB, acting in its resolution function, the Supervisory Authority is not required to apply sanctions and measures in case of non-compliance with the requirements for the acquisition and elimination of qualifying holdings.
- (4) The rules for the protection of owners and creditors determined in this Act shall also apply to transfers made in the context of the application of the sale of business tool.

Section 40

- (1) For the purposes of exercising the right to provide services or the right of establishment in another EEA State, the MNB, acting in its resolution function, may provide that the transferee shall have the same rights in respect of the transferred assets, rights and obligations as the institution under resolution, and may therefore continue to exercise any rights that the institution under resolution had in respect of the transferred assets, liabilities, rights or obligations. This includes rights of membership of and access to payment, clearing and settlement systems, regulated markets, the NDIF, the IPF and the Resolution Fund. The MNB, acting in its resolution function, shall indicate, in its decision on the succession, the legal relations for which the transferee is considered to be the successor and the legal relations for which the transferee is not considered to be the successor.
- (2) The transferee shall, to the extent of the transferor's entitlements, have the right to use the electronic communications equipment, computer programming and the related documentation necessary for recording and carrying out the operations relating to the assets, deposits and other repayable funds and liabilities concerned by the transfer, from the effective date of the contract, subject to the law.
- (3) The access provided for in Subsection (1) shall not be refused on the grounds that the transferee does not have a credit rating from a credit rating agency or that the rating does not meet the rating levels required to be authorised to access those systems.
- (4) * If the transferee fails to meet the membership or participation criteria of the relevant payment, clearing and settlement system, regulated market or the NDIF, IPF or Resolution Fund, the MNB, acting in its resolution function, may determine the duration of the exercise of the rights referred to in Subsection (1) and at the same time set a deadline for obtaining the necessary authorisations. This time limit may be extended at the request of the transferee, but the total time limit for obtaining authorisation shall not exceed twenty-four months.

Section 41

Without prejudice to the provisions of this law, for the protection of the owners and creditors, the owners or creditors of an institution under resolution and other third parties whose assets, rights and obligations have not been transferred shall have no rights over or in relation to the transferred assets, liabilities, rights and obligations.

21. Procedural requirements for the sale of business

Section 42

- (1) * Assets and liabilities, rights and obligations as well as related groups of members' holdings in the institution or financial undertaking within the meaning of Subsection (1) of Section 1, may be transferred separately.
- (2) When using the sale of business tool, the following requirements must be met:
- a*) the sale should be as transparent as possible, taking into account the circumstances and in particular the need to maintain the stability of the financial intermediation system;
 - b*) the sale can only be made on the basis of objective criteria to distinguish between potential buyers;
 - c*) none of the potential buyers can gain an unfair market advantage from the sale;
 - d*) the sale must take into account the need to implement the resolution measure quickly and to ensure as far as possible that the resolution objectives are met;
 - e*) the sale shall seek to maximise the selling price of the membership share or assets and liabilities in the institution, taking into account the resolution objectives;
 - f*) * there must be no incompatibility.
- (3) The MNB, acting in its resolution function, shall invite specific potential transferees on the basis of objective criteria.
- (4) *

Section 43 *

- The MNB, acting in its resolution function, may use the sale of business tool without complying with the sale requirement determined in Subsection (2) of Section 42 if it considers that compliance with this requirement would be likely to impede or seriously jeopardise the achievement of one or more resolution objectives. The MNB, acting in its resolution function, may waive compliance with the requirements determined in Subsection (2) of Section 2 in particular under the following conditions:
- a*) there is an imminent threat to the stability of the financial intermediary system caused or aggravated by the insolvency or, based on available information, likely insolvency of the institution under resolution;
 - b*) if compliance with the mentioned requirements reduced the effectiveness of the sale of business in averting that threat or in achieving the resolution objective determined in Paragraph *c*) of Subsection (2) of Section 16.

22. Use of a bridge institution

Section 44

- (1) Under Subsection (3) of Section 6:2 of the Civil Code, the MNB, acting in its resolution function, shall be entitled to transfer
- a*) membership shares issued by one or more institutions in resolution;
 - b*) all or some of the assets, liabilities, rights and obligations of one or more institutions in resolution;
- to the bridge institution by an official decision.
- (2) * The bridge institution shall be, with the derogation under Subsection (3), an institution that is wholly or partly owned by or is under the controlling influence of the Resolution Fund and shall be managed by the MNB, acting in its resolution function. The bridge institution shall be established for the purpose of acquiring and holding some or all of the membership shares issued by one or more institutions under resolution, or some or all of the assets, liabilities, rights and obligations of such institution or institutions, with a view to maintaining some or all of the functions, services and activities of such institution or institutions and selling the institution or financial undertaking within the meaning of Subsection (1) of Section 1.
- (3) If the funds available to the Resolution Fund do not allow the use of a bridge institution, the bridge institution may operate in the ownership or under the controlling influence of the state.
- (4) When using the bridge institution tool, the MNB, acting in its resolution function, must ensure that the total value of the liabilities transferred to the bridge institution does not exceed the total value of the assets transferred from the institution under resolution or supplemented from other sources.
- (5) * A transfer under Subsection (1) shall not require the consent of the owner of the institution under resolution or of any other person other than the consent of the bridge institution, and the rules of this Act on the application of a bridge institution shall apply to the transfer.

Section 45

- The consideration paid by the bridge institution, after reimbursement to the MNB and the Resolution Fund of the costs reasonably incurred by the MNB in its resolution function, in accordance with the law issued pursuant to this Act, for the application of the resolution tools
- a*) shall be due to the original holders of the membership shares issued by the institution if the transfer to the bridge institution was effected by the transfer of the membership shares issued by the institution under resolution from their holders to the bridge institution; and
 - b*) shall be due to the institution under resolution if the transfer to the bridge institution was made by transferring all or part of the assets or liabilities of the institution under resolution to the bridge institution.

Section 46

- (1) In the resolution process, the transfer to the bridge institution may take place in several steps. For one institution under resolution, one bridge institution may be used.
- (2) Following the application of the bridge institution tool, the MNB, acting in its resolution function, may, during the resolution process
- a*) return assets, liabilities, rights or obligations by transfer from the bridge institution to the institution under resolution and membership shares issued by the institution to the original owners, with the proviso that the institution under resolution or the original owner shall be required to repossess the assets, liabilities, rights or obligations and membership shares issued by the institution if the conditions determined in Subsection (3) are met;
 - b*) transfer membership shares issued by the institution or transfer assets, liabilities, rights or obligations from the bridge institution to a third party.
- (3) * The MNB, acting in its resolution function, may reassign membership shares, assets, liabilities, rights or obligations issued by the institution from the bride institution if
- a*) the decision by which the transfer was effected expressly provides for the possibility of transferring back the membership shares concerned or the assets, liabilities, rights or obligations by way of transfer; or

b) the membership shares or assets, liabilities, rights or obligations concerned do not fall within the categories of membership shares or assets, liabilities, rights or obligations determined in the decision to transfer or do not fulfil the conditions for the transfer of membership shares or assets, liabilities, rights or obligations determined in the decision.

(4) In the event of a transaction as defined in Subsection (2), the institution under resolution or the original owners shall be required to repossess the mentioned assets, liabilities, rights or obligations or membership shares in the institution and repay the consideration previously received to the bridge institution.

(5) The transfer may take place until the withdrawal of the institution's licence to operate and must be carried out in compliance with all the conditions determined in the decision for the given purpose.

(6) The provisions on the protection of owners and creditors determined in this Act shall apply to the transfers between the original owners of the institution under resolution or the membership shares in the institution and the bridge institution.

Section 47

(1) * For the purposes of exercising the right to provide services or to establish in another EEA State, the institution in transition may continue to exercise any rights which the institution under resolution was entitled to exercise in relation to the transferred assets, liabilities, rights and obligations. This shall include rights of membership of and access to payment, clearing and settlement systems, regulated markets, the NDIF, the IPF or resolution funds. In other respects, the MNB, acting in its resolution function, may provide that the bridge institution shall have the same rights in respect of the transferred assets, rights and obligations as the institution under resolution had, and thus may continue to exercise any rights that the institution under resolution had in respect of the transferred assets, liabilities, rights or obligations. The MNB, acting in its resolution function, shall indicate in its decision on succession the legal relationships in respect of which the transferee is to be considered the successor and the legal relationships in respect of which the transferee is not to be considered the successor.

(2) The bridge institution shall, by the operation of law, have the right to use or exploit the assets, deposits and other repayable funds and liabilities affected by the transfer or assignment, and the right to use or exploit the electronic communications equipment and computer programming and the related documentation necessary to record the liability and to carry out the operations relating thereto, to the extent of the rights of the transferor from the effective date of the contract.

(3) Access under Subsection (1) shall not be refused on the grounds that the bridge institution does not have a rating from a credit rating agency or that the rating does not meet the rating levels required to be eligible for access to those systems.

(4) * If the bridge institution does not meet the membership or participation criteria of the relevant payment, clearing and settlement system, the regulated market, the NDIF, the IPF or the Resolution Fund, then the MNB, acting in its resolution function, shall determine the duration of the exercise of the rights referred to in Subsection (1) and shall at the same time set a deadline for obtaining the necessary authorisations. This time limit may be extended at the request of the bridge institution, but the overall time limit for obtaining the authorisation shall not exceed twenty-four months.

Section 48

Without prejudice to the protection of owners and creditors as provided for in this law, the owners or creditors of an institution under resolution and other third parties whose assets, liabilities, rights and obligations have not been transferred to the bridge institution shall not have rights over or in relation to the assets, liabilities, rights and obligations transferred to the bridge institution.

Section 48/A *

(1) No obligations or responsibilities may arise for the owners or creditors of the institution under resolution as a result of the scope of activity of the bridge institution. The owners or creditors of the institution under resolution or other third parties may bring a claim for damages against the bridge institution for an act or omission by the management of the bridge institution in their capacity as such only in the event of a wilful breach of a material obligation, provided that the damage was directly caused by that act or omission.

(2) The owners or creditors of the institution under resolution or other third parties shall not be entitled to claim directly against the management of the bridge institution for any act or omission referred to in Subsection (1).

23. Operation of the bridge institution

Section 49

The bridge institution must be duly authorised to carry on the activity or provide the service in respect of the assets and liabilities received.

Section 50

(1) If there is no bridge institution for the application of the resolution instrument, the MNB, acting in its resolution function, shall immediately inform the Resolution Fund or the minister responsible for the regulation of the financial, capital and insurance markets.

(2) In the case provided for in Subsection (1),

a) the bridge institution may be established as an institution under the controlling influence of the Resolution Fund or the state;

b) the resources necessary for its establishment must be covered by the Resolution Fund or by the central budget under the heading of expenditures related to state property;

c) the ownership rights shall be exercised by the founder of the bridge institution; and

d) its foundation shall be decided by the government within a maximum of ten working days following information from the MNB, acting in its resolution function, in accordance with Subsection (1) on a proposal from the Resolution Fund or the minister responsible for the regulation of the financial, capital and insurance markets.

(3) * A bridge institution may apply to the Supervisory Authority for the authorisation of its establishment if the MNB, acting in its resolution function,

a) has approved its memorandum of association;

b) has approved the election or appointment of its management;

c) has defined the responsibilities of its management;

d) has approved the remuneration of its management;

e) has approved its strategy and risk profile.

(3a) * When establishing a bridge institution, on behalf of the founder

a) the person authorised to represent the Resolution Fund on behalf of the Resolution Fund;

b) the minister responsible for regulating the financial, capital and insurance markets on behalf of the state

shall act.

(4) * The bridge institution as determined in Subsection (2) may commence its activities once the authorisation for its establishment has been granted. The authorisation for the establishment of a bridge institution shall include the authorisation necessary for the election and appointment of the persons holding the leading positions.

(5) When assessing an application for the authorisation referred to in Subsection (4), the Supervisory Authority shall examine only the full payment of the initial capital, the personnel conditions and the business plan.

(6) In the decision granting the authorisation to establish a bridge institution, the Supervisory Authority determines a time limit of up to three months for the fulfilment of the other conditions for the establishment and commencement of activities, with the possibility for the MNB, acting in its resolution function, to request that the establishment and commencement of activities of the bridge institution be authorised even if the bridge institution does not comply with all the requirements for the authorisation and the activities determined in the Credit Institutions Act, the Investment Firms Act and the Regulation (EU) No 575/2013 for a period of up to 180 days. In this case, the authorisation of the Supervisory Authority shall specify for how long and for which requirements the bridge institution will be exempted.

(7) The application for a permit under Subsection (4) shall be accompanied by:

a) the memorandum of association of the bridge institution to be established;

b) proof of payment and availability of the full amount of the initial capital;

c) proof that the planned bridge institution has the necessary personnel to provide financial services;

d) the medium-term business plan;

e) in the case of a credit institution, a copy of the declaration of affiliation sent to the NDIF and, if necessary, to the IPF or, in the case of a succession, a copy of the decision confirming the fact of succession;

f) in the case of a credit institution, a declaration of connection to the central credit information system or, in the case of a succession, a copy of the decision certifying the fact of succession;

g) an indication of the activities to be carried out in accordance with sectorial legislation.

(8) An application for authorisation under Subsection (4) may be made no later than fifteen working days from the date of receipt by the Resolution Fund or the minister responsible for the regulation of the financial, capital and insurance markets of the proposal under Subsection (1) of the MNB, acting in its resolution function.

(9) The bridge institution shall not be required to comply with the legal provisions on capital adequacy, large exposures and investment limits for a period of six months from the date of the decision referred to in Subsection (6).

(10) In relation to the bridge institution, the MNB does not qualify as a parent company for the purposes of Act C of 2000 on Accounting and Government Decree 250/2000 (XII. 24.) on the Specificities of the Obligation of Credit Institutions and Financial Undertakings to Prepare Annual Reports and Keep Accounts.

(11) Until the expiry date of the exemption under Subsection (6), the bridge institution shall submit to the Supervisory Authority the documents proving that the relevant operating conditions are fully met.

Section 51

The bridge institution shall be operated by the MNB, acting in its resolution function, with the aim of maintaining the availability of critical functions in respect of the assets and liabilities transferred and to sell the institution, its assets, liabilities, rights or obligations to one or more transferees on the basis of the private market investor principle, under appropriate conditions and within the timeframe determined in Subsection (3) or (4) of Section 52.

Section 52

- (1) The operation of the bridge institution shall be terminated if
- a) the bridge institution merges with another institution;
 - b) * the bridge institution no longer meets the requirements determined in Subsection (2) of Section 44;
 - c) the assets, liabilities, rights or obligations of the bridge institution are sold to a third party in excess of ninety per cent;
 - d) the period specified in Subsection (3) or (4) expires; or
 - e) the claims against the bridge institution have been extinguished.
- (2) If the MNB, acting in its resolution function, intends to sell the bridge institution or its assets, liabilities, rights or obligations,
- a) the sale of the bridge institution or the assets and liabilities concerned must be carried out in an open and transparent manner;
 - b) the sale must not subjectively favour or discriminate against specific potential purchasers;
 - c) the sale must take place on arm's length conditions; and
 - d) the sale shall be subject to the consent of the Government or the Resolution Fund, depending on the founder.
- (3) If none of the cases provided for in Subsection (1) occurs, the operation of the bridge institution must be terminated at the latest at the end of a period of two years starting from the date of the last transfer from the institution under resolution to the bridge institution.
- (4) Upon the suggestion of the MNB, acting in its resolution function, the Supervisory Authority shall, in its ex officio procedure, extend the period determined in Subsection (3) for a further period of one year each time, on maximum five occasions, subject to the agreement of the state or the Resolution Fund with a controlling influence, if the extension, according to the reasons provided in the suggestion of the MNB acting in its resolution function:
- a) is likely to facilitate the sale of the bridge institution or its assets, liabilities, rights or obligations, or
 - b) is necessary to ensure the continuity of critical functions.
- (5) The MNB, acting in its resolution function, shall give reasons for each decision to extend the period specified in Subsection (3). The reasons shall include a detailed analysis of the situation, including market conditions and prospects, and why this makes the extension necessary.
- (6) If the bridge institution ceases to operate for the reason specified in Paragraph c) or d) of Subsection (1), the bridge institution's licence to operate shall be withdrawn.
- (7) Where the bridge institution is used to transfer assets and liabilities of more than one institution in resolution, the obligation under Subsection (6) shall apply if the reason for termination is met for the unit containing the assets and liabilities transferred from each institution under resolution as a separate portfolio.

24. Separation of assets

Section 53

- (1) By using the asset separation tool, pursuant to Subsection (3) of Section 6:2 of the Civil Code, the MNB, acting in its resolution function, may transfer the assets, liabilities, rights or obligations of the institution under resolution or the bridge institution to one or more resolution asset management companies by an official decision.
- (1a) * A transfer under Subsection (1) shall not require the consent of the owner of the institution under resolution or of any other person other than the resolution asset manager. The rules of this Act on the application of asset separation shall apply to the transfer.
- (2) A resolution asset manager shall be an institution that is wholly or partly owned or is under the controlling influence of the state or the Resolution Fund, and is established for the purpose of taking over some or all of the assets, liabilities, rights and obligations of one or more institutions or bridge institutions under resolution.
- (3) The resolution asset manager shall manage the assets, liabilities, rights or obligations transferred to it with the purpose of maximising their value through a possible sale or in the event of winding-up or liquidation. To this end, the resolution asset manager may use consultancy services provided by a non-profit company carrying out the liquidation of entities as defined in the MNB Act.
- (4) * If the resolution asset manager intends to sell the assets, resources, rights or liabilities transferred to the resolution asset manager
- a) the sale must be conducted in an open and transparent manner;
 - b) the sale must not subjectively favour or discriminate against specific potential purchasers;
 - c) the sale must take place on arm's length conditions; and
 - d) the sale shall not require an administrative authority decision by the MNB in its resolution function.
- (5) The ownership rights over the resolution asset manager are exercised by the MNB, acting in its resolution function.
- (6) With regard to the resolution asset management company, the MNB does not qualify as a parent company for the purposes of Act C of 2000 on Accounting and Government Decree 250/2000 (XII. 24.) on the Specificities of the Obligation of Credit Institutions and Financial Undertakings to Prepare Annual Reports and Keep Accounts.
- (7) * The scope of the activities of the resolution asset manager shall not give rise to any obligations or responsibilities for the owners or creditors of the institution under resolution. The owners, creditors or other third parties of the institution under resolution, in their capacity as such, may act against the resolution asset manager for an act or omission by the management of the resolution asset manager only in the event of a wilful breach of a material obligation, provided that the damage was directly caused by that act or omission.
- (8) * The owners, creditors or other third parties of an institution under resolution shall not be entitled to claim directly against the management of the resolution asset manager for any act or omission under Subsection (7).

Section 53/A *

The Supervisory Authority may be requested to authorise the establishment of a resolution asset manager if the MNB, acting in its resolution function,

- a) approved its memorandum of association;
- b) approved the election or appointment of its management;
- c) determined the scope of responsibilities of its management;
- d) approved the remuneration of its management; and
- e) approved its strategy and risk profile.

Section 54

- (1) The MNB, acting in its resolution function, may use the asset separation tool if:
- a) * there is a situation in the market regarding the assets concerned in which the sale of the assets under insolvency proceedings could adversely affect one or more financial markets;
 - b) the transfer is necessary to ensure the proper functioning of the institution under resolution or the bridge institution; or
 - c) the transfer is necessary to maximise the proceeds from the sale, liquidation and winding-up.
- (2) * In the application of asset separation, the MNB, acting in its resolution function, shall determine the consideration for the assets, liabilities, rights and obligations transferred to the resolution asset manager in accordance with the principles determined for independent valuation, which may be a nominal or a negative value, too.
- (3) * Any consideration paid for assets, liabilities, rights and obligations acquired by the resolution trustee shall be due to the institution under resolution. The consideration may be paid in the form of debt securities issued by the resolution asset manager.

Section 55

- (1) The MNB, acting in its resolution function, may transfer assets, liabilities, rights and obligations from the institution under resolution to one or more resolution asset managers in several steps during the resolution process.
- (2) The MNB, acting in its resolution function, may transfer assets, liabilities, rights and obligations from one or more resolution asset managers back to the institution under resolution until the resolution process is completed, if the conditions determined in Subsection (4) are met.
- (3) In the case provided for in Subsection (2), the institution under resolution shall repossess the assets, liabilities, rights and obligations in question, with simultaneous repayment of the consideration previously received.
- (4) The MNB, acting in its resolution function, may only transfer rights, assets and liabilities from the resolution asset manager back to the institution under resolution if
- a) the decision on the basis of which the transfer was made expressly provides for the possibility of transferring back the assets, liabilities, rights or obligations concerned; or
 - b) the assets, liabilities, rights or obligations concerned are individually identified and assessed as not falling within the categories of assets, liabilities, rights or obligations that are determined in the decision giving rise to the transfer or they do not fulfil the conditions for the transfer of assets, liabilities, rights or obligations provided for in that decision.

(5) In the case referred to in Subsection (4), the transfer may take place until the completion of the resolution procedure and shall be subject to any other conditions imposed by the decision for that purpose.

Section 56

(1) In the case of transfers between an institution under resolution and the resolution asset manager, the safeguards for partial transfers determined in Sections 97-103 shall apply.

(2) Without prejudice to Sections 97-103, the owners and creditors of an institution under resolution and other third parties whose assets, liabilities, rights and obligations are not transferred to the resolution asset manager shall not have rights over or in relation to the assets, liabilities, rights and obligations transferred to the resolution asset manager.

(3) * In connection with the application of asset separation, the provisions of Section 39 shall appropriately apply to the approval by the Supervisory Authority of the acquisition of a qualifying holding or the transfer of a deposit or other contractual obligation.

25. Bail-in

Section 57

(1) The MNB, acting in its resolution function, may decide to apply the following measures in the context of bail-in in order to give effect to the resolution objectives and to achieve the following objectives when the resolution conditions are met:

a) * the application of bail-in to the institution or an entity within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1, so that the bail-in enables it to comply with the conditions for authorisation again and to continue to provide financial, ancillary financial, investment and ancillary investment services and to maintain market confidence in the institution; or

b) the reduction in value or conversion into own funds of debt securities or other liabilities which have been transferred

ba) to a bridge institution for the purpose of providing capital to that bridge institution; or

bb) * in the context of the application of the resolution tools of sale of business or asset separation.

(2) The MNB, acting in its resolution function, may only apply bail-in under Paragraph *a)* of Subsection (1) if, on the basis of the information available

a) the bail-in applied to the institution under resolution meets the resolution objectives and the measure is expected to restore the institution's financial situation; and

b) * it is reasonably likely that the implementation of a reorganisation plan may ensure the institution's solvency (current solvency), financial stability and long-term viability.

(3) If the conditions determined in Subsection (2) are not fulfilled, the MNB, acting in its resolution function, may exclusively apply the resolution tool under Paragraphs *a)*-*c)* of Subsection (1) of Section 34 or use the measure under Paragraph *b)* of Subsection (1).

(4) Bail-in may be applied to all institutions and financial undertakings within the meaning of Subsection (1) of Section 1, in accordance with their legal form, with the proviso that the MNB, acting in its resolution function, may take measures to convert an institution under resolution in the form of a cooperative into a shareholding company in order to achieve the resolution objectives.

(5) Bail-in may be applied to all liabilities, subject to the exceptions provided for in this Act.

Section 58

(1) The bail-in shall not cover the following liabilities, whether or not arising or existing under the law of an EEA State or a third country:

a) in respect of deposit coverage, the part of the deposit subject to the indemnity obligation, including the part of the deposit subject to the indemnity obligation of deposits insured by the NDIF;

b) * claims recorded as obligations in the context of an activity under Paragraphs *a)* and *b)* of Subsection (2) of Section 5 of the Investment Firms Act, in particular claims insured by the IPF, including claims arising from long-term investment contracts and retirement savings contracts, and assets or money managed on behalf of a UCITS (undertakings for collective investment in transferable securities) or an AIF (alternative investment funds) as defined in the Act on Collective Investment Schemes and their Managers and Amending Certain Financial Laws, provided that the UCITS or AIF is protected under the applicable insolvency law;

c) secured liabilities to the extent of the coverage, including covered bonds and mortgage deeds;

d) liabilities to non-group institutions with an original maturity of less than seven days;

e) * liabilities with a remaining maturity of up to seven days that

ea) exist to systems, system operators or their participants designated in the application of Act XXIII of 2003 on the Settlement Finality in Payment and Securities Settlement Systems (hereinafter referred to as "Settlement Finality Act"), and which arises from participation in such systems, or

eb) * exist to central contracting parties authorised in an EEA State pursuant to Article 14 of the Regulation (EU) No 648/2012 and to third-country central contracting parties recognised by the European Securities and Markets Authority pursuant to Article 25 of the Regulation (EU) No 648/2012;

f) liabilities that

fa) are regular monthly incomes due to an employee of the institution or of a financial undertaking within the meaning of Section 1, connected to remunerations payable in respect of retirement benefits to employees or third parties, fixed-amount bonuses payable to employees excluding variable-amount bonuses not covered by a collective agreement;

fb) arise under service contracts for commercial and non-core activities (financial, ancillary financial, investment or ancillary to investment services), with the proviso that the goods and services covered by the contract are necessary for day-to-day operations, including IT services, the maintenance or rental of buildings or facilities, or liabilities arising from utility charges;

fc) * are taxes, parafiscal liabilities, contributions and social security contributions, including health insurance contributions, pension contributions, early retirement insurance contributions, health insurance contributions in kind, health insurance contributions in cash, labour market contributions and social contribution tax;

fd) are current payment liabilities to NDIF and IPF;

g) * liabilities that exist towards institutions that are not eligible for resolution belonging to the same group that is eligible for resolution or to entities within the meaning of Paragraphs *b)* and *c)* of Subsection (1) of Section 1, regardless of their maturity, except for liabilities that are satisfied in the order of satisfaction provided by the Bankruptcy Act or the Credit Institutions Act, after the ordinary unfunded liabilities, with the proviso that in the latter circle of exceptional cases the resolution authority of the non-eligible subsidiary concerned shall assess whether the amount under Subsection (5) of Section 68/B is sufficient to support the implementation of the preferred resolution strategy.

(2) The exemption under Subparagraph *fa)* of Paragraph *f)* of Subsection (1) shall not apply to the performance remuneration of the persons referred to in Subsection (2) of Section 117 of the Credit Institutions Act and the persons mentioned in Point 2 of Annex 4 of the Investment Firms Act.

(3) The bail-in may cover the uninsured deposit as well as the part of the deposit exceeding the limit of compensation payable in the case of an insured deposit.

(4) The MNB, acting in its resolution function, may apply bail-in to the value portion of covered bonds, including mortgage deeds that exceeds the amount of the collateralisation of the covered bond.

(5) Without prejudice to the regulation of large exposures determined in the Regulation (EU) No 575/2013, the MNB, acting in its resolution function, in order to ensure the resolvability of an institution or group, may limit by a decision the extent of the exposure to which liabilities may be included in the bail-in, except for liabilities to institutions and financial undertakings belonging to the same group.

Section 59

(1) In the case of an institution, one or more liabilities or a part of a liability shall be excluded from write-off or restructuring by bail-in if it is directly or indirectly necessary to maintain the critical functions and core businesses of the institution.

(2) * In the case of an institution, a liability, in particular the insured deposits of natural persons, micro, small and medium-sized enterprises that exceed the compensation limit, shall be partially or fully excluded from the application of a write-off or restructuring by bail-in if this is necessary and proportionate to the objective of avoiding the widespread propagation of a negative process (contagion) which would impair the functioning of financial markets, thereby causing serious disturbances in Hungary or any other EEA State.

(3) The MNB, acting in its resolution function, may exclude one or more liabilities, in whole or in part, from the application of a write-off or restructuring by bail-in if

a) bail-in is not possible to apply;

b) as a consequence of the bail-in, the reduction in the value of the claims of the other creditors affected by bail-in would be higher than if the obligation specified in this paragraph was excluded from bail-in.

(3a) * In the case of an obligation to an institution or entity under Paragraphs *b)* or *c)* of Subsection (1) of Section 1 that is not eligible for resolution, belonging to the same group that is eligible for resolution, where the said institution or entity is not excluded from the application of a write-off or restructuring by bail-in, the MNB, acting in its resolution function, for the effective implementation of the resolution shall examine whether the other conditions for exclusion in whole or in part are met.

(4) If, pursuant to this Section, the MNB, acting in its resolution function, excludes one or more liabilities or an entire class of liabilities from the application of a write-off or restructuring by bail-in, this may result in a higher write-off or restructuring for the other liabilities eligible for bail-in only if the requirement under Paragraph *f)* of Subsection (1) of Section 20 is still fulfilled.

Section 60

(1) * If the MNB, acting in its resolution function, excludes one or more liabilities or a class of liabilities from bail-in, and the losses that would have been borne by those excluded from bail-in cannot be fully passed on to creditors not excluded from bail-in, the Resolution Fund may provide funds to the institution under resolution in order that

a) * the losses not covered by liabilities eligible for bail-in can be covered and the own funds of the institution under resolution are restored to zero pursuant to Paragraph *a)* of Subsection (1) of Section 61; or

b) the capital adequacy of the institution under resolution is restored by the acquisition of shares, other participations or capital elements of the institution under resolution pursuant to Paragraph *b)* of Subsection (1) of Section 61.

(2) The funds pursuant to Subsection (1) may be granted if, during the resolution process, an independent assessment shows that *

- a) the shareholders, holders of membership shares or capital elements and creditors in the scope of bail-in have contributed to the loss coverage and bail-in in the context of the implementation of bail-in up to 8 per cent of the total liabilities of the institution under resolution including its own funds; and
- b) the value of the contribution from the Resolution Fund does not reach 5 per cent of the total liabilities of the institution under resolution including its own funds.
- (3) The contribution granted from the Resolution Fund may come from
- a) the amount available to the Resolution Fund pursuant to Subparagraphs *aa)* and *ab)* of Paragraph *a)* of Subsection (1) of Section 133 (including the return realised on the assets of the Resolution Fund);
- b) from the amount paid into the Resolution Fund pursuant to Subparagraph *ac)* of Paragraph *a)* of Subsection (1) of Section 133;
- c) from the amount paid into the Resolution Fund pursuant to Paragraphs *b)-c)* of Subsection (1) of Section 133.
- (4) If the Resolution Fund has contributed up to the limit of 5 per cent determined in Paragraph *b)* of Subsection (2) and the unsecured and non-priority liabilities (including the part of the value of insured deposits above the indemnification limit) have been written off or restructured, then the MNB, acting in its resolution function, may, in exceptional circumstances, initiate the mobilisation of other resources, subject to the provisions of this Act.
- (4a) * If the conditions determined in Subsection (4) are fulfilled, the Resolution Fund may also contribute from the unused resources of the joining fee and the regular annual fee paid by the members of the Resolution Fund.
- (5) By way of derogation from Paragraph *a)* of Subsection (2), the Resolution Fund may make a contribution under Subsection (1) also if
- a) the amount of the contribution to loss coverage and bail-in under Paragraph *a)* of Subsection (2) reaches 20 per cent of the institution's risk-weighted exposure amount;
- b) the amount available in the Resolution Fund pursuant to Subparagraphs *aa)* and *ab)* of Paragraph *a)* of Subsection (1) of Section 133 is at least 3 per cent of the deposits of all credit institutions subject to the deposit guarantee compensation obligation; and
- c) the balance sheet total of the institution concerned on a consolidated basis does not exceed HUF 270,000 billion.
- (6) The MNB, acting in its resolution function, when making its decision under Section 59, shall assess at least the following:
- a) in the case of an institution under resolution, the loss must first be borne by the members of the institution under resolution, followed by the other creditors of the institution under resolution, whose order and proportion of loss absorption must be the same as in the case of liquidation proceedings;
- b) the loss-absorbing capacity of the institution under resolution in the event of the exclusion of one or more liabilities or a class of liabilities; and
- c) the charge level of the Resolution Fund and the level to be maintained.

26. Determining the amount of bail-in

Section 61

- (1) When applying bail-in, the MNB, acting in its resolution function, shall determine, on the basis of an independent assessment, the sum of:
- a) * the amount of the obligation to be included in the application of bail-in necessary to achieve zero equity value of the institution in resolution; or
- b) the value of liabilities that may be written off or converted into membership shares or other capital instruments necessary to restore the Common Equity Tier 1 capital ratio in the case of an institution under resolution or a bridge institution.
- (2) The liabilities eligible for bail-in under Subsection (1) shall be determined in such a way that *
- a) market confidence in the institution under resolution or in the bridge institution is maintained at a sufficient level and, on the basis of the information available, the institution is foreseeably able to comply with the conditions for authorisation for at least one more year; and
- b) for the purpose of restoring the Common Equity Tier 1 capital ratio of the institution under resolution or for the purpose of determining the Common Equity Tier 1 capital ratio of the bridge institution, the capital contribution from the Resolution Fund pursuant to Paragraph *d)* of Subsection (3) of Section 126 shall also be taken into account.
- (2a) * If the MNB, acting in its resolution function, intends to use asset separation as a resolution tool, it shall take into account a prudent estimate of the resolution asset manager's capital needs when determining the amount by which the liabilities eligible for bail-in shall be reduced.
- (3) * If, pursuant to Sections 74-79, capital elements or eligible liabilities have been written down or, pursuant to Section 57, bail-in has been applied, and the extent of the write-down exceeds the required extent on the basis of the final ex-post valuation carried out, an ex-post adjustment shall be made to the extent of the write-down to compensate creditors and holders of membership shares.
- (4) The MNB, acting in its resolution function, shall take all necessary steps and measures to ensure that the data and information on the institution under resolution used in the necessary and possible estimates and assessments of the institution under resolution are up-to-date and accurate.

26/A. * Sale of subordinated eligible liabilities to retail customers

Section 61/A *

- (1) * The institution, transferring eligible or convertible liabilities fulfilling all the conditions determined in Article 72a of the Regulation (EU) No 575/2013-with the exception of Article72a(1)(b) and Article 72b(3)-(5)-(hereinafter referred to as the seller for the purposes of this Section), shall sell such liabilities to retail customers as defined in the Investment Firms Act, provided that the following conditions are jointly fulfilled:
- a) the seller has performed an aptitude test in accordance with Subsections (1) and (2) of Section 44 of the Investment Firms Act;
- b) * the seller made sure, on the basis of the assessment under Paragraph *a)*, that the eligible liabilities are suitable for the retail client;
- c) the seller documents eligibility in accordance with Subsections (3)-(5) of Section 44 of the Investment Firms Act.
- (2) If the conditions determined in Subsection (1) are met and the retail client's portfolio of financial instruments and deposits does not exceed EUR 500,000 on the date of the transfer, the seller shall ensure, on the basis of the information provided by the retail client pursuant to Subsection (3), that both of the following conditions are met on the date of the transfer:
- a) the aggregate amount invested by the retail client in the liabilities referred to in Subsection (1) does not exceed 10 per cent of the portfolio of financial instruments and deposits of that client;
- b) the initial amount invested in one or more liability instruments within the meaning of Subsection (1) is at least EUR 10,000.
- (3) The retail client shall provide the seller with accurate information on its portfolio of financial instruments, including its investments in liabilities as referred to in Subsection (1), and on its holdings of deposits.
- (4) Financial instruments provided as collateral shall not be taken into account for the purposes of Subsections (2) and (3).
- (5) * By way of derogation from the requirements determined in Subsections (1)-(4), if the total value of the assets of entities subject to the requirement under Section 68/A with their registered office in Hungary does not exceed EUR 50 billion, it shall be possible to apply only the requirement determined in *b)* of Subsection (2).
- (6) The provisions of this Section shall not apply to the liabilities specified in Subsection (1), issued before 28 December 2020.
- (7) The amounts specified in euros in this Section shall be converted into forints at the official exchange rate published by the MNB on the given day.

27. Requirements for capital and eligible liabilities *

Section 62 *

- (1) The institution and the entity within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1 shall comply with the minimum requirement for own funds and for eligible or convertible liabilities if so required by this Section and Sections 65-68/F.
- (2) The MNB, acting in its resolution function, shall calculate the requirement under Subsection (1) in accordance with Subsections (4)-(13) of Section 67 or Subsections (16)-(23) of Section 67 as the sum of own funds and the eligible or convertible liabilities, and express it as a percentage of the following:
- a) the value of total risk exposure of the institution and of the entity within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1 calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013; and
- b) the measure of total exposure calculated in accordance with Articles 429 and 429a of the Regulation (EU) No 575/2013 for the institution or entity within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1.
- (3) * If the investment firm does not qualify as an investment firm referred to in Article 1(2) or (5) of the Regulation (EU) 2019/2033, the references to specific own funds in Article 92 of the Regulation (EU) No 575/2013 shall be understood as follows:
- a) the reference to Article 92(1)(c) of the Regulation (EU) No 575/2013 shall be understood as a reference to Article 11(1) of the Regulation (EU) 2019/2033;
- b) the reference to Article 92(3) of the Regulation (EU) No 575/2013 shall be understood as a reference to the applicable requirement determined in Article 11(1) of the Regulation (EU) No 2019/2033 multiplied by 12.5.
- (4) * If the investment firm does not qualify as an investment firm referred to in Article 1(2) or (5) of the Regulation (EU) 2019/2033, the reference to the additional capital requirement shall be interpreted as determined in the Investment Firms Act.

Section 63 *

Section 64 *

28. * Exemption from minimum requirement for own funds and eligible liabilities

Section 65 *

(1) By way of derogation from Section 62, a mortgage credit institution that derives funds from the issue of covered bonds, including mortgage deeds, shall be exempted from compliance with the minimum requirements by the MNB, acting in its resolution function, if

- a) the mortgage credit institution has not collected or is not collecting deposits;
- b) * in the case of the mortgage credit institution, termination is carried out in liquidation proceedings or in proceedings conducted in accordance with asset sale, bridge institution or asset separation tools;
- c) in the case of the mortgage credit institution, the proceedings under point b) also ensure that the creditors of the mortgage credit institution, including holders of covered bonds, bear losses in accordance with the resolution objectives.

(2) The institution exempted from the requirements of Section 62 shall not be taken into account in the calculation of the requirement to be determined on a consolidated basis pursuant to Section 68/A.

28/A. * Eligible liabilities of the entity eligible for resolution

Section 66 *

(1) An entity that is eligible for resolution may consider a liability as part of own funds and as part of eligible liabilities if the liability complies with Articles 72a, 72b-excluding 72b(2)(d)-and 72c of the Regulation (EU) No 575/2013.

(2) Where this Act refers to Article 92a or 92b of the Regulation (EU) No 575/2013, in the case of “eligible liabilities”, eligible liabilities established in accordance with Article 72k of the Regulation (EU) No 575/2013 and PART TWO Title I Chapter 5a of the Regulation (EU) No 575/2013 shall be meant.

(3) Liabilities arising from debt instruments with embedded derivative contracts, in particular from structured securities, which fulfil the conditions determined in Subsection (1), with the exception of Article 72a(2)(l) of the Regulation (EU) No 575/2013, may be included in the sum of own funds and the amount of the eligible liabilities only if

a) the principal amount of the liability arising from the debt instrument is already known, fixed or increasing at the time of issue and is not affected by an embedded derivative feature, and the total amount of the liability arising from the debt instrument, in particular the embedded derivative, can be valued on a daily basis based on an active, liquid two-way market for equivalent instruments without credit risk, in accordance with Articles 104 and 105 of the Regulation (EU) No 575/2013; or

b) the debt instrument contains a contractual provision that, in the event of the issuer’s insolvency and the issuer’s resolution, the amount of the claim is fixed or increasing and does not exceed the amount of the liability originally paid up.

(4) The debt instrument within the meaning of Subsection (3), including the embedded derivative, shall not be subject to a netting agreement and thus Subsection (3) of Section 73 cannot be applied for its valuation.

(5) The liability referred to in Subsection (3) may be included in the amount of own funds and the amount of any eligible liabilities only to the extent of the amount referred to in Paragraph a) or b) of Subsection (3).

(6) If the liabilities are issued by a subsidiary with a registered office in the European Union to a shareholder that is not part of the group that is eligible for resolution, and the subsidiary is a member of the same group that is eligible for resolution as the entity that is eligible for resolution, those liabilities may be included in the own funds and in the amount of the total of the eligible liabilities of the resolution entity if

a) they have been issued in accordance with Paragraph a) of Subsection (5) of Section 68/B;

b) in respect of these liabilities, the exercise of the powers of write-off and conversion in accordance with Section 74 or Section 80 does not affect the control of the entity eligible for resolution over the subsidiary; and

c) the value of these liabilities does not exceed

ca) the amount pursuant to Subsections (1)-(4) of Section 68/B less

cb) the sum of the amount of the liabilities issued to the entity eligible for resolution and purchased by it directly or through an entity of the group eligible for resolution and the amount of the own funds issued pursuant to Paragraph b) of Subsection (5) of Section 69/B.

(7) The MNB, acting in its resolution function, shall, without prejudice to the minimum requirement under Subsections (12) and (13) of Section 67 and Paragraph a) of Subsection (1) of Section 68, ensure that a global systemically important institution or an entity eligible for resolution under Subsections (12)-(15) of Section 67 meets the part of the requirement determined in Section 68/A that is 8 per cent of the total liabilities including own funds, by means of own funds, subordinated instruments that can be written down or liabilities under Subsection (6).

(8) By way of derogation from Subsection (7), the global systemically important institution or the entity eligible for resolution under Subsections (12)-(15) of Section 67 shall, with the permission of the MNB, acting in its resolution function, by means of own funds, subordinated instruments that can be written down or liabilities under Subsection (6), meet the part of the requirement determined in Section 68/A that is less than 8 per cent of the liabilities including own funds, but reaches a higher value than the amount resulting from Point 1 of Annex 4 if it also complies with Article 72b(3) of the Regulation (EU) No 575/2013.

(9) * If in the case of an entity eligible for resolution under Subsections (12) and (13) of Section 67, a requirement exceeding 27 per cent of its total risk exposure value occurs by the application of paragraphs (7) and (8), the MNB, acting in its resolution function, shall limit the part of the requirement according to Section 68/A that is to be paid by own funds, subordinated instruments that can be written down or liabilities under Subsection (6), to 27 per cent of the total risk exposure amount, if, in the judgment of the MNB, acting in its resolution function

a) access to the resources of the Resolution Fund is not an option in the resolution plan for the resolution of the affected entity eligible for resolution; and

b) Paragraph a) does not apply, and the requirement under Section 68/A allows the entity eligible for resolution to comply with the requirements under Subsection (2) of Section 60 or, where applicable, Subsection (5) of Section 60

with the proviso that the MNB, acting in its resolution function, shall take into account the risk of a disproportionate impact on the business model of the entity eligible for resolution in its assessment and shall not apply this paragraph to entities eligible for resolution under Subsections (14) and (15) of Section 67.

(10) * The MNB, acting in its resolution function, may decide, in the case of an entity eligible for resolution that is not global systemically important or an entity eligible for resolution that is not subject to Subsections (12)-(15) of Section 67, to meet the requirement of Section 68/A in part, up to 8 per cent of the total liabilities including own funds, or, if this amount is higher, up to the amount according to the formula determined in Subsection (13), by means of own funds, subordinated instruments that can be written down or liabilities under Subsection (6), if

a) a non-subordinated liability as defined in Subsections (1)-(5) which is at the same level of classification in the order of satisfaction as the liabilities excluded from the powers of write-off and conversion under Subsection (1) of Section 58 and Subsections (1)-(4) of Section 59;

b) there is a risk that the application of the write-off and conversion powers for non-subordinated liabilities not excluded from the write-off and conversion powers under Subsection (1) of Section and Subsections (1)-(4) of Section 59 would cause the creditors of those claims to suffer a greater loss than they would suffer in the event of liquidation under ordinary insolvency proceedings; and

c) the amount of own funds and other subordinated liabilities does not exceed the amount necessary to ensure that creditors referred to in Paragraph b) do not suffer losses greater than those that they would have suffered in the event of liquidation under ordinary insolvency proceedings.

(11) If the MNB, acting in its resolution function, establishes that within a liability class containing eligible liabilities, the proportion of liabilities that are or are likely to be excluded from the application of the write-off and restructuring powers under Subsection (1) of Section 58 and Subsections (1)-(4) of Section 59 is higher than 10 per cent, then the MNB, acting in its resolution function, shall assess the risk under Paragraph b) of Subsection (10).

(12) For the purposes of Subsections (7)-(11) and Subsection (13), derivative liabilities shall be considered as part of the total liabilities with full recognition of the netting rights of the counterparties.

(12a) * The own funds of the entity eligible for resolution used for meeting the combined buffer requirement may be recognised for the performance of the requirements determined in Subsections (7)-(11) and (13).

(13) * By way of derogation from Subsections (7)-(9), the MNB, acting in its resolution function, may decide, in the case of a global systemically important institution or an entity eligible for resolution under Subsections (12)-(15) of Section 67, to satisfy the requirement determined in Section 68/A by means of own funds, subordinated instruments that can be written down or liabilities under Subsection (6) that the sum of the above does not exceed the higher of the sums under Point 2 of Annex 4 as a consequence of the obligation of the entity eligible for resolution to satisfy the buffer requirement and the requirements under Article 92a of the Regulation (EU) 575/2013, Subsections (12) and (13) and Section 68/A.

(14) The MNB, acting in its resolution function, may apply the powers under Subsection (13) in the case of a global systemically important institution or an entity eligible for resolution under Subsections (12)-(15) of Section 67 up to 30 per cent of all global systemically important institutions or entities eligible for resolution under Subsections (12)-(15) of Section 67, if the MNB, acting in its resolution function, determines the requirement under Section 68/A and, in the discretion of the MNB, acting in its resolution function,

a) on the basis of the preliminary assessment of the possibility of resolution, there are significant impediments to resolution and no corrective actions have been taken within the time limit determined by the MNB, acting in its resolution function, following the application of the measure under Subsection (1) of Section 12 or the identified significant impediments cannot be removed by the measures under Subsection (1) of Section 12, and the exercise of the powers determined in Subsection (13) results in the negative impact of the significant impediment to resolution being removed;

b) the MNB, acting in its resolution function, considers that the feasibility and credibility of the preferred resolution strategy for the entity eligible for resolution is limited, having regard to the size, interconnectedness, nature, scope, risks and complexity of the activity of the entity, its legal status and shareholder structure; or

c) the excess capital requirement under Section 186 of the Credit Institutions Act reflects the fact that an institution under resolution that is a global systemically important institution or an entity under Subsections (12)-(15) of Section 67 falls within the riskiest 20 per cent of the institutions for which the MNB, acting in its resolution function, determines the minimum requirement under Subsection (1) of Section 62.

(15) In determining the percentages under Subsection (14), the MNB, acting in its resolution function, shall round the resulting value to the nearest whole number.

(16) After consulting the Supervisory Authority, the MNB, acting in its resolution function, shall make the decision determined in Subsections (10) and (11) or Subsection (13), taking into account

a) the depth of the market for the own funds instruments and subordinated instruments that can be written down of the entity eligible for resolution, the pricing of the instruments and the time required to complete the transaction to ensure compliance with the resolution;

b) the amount of eligible liability instruments that fulfil all the conditions under Article 72a of the Regulation (EU) No 575/2013 and that have a residual maturity of less than one year at the time of the decision with the purpose of quantitative correction of the requirements determined in Subsections (10) and (11) or (13);

c) the availability and amount of instruments that fulfil the conditions of Article 72a of the Regulation (EU) No 575/2013, with the exception of Article 72b(2)(d);

d) the amount of the liabilities of the entity eligible for resolution that are significant in relation to its eligible liabilities and its own funds and to which the write-off and restructuring powers under Subsection (1) of Section 58 and Subsections (1)-(4) of Section 59 do not apply, and that have own funds and liabilities that can be written down classified at or below the same level as those that are classified at the front of the insolvency proceedings;

e) the business model, funding model and risk profile of the entity eligible for resolution, as well as its stability and ability to contribute to the economy; and

f) the impact of restructuring costs on the bail-in of the entity eligible for resolution.

(17) With respect to Paragraph *d)* of Subsection (16), if the amount of the excluded liabilities does not exceed 5 per cent of the amount of the own funds and the sum of the eligible liabilities, the amount excluded shall not be significant, with the proviso that above the threshold the MNB, acting in its resolution function, shall assess the significance of the excluded liabilities.

28/B. * Determination of minimum requirement for own funds and eligible liabilities

Section 67 *

(1) After consulting the Supervisory Authority, the MNB, acting in its resolution function, shall determine the minimum requirement under Subsection (1) of Section 62 in such a way that

a) the group eligible for resolution is capable of being resolved in accordance with the resolution objectives, using the resolution tools, including bail-in;

b) the entity eligible for resolution and the institution that does not qualify as an entity eligible for resolution, or its subsidiaries within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1, have sufficient own funds, eligible liabilities to ensure that, in the event of applying bail-in and the application of the write-off or restructuring powers, the loss absorbency is adequate and the overall capital adequacy ratio and leverage ratio of the entities concerned can be restored to a level that enables the authorisation conditions to be met;

c) if, under the resolution plan, certain classes of eligible liabilities can be excluded from applying bail-in under Subsection (1)-(4) of Section 59 or partial or full transfer to a transferee is possible in the context of partial transfer, it must be ensured that the entity eligible for resolution has sufficient own funds and other eligible liabilities to ensure that its loss-absorbing capacity is adequate and that its overall capital adequacy ratio and leverage ratio can be restored to a level that fulfils the conditions for authorisation;

d) the size, business model, funding model and risk profile of the organisation is taken into account; and

e) the extent to which the insolvency of the entity would have a negative impact on financial stability is taken into account, including through the entity's interconnectedness or contagion with other institutions or entities or with the rest of the financial system.

(2) The amount of the minimum requirement pursuant to Subsection (1) of Section 62 shall be determined, if the resolution plan provides for resolution measures pursuant to the scenario determined in Subsection (1) of Section 5 or for the write-off or restructuring of capital elements and eligible liabilities pursuant to Section 74, in order to ensure

a) the absorption of the full expected losses of the organisation (loss absorption);

b) the bail-in of the entity eligible for resolution and the institution that does not qualify as an entity eligible for resolution, or its subsidiaries within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1, to the extent that this allows compliance with the conditions for authorisation and operation within one year (bail-in).

(3) * If the entity is liquidated in the context of the insolvency proceedings included in the resolution plan, the MNB, acting in its resolution function, shall assess the justifiability of the limitation of the requirement under Section 62 in the loss-absorbing capacity under Paragraph *a)* of Subsection (2), *inter alia*, from the perspective of the impact on financial stability and contagion to the financial system.

(4) For an entity eligible for resolution, the amount referred to in Subsection (2) shall be:

a) the amount referred to in Paragraph *a)* of Subsection (2) of Section 62

aa) the losses in resolution under Article 92(1)(c) of the Regulation (EU) No 575/2013 and the requirements under Section 186 of the Credit Institutions Act on a consolidated basis, and

ab) the amount of bail-in determined as a result of the resolution measure to ensure compliance with the requirements of Article 92(1)(c) of the Regulation (EU) No 575/2013 and Section 186 of the Credit Institutions Act on a consolidated basis following the implementation of the preferred resolution strategy; and

b) the amount referred to in Paragraph *b)* of Subsection (2) of Section 62

ba) the losses to be borne in the event of resolution under Article 92(1)(d) of the Regulation (EU) No 575/2013 related to the leverage ratio requirements of the entity eligible for resolution on an aggregated basis, and

bb) the amount of bail-in determined as a result of the resolution measure to ensure compliance with the leverage ratio requirements under Article 92(1)(d) of the Regulation (EU) No 575/2013 on a consolidated basis with the implementation of the resolution strategy following the implementation of the preferred resolution strategy.

(5) In the case of Paragraph *a)* of Subsection (2) of Section 62, the minimum requirement pursuant to Subsection (1) of Section 62 shall be determined in percentage form by calculating the ratio of the amount established in accordance with Paragraph *a)* of Subsection (4) to the value of the total risk exposure.

(6) In the case of Paragraph *b)* of Subsection (2) of Section 62, the minimum requirement pursuant to Subsection (1) of Section 62 shall be determined in percentage form by calculating the ratio of the amount established in accordance with Paragraph *b)* of Subsection (4) to the value of the total risk exposure.

(7) In determining the requirement under Paragraphs *a)* and *b)* of Subsection (4), the MNB, acting in its resolution function, shall take into account Subsection (5) of Section 34 and Subsections (2) and (5) of Section 60 with the proviso that when determining the bail-in amount

a) the value of the total risk exposure value or total exposure value as most recently reported, adjusted for the effects of changes resulting from resolution measures specified in the resolution plan shall be taken into account; and

b) after consultation with the Supervisory Authority, the requirement under Section 186 of the Credit Institutions Act shall be adjusted by the applicable deviation under the implementation of the resolution strategy.

(8) The MNB, acting in its resolution function, may increase the amount of the requirement under Subparagraph *ab)* of Paragraph *a)* of Subsection (4) to a level that ensures that the entity eligible for resolution is able to maintain adequate market confidence in itself for a maximum of one year after resolution.

(9) The amount determined in Subsection (8) shall be equal to the amount of the combined buffer requirement applicable following the application of the resolution tool less the institution-specific countercyclical capital buffer.

(10) * The amount under Subsection (8) shall be adjusted downwards if the MNB, acting in its resolution function, determines, after consultation with the Supervisory Authority, that a lower amount is sufficient to maintain credible market confidence and to maintain the critical functions of the institution or entity under *b)* or *c)* of Subsection (1) of Section 1, and that it can obtain resources without recourse to extraordinary state support in addition to the contribution from the Resolution Fund in accordance with Subsections (2) and (5) of Section 60 and Section 127.

(11) * The amount under Subsection (8) shall be adjusted upwards if the MNB, acting in its resolution function, determines, after consultation with the Supervisory Authority that a higher amount is necessary to maintain credible market confidence for a period of up to one year and to maintain the critical functions of the institution or entity under Paragraphs *b)* or *c)* of Subsection (1) of Section 1 and that it can obtain resources without recourse to extraordinary state support in addition to the contribution from the Resolution Fund in accordance with Subsection (2) and (5) of Section 60 and Section 127.

(12) For an entity eligible to resolution that is not subject to Article 92a of the Regulation (EU) No 575/2013 that is part of a group eligible for resolution with a balance sheet total exceeding EUR 100 billion, the requirement under Subsections (4)-(11) shall be at least 13.5 per cent calculated in accordance with Paragraph *a)* of Subsection (2) of Section 62 and 5 per cent calculated in accordance with Paragraph *b)* of Subsection (2) of Section 62.

(13) * Notwithstanding Section 66, the minimum amount under paragraph (12) shall be met by own funds, a subordinated instrument that can be written down or a liability as defined in Subsection (6) of Section 66.

(14) The MNB, acting in its resolution function, may decide, after consultation with the Supervisory Authority, that, if it considers that the insolvency poses a systemic risk, it shall apply the requirements of Subsection (12) and (13) to an entity eligible for resolution, not belonging to the scope of Article 92a of the Regulation (EU) 575/2013, belonging to a group that is eligible for resolution and whose total assets do not exceed EUR 100 billion, with the proviso that its decision shall not affect its decision made under Subsections (10) and (11) of Section 66.

(15) In making its decision under Subsection (14), the MNB, acting in its resolution function, shall take into account

a) the frequency of deposits in the funding model and the absence of debt instruments;

b) the extent of access to the capital market in the case of eligible liabilities; and

c) the degree of reliance of the entity eligible for resolution on Common Equity Tier 1 capital to meet the requirements of Section 68/A.

(16) * For an entity not eligible for resolution, the amount referred to in Subsection (2) shall be:

a) the amount referred to in Paragraph *a)* of Subsection (2) of Section 62

aa) the losses to be borne in the event of resolution pursuant to Article 92(1)(c) of the Regulation (EU) No 575/2013 and the requirements under Section 186 of the Credit Institutions Act on an individual basis; and

ab) the recapitalisation amount determined as a result of the exercise of the power to write down or restructure the relevant capital instruments and the eligible liabilities pursuant to Section 74 or as a result of the resolution of the group eligible for resolution to ensure compliance with the requirements of Article 92(1)(c) of the Regulation (EU) No 575/2013 and Section 186 of the Credit Institutions Act on an individual basis; and

b) the amount referred to in point *b)* of Subsection (2) of Section 62

ba) the losses to be borne in the event of resolution on an individual basis for the leverage ratio requirements of Article 92(1)(d) of the Regulation (EU) No 575/2013 for the entity eligible for resolution; and

bb) the recapitalisation amount determined as a result of the exercise of the power to write down or restructure the relevant capital instruments and the eligible liabilities pursuant to § 74 or the resolution of the group under resolution in order to achieve the leverage ratio requirements pursuant to Article 92(1)(d) of the Regulation (EU) No 575/2013.

(17) In the case of Paragraph *a)* of Subsection (2) of Section 62, the minimum requirement determined in Subsection (1) of Section 62 shall be determined in percentage form by taking the ratio of the amount calculated in accordance with Paragraph *a)* of Subsection (16) to the total risk exposure value.

(18) In the case of Paragraph *b)* of Subsection (2) of Section 62, the minimum requirement determined in Subsection (1) of Section 62 shall be determined in percentage form by taking the ratio of the amount calculated in accordance with Paragraph *b)* of Subsection (16) to the total exposure value.

(19) The MNB, acting in its resolution function, shall take into account Subsection (5) of Section 34 and Subsections (2) and (5) of Section 60 when determining the requirement under Paragraph *b*) of Subsection (16) since, when determining the recapitalisation amount

a) * the last reported value of the total risk exposure or the total exposure shall be taken into account, adjusted for the effects of changes resulting from the measures specified in the resolution plan; and

b) after consultation with the Supervisory Authority, the requirement under Section 186 of the Credit Institutions Act shall be adjusted by the difference applicable as a result of the exercise of the power to write down or restructure relevant capital instruments and eligible liabilities pursuant to Section 74 or as a result of the resolution of the group eligible for resolution.

(20) The MNB, acting in its resolution function, may increase the amount of the requirement under Subparagraph *ab*) of Paragraph *a)* of Subsection (16) to an extent that ensures that, after the exercise of the power to write down or restructure relevant capital instruments and eligible liabilities under Section 74 or after the resolution of the group eligible for resolution, the entity is able to maintain adequate market confidence in itself for a maximum period of one year.

(21) The amount determined in Subsection (20) shall be equal to the amount of the combined buffer requirement applicable following the application of the resolution tool less the institution-specific countercyclical capital buffer.

(22) * The amount under Subsection (20) shall be adjusted downwards if the MNB, acting in its resolution function, determines, after consultation with the Supervisory Authority, that a lower amount is sufficient to implement and maintain credible market confidence and following the resolution measure or the resolution of the group eligible for resolution to ensure to maintain the critical functions of the institution or entity under Paragraphs *b)* or *c)* of Subsection (1) of Section 1 and to obtain resources without recourse to extraordinary state support in addition to the contribution from the Resolution Fund in accordance with Subsections (2) and (5) of Section 60 and Section 127.

(23) * The amount under Subsection (20) shall be adjusted upwards if the MNB, acting in its resolution function, determines, after consultation with the Supervisory Authority, that a higher amount is necessary to maintain credible market confidence for a period of up to one year and to maintain the critical functions of the institution or entity under Paragraphs *b)* or *c)* of Subsection (1) of Section 1, and it can obtain resources without recourse to extraordinary state support in addition to the contribution from the Resolution Fund in accordance with Subsections (2) and (5) of Section 60 and Section 127.

(24) If the MNB, acting in its resolution function, considers that certain classes of eligible liabilities can reasonably be assumed to be excluded from bail-in, in whole or in part, pursuant to Subsections (1)-(4) of Section 59 or transferred in their entirety to a transferee in a partial transfer, then the minimum requirement under Subsection (1) of Section 62 shall be met by own funds or other eligible liabilities sufficient to cover the liabilities excluded in accordance with Subsections (1)-(4) of Section 59 and to meet the conditions determined in Subsections (2) and (3).

(25) * In the reasons for its decision to impose a minimum requirement under this Section, the MNB, acting in its resolution function, shall include a full assessment of the matters determined in Subsections (2)-(24) and review its decision without undue delay to ensure that it is in line with the requirement under Section 186 of the Credit Institutions Act.

(26) For the purposes of Subsections (4)-(11) and (16)-(23), the capital requirement shall be interpreted in accordance with the application by the Supervisory Authority of the TRANSITIONAL PROVISIONS under PART TEN TITLE I CHAPTERS 1, 2 and 4 of the Regulation (EU) No 575/2013.

28/C. * Determination of minimum requirement for own funds and eligible liabilities in the case of entities eligible for resolution of global systemically important institutions and significant EU subsidiaries of non-EU global systemically important institutions

***Section 68* ***

(1) The minimum requirement determined in Subsection (1) of Section 62 in the case of a global systemically important institution or an entity eligible for resolution as a part of a global systemically important institution consists of

a) the requirements determined in Articles 92a and 494 of the Regulation (EU) No 575/2013; and

b) the requirement for own funds and for eligible liabilities, determined by the MNB, acting in its resolution function, in accordance with Subsection (3).

(2) The minimum requirement under Subsection (1) of Section 62 for a significant EU subsidiary of a non-EU global systemically important institution consists of

a) the requirements determined in Articles 92b and 494 of the Regulation (EU) No 575/2013; and

b) the requirement determined by the MNB, acting in its resolution function, in accordance with Subsection (3), for the relevant significant subsidiary to have own funds which meet the conditions determined in Subsection (2) of Section 29 and Section 68/B, and for the eligible liabilities.

(3) The MNB, acting in its resolution function, shall determine the additional requirement for own funds and eligible liabilities under Paragraph *b)* of Subsection (1) and Paragraph *b)* of Subsection (2) if

a) the requirement under Paragraph *a)* of Subsection (1) and Paragraph *a)* of Subsection (2) is not sufficient to satisfy the conditions in Section 67; and

b) it does not exceed the requirements of Section 67 as a result of the obligation.

(4) If a global systemically relevant institution has more than one global systemically relevant institutions eligible for resolution belonging to it, then for the purposes of Subsection (4) of Section 68/D, the amount under Subsection (3) shall be determined by the MNB, acting in its resolution function, for each of the entities eligible for resolution and the EU parent undertaking as if it were the only entity eligible for resolution of the global systemically relevant institution.

(5) The MNB, acting in its resolution function, shall include in the reasons for its decision under this Section a full assessment of the matters determined in Subsection (3) and review its decision regularly to ensure that it is in compliance with the requirement under Section 186 of the Credit Institutions Act.

28/D. * Application of the minimum requirement for own funds and eligible liabilities in the case of entities eligible for resolution

***Section 68/A* ***

(1) The entity eligible for resolution shall comply with the requirements of Sections 66-68 on a consolidated basis at the level of the group eligible for resolution.

(2) In accordance with Section 68/D, the MNB, acting in its resolution function, shall determine, in consultation with the Supervisory Authority, the requirement for an entity eligible for resolution under Subsection (1) of Section 62 on a consolidated basis, based on Sections 66-68, with the proviso that the assessment of the third-country subsidiary in the resolution plan is taken into account.

(3) In the case of a group eligible for resolution identified under Paragraph *b)* of Point 56a of Section 3, the MNB, acting in its resolution function, shall, depending on the characteristics of the solidarity mechanism and the preferred resolution strategy as well as in accordance with the resolution plan, determine the means of compliance of the entity and the group eligible for resolution with the requirements of Subsection (4)-(13) of Section 67 and Subsection (1) of Section 68 in order to ensure that the group eligible for resolution complies with Subsections (1) and (2).

28/E. * Application of minimum requirement for own funds and eligible liabilities in the case of entities that are not eligible for resolution

***Section 68/B* ***

(1) * A non-eligible subsidiary which is an institution and whose parent undertaking is an entity eligible for resolution or a parent undertaking in a third country shall meet the requirements of Section 67 on an individual basis.

(1a) * The MNB, acting in its resolution function, may decide, after consultation with the Supervisory Authority, to apply the requirement determined in this Section to an entity referred to in Paragraphs *b)* and *c)* of Subsection (1) of Section 1 that is a subsidiary of an entity under resolution but is not itself an entity eligible for resolution.

(2) By way of derogation from Subsection (1), an EU parent undertaking that is not eligible for resolution and that is a subsidiary of third-country entities, shall meet the requirements determined in Sections 67 and 68 on a consolidated basis.

(3) A credit institution permanently linked to a central body that is not eligible for resolution and a central body that is not eligible for resolution as well as an entity eligible for resolution that is not subject to Subsection (3) of Section 68/A shall comply with Subsection (16)-(23) of Section 67 on an individual basis.

(4) In the cases specified in Subsections (1)-(3), the requirement specified in Subsection (1) of Section 62 shall be determined in accordance with Section 68/D and, where applicable, Section 29 on the basis of the requirements laid down in Section 67.

(5) The requirement determined in Subsection (1) of Section 62 can be met by the organisations specified in Subsection (1) by way of the following:

a) liabilities

aa) * that have been issued to and purchased by an entity eligible for resolution, either directly or through an entity in the same group that is eligible for resolution, or the powers exercised in accordance with Sections 74, 79 and 80 do not affect the subsidiary not eligible for resolution and the shareholder purchasing the liability is not a member of the group eligible for resolution;

ab) that meet the eligibility criteria determined in Article 72a of the Regulation (EU) No 575/2013, with the exception of Paragraphs *b)*, *c)*, *k)*, *l)* and *m)* of Article 72b(2) and Article 72b(3)-(5);

ac) that are subordinated in the ranking of ordinary insolvency proceedings to liabilities that do not fulfil the condition determined in Subparagraph *aa)* and are not eligible liabilities for the purposes of the own funds requirements;

ad) * for which the power to write-off or restructure which may be exercised under Sections 74, 79 and 80 in accordance with the resolution strategy of the group eligible for resolution does not affect the control that the entity eligible for resolution may exercise over the subsidiary that is not eligible for resolution;

ae) the acquisition of the ownership of which is not financed, directly or indirectly, by an entity subject to this Section;

af) for which neither the governing provisions expressly or implicitly indicate the call, redemption, repayment or, where applicable, early repurchase of the liability by an entity covered by this Section other than in the event of insolvency or liquidation of the entity, nor does the entity otherwise indicate this;

ag) in the case of which the governing provisions do not entitle the holder to claim payment in advance of the timetable for future payment of interest or principal, not including the insolvency or liquidation of an entity under this Section;

ah) in the case of which the level of interest or, where applicable, dividend payments that are due shall not be modified on the basis of the creditworthiness of the entity or its parent undertaking covered by this Section;

b) own funds which is

ba) Common Equity Tier I capital; or

bb) issued to and purchased by other entities in the same group eligible for resolution or issued to and purchased by entities that are not in the same group eligible for resolution and the power to write down or restructure does not affect the control that the entity eligible for resolution may exercise over the subsidiary eligible for resolution.

(5a) * The MNB, acting in its resolution function, shall authorise or may give general preliminary authorisation, at the request of the institution, for the call, redemption, repayment or repurchase of the liabilities provided for under Paragraph *a*) of Subsection (5), if the conditions of giving the authorisation or, depending on the request, the general preliminary authorisation for the call, redemption, repayment or repurchase of the liability instruments that may be written off or restructured determined in Articles 77 and 78a of Regulation (EU) 575/2013, including the liabilities as defined in Paragraph *a*) of Subsection (5) of Section 68/B, exist also in the event of the liability provided for in Paragraph *a*) of Subsection (5).

(6) The MNB, acting in its resolution function, may waive the application of the specific minimum requirement in the case of a subsidiary that is not an entity eligible for resolution if

a) both the subsidiary and the entity eligible for resolution have their registered office in the same member state and are members of the same group eligible for resolution;

b) * the entity eligible for resolution meets the requirements determined in Section 68/A;

c) * there is no current or foreseeable significant practical or legal impediment to the transfer of own funds or repayment of liabilities by the entity eligible for resolution to the subsidiary without delay, where Subsection (3) of Section 74 applies, in particular where the entity eligible for resolution has been subject to a resolution measure;

d) the entity eligible for resolution has demonstrated to the satisfaction of the Supervisory Authority the prudent management of the subsidiary and guarantees, with the approval of the Supervisory Authority, the liabilities of the subsidiary, or if the risks to the subsidiary are not significant;

e) the subsidiary is subject to the risk assessment, measurement and control procedures of the entity eligible for resolution;

f) the entity eligible for resolution holds more than 50 per cent of the voting rights attached to the shares in the capital of the subsidiary or has the power to appoint or remove from office the majority of the members of the management body of the subsidiary.

(7) In addition to Subsection (6), the MNB, acting in its resolution function, may waive the minimum requirement for a subsidiary that is not an eligible entity for resolution also if

a) both the subsidiary and the parent undertaking have their registered offices in the same member state and are members of the same group eligible for resolution;

b) the parent undertaking meets the requirement determined in Subsection (1) of Section 62 on a consolidated basis;

c) * there is no current or foreseeable significant practical or legal impediment to the parent undertaking's immediate transfer of own funds or repayment of liabilities to the subsidiary in the case of which Subsection (3) of Section 74 applies, in particular where the parent undertaking has been subject to a resolution measure or a right under Subsection (1) of Section 74 has been applied;

d) the parent company has demonstrated to the satisfaction of the Supervisory Authority the prudent management of the subsidiary and, with the approval of the Supervisory Authority, guarantees the obligations undertaken by the subsidiary, or if the risks related to the subsidiary are not significant;

e) the subsidiary is subject to the parent undertaking's risk assessment, measurement and control procedures;

f) the parent undertaking holds more than 50 per cent of the voting rights attached to the shares in the capital of the subsidiary, or has the right to appoint or remove from their office the majority of the members of the management body of the subsidiary.

(8) The MNB, acting in its resolution function, may allow the subsidiary to guarantee the requirement determined in Subsection (1) Section 62 in whole or in part by the entity eligible for resolution in the cases of Paragraphs *a*) and *b*) of Subsection (6), if the guarantee

a) reaches the amount of the requirement;

b) may be drawn when the subsidiary is unable to meet its liabilities that are due or when the circumstances described in Subsection (3) of Section 74 have been established;

c) is secured by a financial collateral arrangement amounting to at least 50 per cent of its amount;

d) meets the requirements determined in Article 197 of the Regulation (EU) No 575/2013 and is sufficient to cover the amount secured under Paragraph *c*) after appropriately conservative haircuts;

e) unencumbered and not used as security elsewhere;

f) has an effective maturity that meets the maturity criteria determined in Article 72c(1) of the Regulation (EU) No 575/2013; and

g) there is no legal, regulatory or operational impediment to the transfer from the entity eligible for resolution to the subsidiary concerned, even if the entity eligible for resolution has been placed in resolution.

(9) At the request of the MNB, acting in its resolution function, the entity eligible for resolution shall provide an independent, reasoned written legal opinion or otherwise demonstrate that paragraph *g*) of Subsection (8) is met.

28/F. * Exemption for central bodies and credit institutions permanently linked to a central body

Section 68/C *

The MNB, acting in its resolution function, may exempt central bodies or credit institutions permanently linked to a central body from the application of Article 68/B, in whole or in part, if

a) the credit institution and the central body are supervised by the Supervisory Authority and are members of the same group eligible for resolution;

b) * the central body and its permanently linked credit institutions are jointly and severally liable for their commitments or some of the commitments or liabilities of its permanently linked credit institutions are fully guaranteed by the central body;

c) the development of the minimum requirement for own funds and the minimum requirement for the total amount of the eligible liabilities, solvency and liquidity of the central body and of all permanently linked credit institutions is monitored jointly, on the basis of the consolidated accounts of these institutions;

d) in the case of the exemption of a credit institution permanently linked to a central body, the management of the central body is entitled to give instructions to the management of the permanently affiliated institutions;

e) the relevant group eligible for resolution meets the requirement determined in Subsection (3) of Section 68/A; and

f) there is no current or foreseeable significant practical or legal impediment to the immediate transfer of own funds or repayment of liabilities between the central body and the permanently affiliated credit institutions in the event of a resolution measure.

28/G. * Procedure for determining the minimum requirement for own funds and eligible liabilities

Section 68/D *

(1) * The MNB, acting in its resolution function, as the resolution authority of the entity eligible for resolution, as the group resolution authority if the former is different, or as the resolution authority responsible for the subsidiary subject to the requirement under Section 68/B, shall make its best efforts to reach a decision with the authorities concerned in a multilateral procedure

a) on the amount of the requirements for entities eligible for resolution to be met at the level of the group eligible for resolution; and

b) on the amount of the requirement to be met on an individual basis for the entity non-eligible for resolution belonging to a group eligible for resolution.

(2) The decision taken in a multilateral procedure, together with a full statement of reasons, shall ensure compliance with Section 68/A and Section 68/B, and the MNB, acting in its resolution function, as the resolution authority

a) of the entity eligible for resolution;

b) of the entity non-eligible for resolution belonging to a group eligible for resolution; or

c) * of the EU-level parent undertaking, if the EU-level parent undertaking is not an entity eligible for resolution of the same group eligible for resolution,

shall make it available to the entity concerned.

(3) If it is compatible with the resolution strategy and the entity eligible for resolution has not directly or indirectly purchased sufficient instruments to meet the requirements under Section 68/B, the decision taken in the multilateral procedure under this Section may provide that the requirements determined in Section 67 are to be met by the subsidiary in accordance with Section 68/B in part by means of instruments issued for and purchased by entities not belonging to the group eligible for resolution.

(4) Where the same global systemically important institution includes more than one entities eligible for resolution that qualify as global systemically important institutions, the MNB, acting in its resolution function, shall negotiate with the other relevant authorities and agree with them, in accordance with the resolution strategy of the global systemically important institution, on the application of Article 72e of the Regulation (EU) No 575/2013 and any remedies that in the case of the individual entity eligible for resolution shall be necessary to minimise or eliminate the difference between

a) the sum of the values determined for each entity eligible for resolution pursuant to Subsection (4) of Section 68 and determined in Article 12 of the Regulation (EU) No 575/2013; and

b) the sum of the values determined for the EU parent undertaking pursuant to Subsection (4) of Section 68 and determined in Article 12 of the Regulation (EU) No 575/2013

with the proviso that the amount under Paragraph *a*) shall not be less than the amount under Paragraph *b*).

(5) In the case of a correction under Subsection (4)

a) the correction may be made for the differences in the calculation of the total exposure value between the member states concerned by adjusting the level of the requirement; and

b) the correction shall not be applied to eliminate differences arising from exposures between groups eligible for resolution.

(6) If the consultations for a decision in the multilateral procedure within four months fail, Subsections (7)-(10) shall apply.

(7) If the decision in the multilateral procedure is not made within four months because there is disagreement on the requirement determined in Section 68/A applicable on a consolidated basis at the level of the group eligible for resolution, the MNB, acting in its resolution function, as the resolution authority of the entity eligible for resolution shall make a decision with a view to

a) the assessment of the relevant resolution authority of the entity non-eligible for resolution of the group eligible for resolution; and

b) * if the group resolution authority is not the resolution authority of the entity eligible for resolution, then the opinion of the group resolution authority.

(8) If, at the end of the four-month period, one of the resolution authorities concerned refers the case to the European Supervisory Authority (European Banking Authority) under Article 19 of the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, the MNB, acting in its resolution function, as the resolution authority of the entity eligible for resolution, shall postpone its decision until the EBA adopts a decision in accordance with Article 19(3) of the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 19 November 2010 establishing a European Supervisory Authority (European Banking Authority) amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC. Then the MNB, acting in its resolution function, may make its decision in accordance with that decision.

(9) After the expiry of the four-month period referred to in Subsection (8) or after the decision in the multilateral procedure, the case may no longer be referred to the EBA.

(10) If the EBA does not make a decision within one month of the date on which the case was referred to it, the MNB, acting in its resolution function, shall make the decision as the resolution authority of the entity eligible for resolution.

(11) If a decision under the multilateral procedure is not made within four months because there is a disagreement as to the level of the requirement under Section 68/B applicable to any entity of the group eligible for resolution on an individual basis, the MNB, acting in its resolution function, shall make a decision with a view to:

- a) the written express opinion and due consideration of the reservations of the resolution authority of the entity eligible for resolution; and
- b) where the group resolution authority is not the resolution authority of the entity eligible for resolution, the group resolution authority's written opinion and due consideration of its reservations.

(12) * If, at the end of the four-month period, the resolution authority of the entity eligible for resolution or the group-level resolution authority refers the case to the European Supervisory Authority (European Banking Authority) under Article 19 of the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, the MNB, acting in its resolution function, as the resolution authority of the subsidiary, shall postpone its decision until the EBA adopts a decision in accordance with Article 19(3) of the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 19 November 2010 establishing a European Supervisory Authority (European Banking Authority) amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC. Then the MNB, acting in its resolution function, may make its decision in accordance with that decision.

(13) After the expiry of the four-month period referred to in Subsection (12) or after the decision in the multilateral procedure, the case may no longer be referred to the EBA.

(14) The MNB, acting in its resolution function, as the resolution authority of the entity eligible for resolution or the group resolution authority may not refer the matter to the EBA for mandatory mediation if

- a) the deviation of the level determined by the resolution authority of the subsidiary from the requirement determined in Section 68/A does not exceed 2 per cent of the total risk exposure value of the risk-weighted assets calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013; and
- b) the level determined by the resolution authority of the subsidiary complies with Subsection (16)-(23) of Section 67.

(15) If the EBA does not take a decision within one month of the date on which the matter is referred to it, the MNB, acting in its resolution function, as the resolution authority responsible for the subsidiary, will make the decision.

(16) The decision made under the multilateral procedure, or any decision made in its absence, shall be regularly reviewed and updated as necessary.

(17) * If the decision in the multilateral procedure is not reached within four months because there is disagreement on the level of the requirement applicable to the group eligible for resolution on a consolidated basis or the level of the requirement applicable to the entities of the group eligible for resolution on an individual basis, the MNB, acting in its resolution function, shall decide

- a) on the level of the requirement applicable on an individual basis to the subsidiaries within the responsibility of the group eligible for resolution in accordance with Subsections (11)-(16);
- b) on the level of the requirement applicable on a consolidated basis in the case of entities eligible for resolution within its responsibility in accordance with Subsections (7)-(10).

(18) The decision made in the multilateral procedure determined in Subsections (1)-(3) or, in the absence thereof, the decision of the resolution authorities concerned as determined in Subsections (7)-(17) shall be binding on all resolution authorities concerned, with the proviso that during its review the provisions of Subsection (16) shall apply.

(19) * The MNB, acting in its resolution function, shall, in cooperation with the Supervisory Authority, require the entities to comply with the requirement under Subsection (1) of Section 62, monitor compliance with this requirement and regularly update its decision taking into account the development and updating of resolution plans.

28/H * . Supervisory reporting and disclosure of requirements

Section 68/E *

(1) An entity within the scope of Subsection (1) of Section 1, falling under the effect of Subsection (1) of Section 62, shall provide data to the Supervisory Authority and the MNB acting in its resolution function

- a) at least semi-annually on the amount of the eligible liability and the amount of own funds meeting the conditions determined in Paragraph b) of Subsection (5) of Section 68/B, and on the eligible liabilities as well as the deduction made from them in accordance with Articles 72e-72j of the Regulation (EU) No 575/2013;
- b) at least annually on the amount of liabilities that can be included in bail-in;
- c) at least annually on the composition and maturity structure of the items under Paragraphs a) and b), their classification in the event of insolvency proceedings, and, in the event they possibly belong under the effect of any third-country law, on their falling under the effect of Subsections (7) and (8) of Section 72 as well as under Article 52(1) (p) and (q) and Article 63 (n) and (o) of the Regulation (EU) No 575/2013 with the proviso that Paragraph b) shall not apply to entities whose own funds and eligible liabilities under Paragraph a) amount to 150 per cent of the amount specified in Subsection (1) of Section 62.

(2) At the request of the Supervisory Authority or the MNB, acting in its resolution function, the entity referred to in Subsection (1) shall provide data more frequently than specified in Subsection (1).

(3) The entity referred to in Subsection (1) shall make public at least once a year

- a) the amount of own funds and eligible liabilities meeting the conditions determined in Paragraph b) of Subsection (5) of Section 68/B;
- b) the composition, maturity structure and, in the case of insolvency proceedings, the classification of the items under Paragraph a);
- c) the requirement under Section 68/A or Section 68/B pursuant to Subsection (2) of Section 62.

(3a) * When applying resolution measures, the act of making public provided for in Subsection (3) shall apply starting from the deadline prescribed for meeting the requirements applying to Section 68/A and Section 68/B.

(4) This Section shall not apply to entities whose resolution plan provides only for liquidation under ordinary insolvency proceedings.

28/I. * Violation of the minimum requirement for own funds and eligible liabilities

Section 68/F *

(1) In the event of a violation of the minimum requirement for own funds and eligible liabilities pursuant to Section 68/A or 68/B, the Supervisory Authority or the MNB, acting in its resolution function, shall

- a) exercise the powers to address or remove the obstacles to resolvability;
- b) exercise the power pursuant to Section 15/A;
- c) apply the supervisory sanction;
- d) make early intervention action;
- e) apply the supervisory sanction and other administrative measures.

(2) The Supervisory Authority may also carry out an assessment as to whether, in accordance with Sections 17, 19 or 33, the institution or entity within the meaning of Paragraphs b) and c) of Subsection (1) of Section 1 is insolvent or likely to become insolvent.

(3) The MNB, acting in its resolution function, and the Supervisory Authority shall consult each other in the exercise of their respective powers as determined in Subsection (1).

29. Responsibilities regarding the holders of membership shares in respect of bail-in and write-off or restructuring of capital items

Section 69

(1) In applying bail-in, the MNB, acting in its resolution function, when writing down or restructuring capital elements

- a) shall cancel or transfer the securities representing existing membership shares to those involved in applying bail-in;
- b) * if, as a result of the independent assessment, the institution in resolution has a positive equity value, it shall dilute the liability eligible for bail-in, based on
 - ba) the procedure pursuant to Subsection (1) of Section 79 in relation to other instruments; or
 - bb) the provisions of Paragraph h) of Subsection (1) of Section 84.

(2) For the purposes of Paragraph b) of Subsection (1), the conversion rate shall be such that there is a significant dilution in respect of equity securities.

(3) The measures provided for in Subsection (1) shall also be implemented in respect of equity securities

- a) that have been converted from debt securities into equity securities and that have been restructured into equity securities in accordance with the contractual terms of the debt securities prior to the decision on the fulfilment of the resolution criteria;
 - b) * where the Additional Tier 1 and Tier 2 capital items have been converted into Tier 1 capital items in accordance with Article 79.
- (4) In its action under Subsection (1), the MNB, acting in its resolution function, shall consider
- a) the result of the independent valuation;
 - b) the value at the valuation of which the MNB, acting in its resolution function, has established the capital ratio for Common Equity Tier 1 capital for the purposes of Article 79; and
 - c) the sum of capital elements to be written down or restructured on the basis of Section 61.

(5) If the institution acquired a controlling influence under Sections 126-134 of the Credit Institutions Act and Sections 37-39 of the Investment Firms Act, the Supervisory Authority shall conduct the procedure as expeditiously as possible so as not to impede the bail-in, write-off or restructuring of capital elements.

(6) * If the procedure provided for in Subsection (5) was not completed before the application of the bail-in, write-off or restructuring, and the bail-in, write-off or restructuring resulted in the acquisition of a controlling interest or an increase in the size of a controlling interest, the procedure provided for in Subsection (3) of Section 39 shall be followed.

(7) * In the course of the bail-in and write-off or restructuring of capital elements, the MNB, acting in its resolution function, shall serve notices on the holders of securities included in the bail-in and equity securities by public notices.

30. Order of write-off and restructuring

Section 70

(1) When applying the bail-in, the MNB, acting in its resolution function, shall determine the liability items to be written down or restructured in accordance with this Section with the proviso that

a) it shall determine the amount of liability to be written down in order for the institution's own funds to be at least zero; and

b) once the value in Paragraph *a)* has been determined, it shall determine the amount of the liability components that need to be restructured to bring the institution's own funds to a level that makes it possible to meet the relevant prudential requirements and that is appropriate to achieve market confidence in the solvency of the institution, as assessed by the MNB in its resolution function.

(2) The MNB, acting in its resolution function, shall also take into account the contribution of the Resolution Fund in respect of Paragraph *b)* of Subsection (1).

(3) The MNB, acting in its resolution function, shall apply its powers of write-off or restructuring in the following order, taking into account Subsection (1) of Section 58 and Section 59:

a) the nominal value of the instruments constituting Common Equity Tier 1 items is written down to the extent of the losses to be recognised;

b) if the write-off under Paragraph *a)* is not sufficient to absorb losses, the value of the instruments constituting Additional Tier 1 capital shall be written down to the extent necessary to absorb the losses;

c) if the write-off under Paragraphs *a)* and *b)* is not sufficient to absorb the losses, the value of the instruments constituting Tier 2 capital items shall also be written down to the extent necessary to absorb the losses;

d) if the write-off under Paragraphs *a)*-*c)* is insufficient to absorb the losses and achieve the required level of own funds, the value of the instruments that qualify as subordinated loans and do not qualify as own funds shall be restructured into instruments that qualify as Tier 1 capital to the extent necessary to absorb the losses and achieve the required level of own funds; and

e) * if the write-off under Paragraphs *a)*-*d)* is not sufficient to cover the losses and achieve the required level of own funds, the other liabilities eligible for bail-in shall be written down in accordance with the order of loss absorption pursuant to Subsection (1) Section 57 of the Bankruptcy Act, taking into account the provisions of the Credit Institutions Act and the Investment Firms Act relating to liquidation proceedings and the derogations contained in this Act.

(4) In writing down or restructuring each item of capital or liability, the ownership share or claim of the owners or creditors ranking *pari passu* in the order of satisfaction under the Bankruptcy Act shall be written down or restructured to the same extent, except for liabilities exempted under this Act or by the MNB acting in its resolution function. The MNB, acting in its resolution function, shall apply different conversion rates to capital items or liabilities of different rankings in accordance with the provisions under Subsection (3).

(5) The conversion rate should adequately offset the financial loss incurred by the creditor concerned as a result of the write-off or restructuring of its claim, taking into account any losses to be recognised. A lower-ranking liability or equity item in the order of loss absorbency hierarchy shall be subject to a lower conversion rate than a higher-ranking liability or equity item.

(6) If the independent asset valuation following the provisional asset valuation shows that the write-off or restructuring made on the basis of the provisional asset valuation exceeded the necessary extent determined on the basis of the independent valuation, the MNB acting in its resolution function

a) may reverse the claim or the nominal value of equity instrument of the creditors or owners concerned;

b) may submit a proposal to the Resolution Fund's Board of Directors to indemnify the affected creditors or owners for their losses from the Resolution Fund.

(7) If any of the instruments referred to in Paragraphs *b)*-*d)* of Subsection (3) has contractual terms under which the principal amount of that instrument is to be written down or restructured into equity securities upon the occurrence of a predetermined event linked to the financial situation of the issuing institution or entity in particular its solvency or the level of its own funds, including convertible bonds within the meaning of the Civil Code, then before the measure referred to in Subsection (1) is applied

a) the MNB, acting in its resolution function, shall establish in a decision that this contractual condition related to the instrument has been fulfilled; and

b) the write-off measure provided for in Subsection (4) shall be applied to the securities written down or converted into equity securities in accordance with the contractual terms.

(8) If the principal amount of an instrument has been reduced to a non-zero amount in accordance with Subsection (1) on the basis of the condition determined in Subsection (7), the residual value of the principal amount shall be reduced to zero in accordance with Subsection (1) in the context of the write-off and restructuring.

31. Recovery and reorganisation following bail-in

Section 71

(1) * If the MNB acting in its resolution function has applied bail-in in accordance with Paragraph *a)* of Subsection (1) of Section 57 to an institution or a financial undertaking within the meaning of Section 1, the management board of that institution or financial undertaking shall prepare and submit a reorganisation plan to the MNB acting in its resolution function within 30 days of the entry into force of the MNB's decision on using bail-in.

(2) The MNB, acting in its resolution function, may appoint one or more natural persons, companies or the resolution commissioner to prepare and implement the reorganisation plan. The professional and incompatibility requirements applicable to the resolution commissioner shall also apply to the person preparing the reorganisation plan.

(2a) * If the MNB, acting in its resolution function, designates a natural person to prepare a reorganisation plan, it shall be entitled to process the identification data of that natural person in accordance with Annex 2 to the Credit Institutions Act for the duration of the mandate for the purpose of the smooth performance of its functions. The personal data of the natural person appointed to prepare the reorganisation plan may be disclosed to third parties only in the cases provided for by law.

(3) In the case of application of the state aid framework under Articles 107-109 of the Treaty on the Functioning of the European Union, the reorganisation plan must be in line with the EU state aid framework and it must be notified to the European Commission. The deadline for the preparation of the reorganisation plan shall be determined by the MNB, acting in its supervisory capacity, in such a manner to identify the longer of

a) 90 days, differently from Subsection (1); and

b) the period defined by the state aid framework under Articles 107-109 of the Treaty on the Functioning of the European Union.

(4) * If necessary for the achievement of the resolution objectives, the deadline determined in Subsection (1) may be extended by two months by the MNB acting in its resolution function upon the request of the institution or the financial undertaking specified in Section 1.

(5) Where the bail-in is applied to two or more undertakings in the group pursuant to Paragraph *a)* of Subsection (1) of Section 57, the EU parent undertaking shall prepare a reorganisation plan which shall cover all members of the group and shall be submitted by the EU parent undertaking to its resolution authority. If the resolution authority of the EU parent is the MNB, acting in its resolution function, the MNB, acting in its resolution function, shall send the reorganisation plan submitted by the EU parent to the other relevant resolution authorities and the EBA.

(6) Within thirty days of receipt of the reorganisation plan, the MNB, acting in its resolution function, shall assess it together with the Supervisory Authority and, if the long-term viability of the institution or financial undertaking within the meaning of Section 1 under resolution is deemed to be capable of being restored by the proposals contained in the plan, the MNB acting in its resolution function shall approve the reorganisation plan.

(7) If the MNB, acting in its resolution function, concludes, in agreement with the Supervisory Authority, that the reorganisation plan does not ensure the long-term viability of the institution or financial undertaking within the meaning of Section 1, it shall inform the management body with management powers of the institution or financial undertaking within the meaning of Section 1 under resolution or the person designated under Subsection (2) and shall request the management body or the person designated to amend the reorganisation plan, for which the management body or the designated person shall have 14 days.

(8) The MNB, acting in its resolution function, shall assess the reorganisation plan, as amended pursuant to Subsection (7), after consultation with the Supervisory Authority, within 7 days of its submission, and

a) approve it; or

b) return it for further amendment in accordance with Subsection (7)

with the proviso that, in the event of a second refusal, a new person shall be appointed to prepare the reorganisation plan.

(9) The management body with management powers of the institution or financial undertaking within the meaning of Subsection (1) under resolution or the person designated under Subsection (2) shall implement the approved reorganisation plan and submit a report on the results and the progress of implementation to the MNB, acting in its resolution function, at least every six months.

(10) If, on the basis of the report referred to in Subsection (9), the MNB, acting in its resolution function, considers, after consultation with the Supervisory Authority, that the reorganisation plan should be amended, it shall request the management body with management powers of the institution or financial undertaking referred to in Section 1 or the person designated in Subsection (2) to amend the reorganisation plan in accordance with Subsection (7).

32. Provisions ensuring the effectiveness and legal effect of bail-in

Section 72

(1) In order to ensure the legal effect of bail-in, a reduction in the value of, or a total write-off of a liability item as well as a restructuring or write-off of the amount payable under the liability, ordered by the MNB acting in its resolution function, shall be binding on the institution under resolution with immediate effect and shall have immediate effect on the owner and creditor concerned.

(2) In order to ensure the legal effect of the bail-in, the MNB, acting in its resolution function, shall be entitled to

- a) amend or cause to be amended the share register, the register of members and the central register of securities;
- b) the removal of securities from trading on a regulated market or admission to trading on a regulated market; and
- c) the re-admission to trading on a regulated market of securities whose value has been reduced by the MNB, acting in its resolution function, without the obligation to prepare and publish an issuer prospectus under the Act on Capital Markets.

(3) If the MNB, acting in its resolution function, writes down the value of a liability item to zero, the liability concerned and any accrued but unpaid or uncapped interest or any similar liability relating to it shall cease to exist by virtue of this Act and no claim may be brought in relation to it in any judicial or insolvency proceedings.

(4) If the MNB, acting in its resolution function, reduces the value of a liability item, but does not write it down to zero, the original instrument or contract that created the liability shall remain in force for the liability with the reduced value, taking into account any change in the interest rate on the reduced principal amount or any modification made by the MNB, acting in its resolution function, under Paragraph *h*) Subsection (1) of Section 84.

(5) * Without prejudice to the issuance of membership shares or other capital instruments required for the institution under resolution or the parent institution, the institution or the entity within the meaning of Paragraphs *b*) and *c*) of Subsection (1) of Section 1 shall hold an appropriate amount of own funds or core capital so that in the event that the MNB, acting in its resolution function, decides to exercise its powers under Subsection (1) of Section 84 against the institution or entity referred to in Paragraphs *b*) or *c*) of Subsection (1) of Section 1 or its subsidiary, then the institution or entity within the meaning of *b*) or *c*) of Subsection (1) of Section 1 is able to issue sufficient new equity securities to enable the actual implementation of the conversion of liabilities into membership shares.

(6) The MNB, acting in its resolution function, shall assess whether the requirement determined in Subsection (1) is fulfilled and whether it is appropriate

a) in respect of the resolution plan worked out for the institution or group;

b) * in respect of the reorganisation plan and whether it satisfies the cover of the sum of the values determined in Subsection (2a) of Section 61 and Paragraphs *b*) and *c*) of Subsection (4) of Section 69.

(7) * Any security or liability issued or incurred by an institution or entity within the meaning of Subsection (1) of Section 1-which is not exempt from the exercise of the power of write-off or restructuring, is not a deposit within the meaning of Paragraphs *a*) and *b*) of Subsection (1) of Section 57 of the Credit Institutions Act and is not governed by the law of an EEA State, and which is issued or incurred after the entry into force of this Act-shall contain a contractual term which

a) recognises that the liability concerned may be subject to the exercise of a write-off or restructuring power by the MNB, acting in its resolution function; and

b) consents to the exercise of the MNB's powers of write-off, cancellation or reorganisation in its resolution function.

(7a) * The MNB, acting in its resolution function may dispense with the application of the provisions delineated in Subsection (7) with respect to the institutions and the entities within the meaning of Subsection (1) of Section 1 for which the minimum requirement for own funds and liabilities that may be written off or restructured is equal to the amount of the loss incurred determined in accordance with this Act, provided that the liability complying with the provisions of Subsection (7), not stipulated under contract, is not taken into account in meeting the minimum requirement for own funds and liabilities that may be written off or restructured.

(7b) * The obligation of the contractual term within the meaning of Subsection (7) shall not be applied if the MNB, acting in its resolution function, establishes that the security or liability issued by an institution eligible for resolution or an entity within the meaning of Subsection (1) of Section 1 shall, on the basis of the law of a third country or an agreement concluded with a third country, fall within the write-off or restructuring power of the MNB, acting in its resolution function.

(8) * The institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 shall not be required to include the condition determined in Subsection (7) in the contractual terms of the security or liability if the MNB, acting in its resolution function, states in its decision that the agreement ensures the triggering of the legal effect of bail-in under this Act. At the request of the MNB acting in its resolution function, the institution wishing to issue a security or create a liability or the entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 shall provide a legal opinion for the MNB, acting in its resolution function, stating that the MNB may exercise its powers of write-off or restructuring in respect of the security or liability.

(8a) * If the institution or the entity within the meaning of Paragraphs *b*) and *c*) of Subsection (1) of Section 1 determines that there is an impediment to the inclusion of the condition determined in Subsection (7) in the contractual terms of the security or liability, it shall notify the MNB, acting in its resolution function, of this fact, specifying the liability and its class, and provide all data and information requested by the authority within a reasonable time to enable the authority to enforce the resolution objectives and assess the existence of the resolution conditions. Upon receipt of the notification by the MNB, the obligation to include the conditions determined in Subsection (7) in the contract shall be automatically suspended.

(8b) * The liabilities under Subsection (8a) shall not include unsecured liabilities arising from Additional Tier 1 and Tier 2 capital items or from debt securities within the meaning of Point 34a of Section 3. These liabilities shall rank prior to liabilities under Subsection (1) of Section 57 of the Credit Institutions Act and liabilities classified under Paragraphs *a*)-*d*) of Subsection (3) of Section 70 in the hierarchy applicable in liquidation proceedings.

(8c) * If the MNB, acting in its resolution function, determines that it is possible to incorporate the condition under Subsection (7) into a contractual provision, it shall issue a decision requiring the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 to incorporate the condition into a contract and may require it to modify its practice of exempting the contractual recognition of bail-in.

(8d) * If the MNB, acting in its resolution function, determines, in the course of assessing the resolvability of an institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1, that the proportion of liabilities not containing a condition under Subsection (7) or the proportion of liabilities excluded or likely to be excluded from the application of write-off or restructuring tools together exceeds 10 per cent of the total amount of eligible liabilities, it shall immediately assess the impact of this on the resolvability of the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1, including in particular the impact of the risk of non-compliance with creditor protection measures.

(8e) * If the MNB, acting in its resolution capacity, determines that the non-compliance with the obligation under Subsection (7) constitutes a significant impediment to the resolvability of the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1, then it shall be entitled to take the measures determined in Section 11 in order to address or remove the impediment.

(8f) * The MNB, acting in its resolution function, shall require institutions and entities within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 to submit to the MNB, acting in its resolution function, a legal opinion on the enforceability and validity of the condition determined in Subsection (7).

(9) Failure to comply with the obligation under Subsection (7) shall not prevent the MNB, acting in its resolution function, from applying bail-in to the instrument or liability concerned.

(9a) * Liabilities that do not contain a contractual condition as referred to in Subsection (7) shall not be taken into account when calculating the minimum requirements for own funds and eligible liabilities.

(9b) * If the MNB, acting in its resolution function, deems it necessary, it shall specify the categories of liabilities for which the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 may, at its discretion, determine that it is impossible to contractually impose the contractual term under Subsection (7).

(10) If the bail-in involves the acquisition of a qualifying holding, the relevant authorisation rules in the Credit Institutions Act and the Investment Firms Act shall apply, taking into account the fulfilment of the resolution objectives, until the deadline requested by the MNB, acting in its resolution function, from the Supervisory Authority.

Section 73

(1) At the same time as or after the resolution is ordered, the MNB, acting in its resolution function, shall be entitled to terminate derivative contracts and close out positions. Bail-in may only be applied after the positions have been closed out.

(2) If a liability arising from a derivative contract has been exempted from bail-in by the MNB, acting in its resolution function, the MNB, acting in its resolution function, shall not have to terminate or close out the relevant contract.

(2a) * The MNB, acting in its resolution function, shall apply appropriate methods to determine the value of categories of derivatives, including contracts subject to netting agreements.

(3) Where a derivative contract is subject to a netting agreement, the MNB, acting in its resolution function, the provisional valuation or the independent valuer appointed by the MNB shall, in the course of independent valuation, determine the net liability arising from the derivatives on the basis of the contractual terms of the netting agreement for the derivative concerned.

(4) When valuing a derivative, the MNB, acting in its resolution function, shall determine the date for which the derivative should be valued and compares the losses that could be incurred on the basis of the closing of the derivative and its being subject to bail-in and on the basis of the liquidation process.

CHAPTER VIII

Write-Off or Restructuring of Capital Items and Eligible Liabilities and the Government Financial Stabilisation Tool *

33. Write-off or restructuring of capital items and eligible liabilities *

Section 74

(1) * The MNB, acting in its resolution function, shall be entitled, under the circumstances and conditions determined in this Act, to write down the relevant capital items and eligible liabilities of an institution or a financial undertaking within the meaning of Subsection (1) of Section 1, and to convert them into membership shares of the institution.

(2) * The right to write down or restructure capital items and eligible liabilities shall be exercised by the MNB, acting in its resolution function, either alone or in conjunction with a resolution tool, if the resolution conditions are met.

(2a) * If the capital items and the eligible liabilities have been acquired indirectly by the entity eligible for resolution through another entity in the same group eligible for resolution, then, for the purposes of the actual passing on of losses and bail-in of the affected entity by the entity eligible for resolution, at the same time as the exercise of the right to write down or restructure capital items and eligible liabilities, the MNB, acting in its resolution function, shall exercise the same right at the level of the parent undertaking of the entity concerned or at the level of the other parent undertaking which is not an entity eligible for resolution.

(2b) * Following the exercise of the right to write down or restructure capital elements and eligible liabilities independently of the resolution instrument, an independent assessment as determined in Section 97 shall be carried out in application of Section 98 in order to protect the owners and creditors concerned.

(2c) * The exercise of the right to write down or restructure capital elements and eligible liabilities independently of the resolution instrument, can only be exercised in respect of eligible liabilities that-except for the condition regarding the remaining maturity of the liabilities determined in Article 72c(1) of the Regulation (EU) 575/2013-meet the conditions determined in Paragraph *a*) Subsection (5) of Section 68/B of this Act with the proviso that the exercise of the right shall not result in any holder or creditor incurring a loss greater than that which it would have incurred if the institution or an entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 had been liquidated.

(2d) * If a resolution tool is applied to an entity eligible for resolution or-in exceptional circumstances by derogation from the resolution plan-to an entity which is not an entity eligible for resolution, then, in the calculations of the thresholds applicable to the entity concerned under Subsection (5) of Section 34, Paragraph *a*) of Subsection (2) of Section 60 or Paragraph *a*) of Subsection (5) of Section 60, the amounts reduced, written down or restructured in accordance with Subsection (1) of Section 79 at the level of that entity shall be taken into account.

(3) * The MNB, acting in its resolution function, may exercise its right of write-off or restructuring in respect of the relevant capital item issued by an institution or a financial undertaking within the meaning of Subsection (1) of Section 1 and of an eligible liability under Subsection (2c) *

a) * if it finds that the institution or financial undertaking within the meaning of Subsection (1) of Section 1 will no longer be viable unless it exercises the right to write down or restructure the relevant capital items and eligible liabilities under paragraph (2c);

b) in the case of capital instruments issued at the level of the parent undertaking, if these capital items are recognised by the Supervisory Authority as meeting the own funds requirements at the level of the parent undertaking on an individual or consolidated basis and the MNB, acting in its resolution function, determines that the group will no longer be viable unless the right to write-off or restructuring is exercised in relation to those instruments;

c) * in the case of relevant capital items issued at the level of the subsidiary, if

ca) these capital elements are recognised by the competent supervisory authority for the purposes of meeting the own funds requirements on an individual and consolidated basis; and

cb) the authority authorised to write down or restructure capital items at the location where the authority exercising consolidated supervision is established and the MNB, acting in its resolution function determine, in the context of a multilateral procedure pursuant to Subsections (5) and (6) of Section 32, that the group will no longer be viable in the absence of the exercise of the right to write down or restructure capital items in respect of the instruments in question;

d) * if the institution or a financial undertaking within the meaning of Subsection (1) of Section 1 applies for extraordinary state financial assistance; or

e) * during the state capital increase provided for in this Act.

(4) An institution or group shall cease to be viable for the purposes of Subsection (3) if

a) the institution or group is insolvent or, on the basis of available information, is likely to become insolvent; and

b) * taking into account the timing and other relevant circumstances, there is no reasonable prospect that the insolvency of the institution or group could be prevented within a reasonable period of time by any measure other than the write-off or restructuring of its capital and its eligible liabilities, whether applied alone or in combination with a resolution measure, in particular by a voluntary institution protection fund, a mandatory institution protection organisation or another market participant, or by a supervisory measure or extraordinary measure.

(5) For the purposes of Paragraph *a*) of Subsection (4), a group shall be considered to be insolvent or likely to become insolvent on the basis of available information if the group is in breach, or where it can be concluded on the basis of objective factors that it would be in breach in the near future, but no later than 12 months, of the prudential requirements on a consolidated basis which would justify action by the Authority, because the group has incurred or is likely to incur losses which have totally or substantially eroded its own funds.

(6) * If the relevant capital instruments or the eligible liabilities pursuant to Subsection (2c) are taken into account for the purpose of meeting the requirement under Subsections (1)-(4) of Section 68/B, the resolution authority of the EEA State in which the institution or the entity under Paragraphs *b*) or *c*) of Subsection (1) of Section 1 is authorised shall be responsible for making the statements determined in Subsection (3).

Section 75

(1) The Additional Tier 1 and Tier 2 capital items issued by a subsidiary may not be written down or restructured pursuant to Paragraph *b*) of Subsection (3) of Section 74 to a greater extent than the capital items of the same class at the parent level have been written down or restructured.

(2) The MNB, acting in its resolution function, shall be obliged to exercise its power to write down or restructure capital instruments if the conditions determined in Paragraphs *c*) or *d*) of Subsection (3) of Section 74 are fulfilled.

34. Rate of conversion of liabilities into Common Equity Tier 1 capital *

Section 76

(1) * When exercising the powers determined in Paragraph *e*) of Subsection (1) of Section 84, the MNB, acting in its resolution function, may apply different conversion rates to different categories of capital items in accordance with Subsections (2) and (3).

(2) The MNB, acting in its resolution function, shall compensate the holder of the relevant capital item for the losses resulting from the application of the write-off and restructuring powers, to the extent corresponding to the conversion rate.

(3) If the MNB, acting in its resolution function, applies different conversion rates in accordance with Subsection (1), the conversion rate applicable to senior liabilities shall be higher than the conversion rate applicable to subordinated liabilities.

35. Treatment of owners when writing down or restructuring capital items

Section 77

(1) When writing down or restructuring capital items, the MNB, acting in its resolution function, may withdraw or dilute the membership shares in the institution.

(2) The measures provided for in Subsection (1) shall also be taken in respect of membership shares which were issued or transferred after

a) the restructuring of debt instruments into membership shares; or

b) the restructuring of Additional Tier 1 and Tier 2 capital items into Common Equity Tier 1 items in accordance with Section 79.

(3) The conversion of the capital element referred to in Paragraph *a*) of Subsection (2) shall take place if the conversion is made in connection with the occurrence of an event which, according to the contractual terms of the original debt instrument, occurred before or at the same time as the resolution of the institution was ordered.

(4) If the restructuring of the capital elements resulted in the transferee acquiring a qualifying holding in an institution or increasing its qualifying holding, the Supervisory Authority, acting ex officio, shall conduct the authorisation procedure for the acquisition of a qualifying holding within a timeframe that does not delay the restructuring of the capital items and does not prevent the resolution objectives from being achieved through the resolution measures.

(5) If the Supervisory Authority does not complete the authorisation procedure pursuant to Subsection (4) by the date of the restructuring of the capital items, the provisions of Subsection (3) of Section 39 shall apply in all cases where, as a result of the restructuring of capital items, a transferee acquires a qualifying holding or increases the size of its qualifying holding.

36. Independent valuation before writing down or restructuring of capital items and of eligible liabilities *

Section 78

The independent valuation provided for in Subsection (1) of Section 22 shall be the basis of

a) * the determination of the value of the write-off to be applied to the relevant capital items and to the eligible liabilities in order to absorb losses;

b) * the calculation of the conversion rate to be applied to the Additional Tier 1 and Tier 2 capital and to the eligible liabilities in order to recapitalise the institution; and

c) the determination of the rate of increase of the state capital increase provided for in this Act.

37. Provisions governing the writing down and restructuring of capital items and eligible liabilities *

Section 79

(1) In implementing the provisions determined in Sections 74-78, the MNB, acting in its resolution function, shall exercise its right of write-off or restructuring in such a way to be consistent with the hierarchy of claims applicable in liquidation proceedings; and

a) first, the amount of instruments constituting Common Equity Tier 1 capital shall be reduced in proportion to the loss, up to the extent of the capacity of the loss-absorbing entity;

b) the MNB, acting in its resolution function, shall implement the measure determined in Subsection (1) of Section 77 in respect of the holders of Common Equity Tier 1 capital items;

c) the amount of Additional Tier 1 and Tier 2 capital items shall be written down or restructured into Common Equity Tier 1 capital to the extent necessary and up to the loss-absorbing capacity of the Additional Tier 1 and Tier 2 capital items;

d) * the capital amount of eligible liabilities under Subsection (2c) of Section 74 shall be written down or restructured into Common Equity Tier 1 capital or both shall occur to the extent necessary to achieve the resolution objectives or to the extent of the eligible liabilities, whichever is less.

(2) * If a relevant item of capital or an eligible liability under Subsection (2c) of Section 74 is written off, then

- a)* the reduction shall be permanent, assuming any write-off in accordance with the compensation mechanism determined in Subsection (3) of Section 61;
 - b)* no liability corresponding to or relating to the amount written down may remain owed to the owners of the relevant capital item or eligible liability pursuant to Subsection (2c) of Section 74, except for liabilities already open at the time of the write-off and liabilities relating to damages which may arise as a result of a final judgment in a lawsuit concerning the legality of the exercise of the right to write off; and
 - c)* the holders of the capital items and liabilities concerned shall not be entitled to any compensation other than the compensation in the form of an issue in accordance with Subsection (3).
- (3) * For the purpose of restructuring in accordance with Paragraphs *b)*, *c)* and *d)* of Subsection (1) of the relevant capital item and of the eligible liabilities under Subsection (2c) of Section 74, the MNB, acting in its resolution function, may require the institution or entity within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1 to issue Common Equity Tier 1 capital items to the holders of the relevant capital items and the eligible liabilities. The relevant items of capital and the eligible liabilities may be restructured only if
- a)* the relevant Common Equity Tier 1 capital items are issued by the institution or the parent undertaking of the institution, with the agreement of the Supervisory Authority or, where applicable, the competent supervisory authority of the parent undertaking;
 - b)* the Common Equity Tier 1 capital elements are issued before the institution issues membership shares for the purpose of increasing the state capital increase;
 - c)* the Common Equity Tier 1 capital items are allocated and transferred immediately after the exercise of the right of restructuring; and
 - d)* the conversion rate determining the amount of Common Equity Tier 1 capital provided in respect of each relevant capital item or each eligible liability complies with the principles determined in Section 76 and the guidelines on conversion rates issued by the EBA in accordance with Article 16 of the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC.
- (4) * For the purposes of making Common Equity Tier 1 capital available in accordance with Subsection (3), the MNB, acting in its resolution function, may require the institution or financial undertaking within the meaning of Subsection (1) of Section 1 to hold at all times the necessary prior authorisation to issue sufficient Common Equity Tier 1 capital.

38. Application on a consolidated basis and determination procedure

Section 80

- (1) * Before making a determination pursuant to Paragraphs *a)-c)* or *e)* of Subsection (3) of Section 74 with respect to a subsidiary issuing relevant capital items for the purpose of meeting the requirement determined in Section 68/B on an individual basis or issuing eligible liabilities pursuant to Subsection (2c) of Section 74 or relevant capital items eligible for the purpose of meeting the own funds requirements on an individual or consolidated basis, the MNB, acting in its resolution function, shall
- a)* when considering the determination under Paragraphs *a)-c)* or *e)* of Subsection (3) of Section 74, within 24 hours of consulting the resolution authority of the concerned entity eligible for resolution, notify
 - aa)* the consolidating supervisory authority and, if different, the authority entitled to make the findings under Subsection (3) of Section 74 of the EEA State in which the consolidating supervisory authority is established;
 - ab)* the resolution authority of another entity belonging to the same resolution group which has directly or indirectly purchased liabilities described in Subsection (5) of Section 68/B from an entity under the effect of Subsections (1)-(4) of Section 68/B;
 - b)* when considering the determination under point *c)* of Subsection (3) of Section 74, shall immediately notify the supervisory authority of the institution or entity under Paragraphs *b)* or *c)* of Subsection (1) of Section 1 issuing relevant capital items in respect of which write-off or restructuring powers are to be exercised, if such a determination is made, and-if it is another authority-the resolution authority of the EEA State in which the supervisory authority and the consolidating supervisory authority are situated.
- (2) The MNB, acting in its resolution function, shall state the reasons for its determination in the notification under Subsection (1).
- (3) * If a notification under Subsection (1) has been made, the MNB acting in its resolution function in accordance with Subparagraph *aa)* of Paragraph *a)* or Paragraph *b)* of Subsection (1) shall assess, after consulting the competent supervisory authority
- a)* whether there is a different, alternative measure to the exercise of the right of write-off or restructuring under Section 74;
 - b)* if such an alternative measure is available, whether its application is feasible;
 - c)* if the application of such an alternative measure is feasible, whether there is a realistic prospect that such a measure would remedy within a reasonable time the circumstances which would otherwise require a determination under Section 74.
- (4) For the purposes of Subsection (3), the alternative measures shall be:
- a)* the measures of the Supervisory Authority; or
 - b)* contribution of resources or capital from the parent company.
- (5) If, after consultation with the competent supervisory authorities notified under Subsection (3), the MNB acting in its resolution function establishes that no alternative measure is available that leads to the outcome referred to in Paragraph *c)* of Subsection (3), it shall decide whether the determination under Section 74 is appropriate.

39. Government financial stabilisation tool

Section 81

- (1) In the event of a systemic crisis, the governor of the MNB shall inform the minister responsible for the regulation of the financial, capital and insurance markets if the resolution measures applied by the MNB, in its resolution function, have not achieved the objective of resolution and there is no reasonable prospect that further resolution measures will achieve it.
- (2) The information specified in Subsection (1) shall include:
- a)* the current solvency and liquidity situation of the institution under resolution;
 - b)* the supervisory measures and extraordinary measures taken and the resolution measures applied;
 - c)* the main findings of the independent valuation, in particular the institution's current equity value per member share; and
 - d)* the objectives of the resolution.
- (3) * On the basis of the information received under Subsection (1), the minister responsible for the regulation of the financial, capital and insurance markets may decide in a decision that a State financial stabilisation tool is to be applied if he or she has established that
- a)* additional resolution measures would not be sufficient to avoid significant adverse effects on the financial intermediary system;
 - b)* the application of additional resolution measures would not be sufficient to protect the public interest if the institution under resolution already benefited from the MNB's emergency liquidity facility earlier; or
 - c)* with regard to the temporary public ownership tool, the application of resolution tools is not sufficient to protect the public interest if institution already received public equity support earlier
- with the proviso that before taking its decision it shall consult the MNB, acting in its resolution function, the MNB, acting in its central bank function and the Supervisory Authority with regard to Paragraph *a)*, the MNB, acting in its resolution function with regard to Paragraph *b)* and the Supervisory Authority and the MNB, acting in its resolution function, with regard to Paragraph *c)*.
- (4) The government financial stabilisation tool may involve
- a)* an increase in the capital of the institution, financial holding company, mixed financial holding company or mixed-activity holding company with a registered office in Hungary and subject to reorganisation; or
 - b)* the temporary nationalisation of members' holdings in the institution, financial holding company, mixed financial holding company or mixed-activity holding company with a registered office in Hungary and subject to reorganisation.
- (5) * In the case of an appeal against the decision referred to in Subsection (3), the provisions on appeals against a decision ordering resolution shall apply, except that where Chapter XIII refers to the MNB, acting in its resolution function, it shall be understood to mean the minister responsible for the regulation of the financial, capital and insurance markets.
- (6) The repeal of the decision as provided for in Subsection (3) shall not affect the validity of transactions carried out on or before the date of notification of the judgment of the court or tribunal on the basis of the decision repealed.
- (7) Following the decision provided for in Subsection (3), the government shall decide on the application of the state financial stabilisation tool on the basis of a proposal by the minister responsible for the regulation of the financial, capital and insurance markets.
- (8) The minister responsible for the regulation of the financial, capital and insurance markets shall have all the powers granted in Chapter IX to the MNB, acting in its resolution function, when applying the government financial stabilisation tool.

Section 82

- (1) Capital increases under the government financial stabilisation tool can be made through Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.
- (2) The increase in capital approved by the government shall be implemented on behalf of the state by the minister responsible for the supervision of state property through the Hungarian National Asset Management Inc. (Magyar Nemzeti Vagyongkezelő Zrt.), on the basis of this Act, at the expense of the central budget. The capital increase may be effected by means of a cash contribution or the provision of State securities. The capital increase shall be charged as budgetary expenditure to the chapter of the central budget containing expenditure on State property, by which the planned expenditure of the chapter may be exceeded.
- (3) The institution, financial holding company, mixed financial holding company or mixed-activity holding company shall not pay dividends, interest or coupon payments to holders of equity instruments not owned by the State until the State sells its membership interests acquired under the Government financial stabilisation tool.

Section 83

(1) In the case of temporary nationalisation under the Government financial stabilisation tool, member holdings in an institution, financial holding company, mixed financial holding company, mixed-activity holding company, etc. under resolution, with a registered office in Hungary, shall be transferred to the state or to a company wholly owned by the state.

(2) The minister responsible for the regulation of the financial, capital and insurance markets shall be entitled to exercise ownership rights in the event of a transfer to the state.

(3) In the event of a temporary nationalisation, the rules in respect of the sale of business shall apply, except that where this Act refers to the MNB, acting in its resolution function, it shall be understood to mean the minister responsible for the regulation of the financial, capital and insurance markets.

(4) During a state recapitalisation or temporary nationalisation it shall be ensured that the institution or financial undertaking within the meaning of Subsection (1) of Section 1 operates on a commercial basis and that the role of the state as the owner of capital elements is taken over by market participants through a public tender at the earliest possible time on the basis of the private market investor principle.

CHAPTER IX

Resolution Entitlements

40. General entitlements

Section 84

(1) The MNB, acting in its resolution function shall be entitled to

- a)* require the institution to provide all information not available to the Supervisory Authority that is necessary for the preparation of the resolution measure, including updating and completing the information provided for the resolution plan and requesting information to be provided during on-site investigations;
- b)* exercise controlling influence over the institution under resolution and to exercise the rights and privileges of the owners and management of the institution under resolution under this Act;
- c)* transfer membership shares issued by the institution under resolution;
- d)* reduce the amount of capital or the amount due, including to zero, in respect of the eligible liabilities of the institution under resolution;
- e)* * convert the liabilities eligible for bail-out of the institution under resolution into membership shares of the institution or financial undertaking within the meaning of Subsection (1) of Section 1, parent institution concerned with the resolution or bridge institution to which the assets, rights and obligations of the institution have been transferred;
- f)* * reduce the nominal value of debt securities issued by the institution under resolution, including to zero, and to withdraw or write down such debt securities;
- g)* require the institution under resolution or the parent institution involved in the resolution to issue new membership shares or other capital items, including preference shares and contingent convertible instruments;
- h)* * modify the maturity of the debt securities issued by or the liabilities eligible for bail-in of the institution under resolution, the amount of interest payable or the date on which interest becomes due, including by temporarily suspending payment;
- i)* * close out or terminate a financial contract or any other derivative contract for the purpose of applying the provisions of Section 73;
- j)* replace the management of the institution under resolution;
- k)* * transfer certain rights, assets and liabilities of the institution under resolution to another entity with the consent of that other entity;
- l)* * suspend payments or the performance of obligations arising from contracts entered into by the institution or entity within the meaning of Paragraphs *b)* or *c)* of Subsection (1) of Section 1 prior to being placed under resolution, after consulting the Supervisory Authority.

(2) The MNB, acting in its resolution function, may exercise the resolution entitlements determined in Subsection (1) separately or in combination.

(2a) * When applying the resolution tools and exercising the resolution entitlements, the MNB, acting in its resolution function

- a)* shall not require the approval or consent of any other person, unless otherwise provided by this Act;
- b)* may, unless otherwise provided in this Act, exercise its right without regard to the legal requirements for prior information of any person, including the requirements for notification or publication of an information booklet or the filing or registration of any document with other authorities.

(2b) * Paragraph *b)* of Subsection (2a) shall not affect the notification requirements under the EU state aid framework.

(3) If, in the case of an institution covered by this Act, any of the entitlements listed in Subsection (1) cannot be applied to the institution because of its special legal form, the MNB, acting in its resolution function, may apply a measure which is the most similar in effect.

41. Additional entitlements

Section 85

(1) The MNB, acting in its resolution function, shall be entitled to

- a)* * transfer the financial instruments, assets, liabilities, rights and obligations of the institution under resolution free of encumbrances with a view also to Sections 100 and 101;
- b)* suspend or terminate the right of an institution under resolution to acquire further membership shares;
- c)* * request the competent body or authority to suspend or remove a financial instrument from admission to trading or trading on a regulated market;
- d)* declare that the transferee is to be considered the successor in title to any or all rights and obligations of the institution under resolution or to any or all actions taken by the institution under resolution, including any rights and obligations relating to the participation in the market infrastructure;
- e)* obligate the institution under resolution and the transferee to provide each other with information and support; and
- f)* cancel or amend the terms of any contract to which the institution under resolution is a party, and
- g)* designate the transferee as the contractual successor.

(2) The MNB, acting in its resolution function, may exercise the powers determined in Subsection (1) if it considers that they are necessary to ensure the effectiveness of the resolution measure or to achieve one or more of the resolution objectives.

(3) * In the exercise of its resolution powers, the MNB, acting in its resolution function, may apply business continuity measures as are necessary to ensure the effectiveness of the resolution measure and the ability of the transferee to operate the transferred business, including that

- a)* it may replace the institution under resolution with the transferee in respect of any transferred financial instrument, right, asset or obligation of the institution under resolution, in any contract in which the institution under resolution is expressly or implicitly included, in order to ensure continuity;
- b)* it may initiate in any legal proceeding relating to any transferred financial instrument, right, asset or liability of the institution under resolution to replace the institution in resolution with the transferee, on the basis of which the replacement shall be effected.

(4) The rights provided for in Paragraph *d)* of Subsection (1) and in Subsection (3) shall not affect

- a)* the right of the employee of the institution under reorganisation to terminate his or her contract of employment;
- b)* with a view also to Sections 89-91, the right of a party to a contract to exercise its rights under the contract, including the right to terminate the contract, if it is entitled to do so in accordance with the terms of the contract by reason of an act or omission of the institution under resolution before the transfer or of the transferee after the transfer.

42. Right to require the provision of a service or facility

Section 86

(1) * The MNB, acting in its resolution function, may require the institution under resolution or the undertaking in the same group as the institution under resolution, including where the institution under resolution or the undertaking in the group concerned has been subject to liquidation proceedings following resolution, to provide the transferee institution with all the services and the use of all facilities that are necessary to enable the transferee to operate the transferred business activity.

(2) The services and facilities defined in Subsection (1) are limited to operational services and facilities and do not include any form of financial support.

(3) The provision of the services and facilities referred to in Subsection (1) shall be subject to the following conditions:

- a)* where the services and facilities were provided to the institution under resolution on the basis of an agreement immediately before the resolution measure, then, during the period of the agreement, under the same conditions;
- b)* if Paragraph *a)* does not apply, under reasonable conditions.

(4) * The MNB, acting in its resolution function, may apply the sanctions provided for in this Act to the obligor that violates the requirement under Subsection (1).

43. Entitlements related to assets in third countries

Section 87

(1) If a resolution measure taken by the MNB, acting in its resolution function, involves a measure affecting assets located in a third country or membership interests or rights or obligations under the law of a third country, the MNB, acting in its resolution function, may require that

- a)* the person exercising control over the institution under resolution and the transferee take all the steps that are necessary to give effect to the transfer, write-off, restructuring or measure;

b) the person who has a controlling interest in the institution under resolution holds the membership interests, assets, liabilities, resources or rights and meets the obligations on behalf of the transferee until the transfer, write-off, restructuring or measure takes effect;

c) the reasonable costs legitimately incurred by the transferee in taking the measures provided for in Paragraphs a) and b) are reimbursed, in accordance with the rule of law issued pursuant to this Act, in one of the ways provided for in Section 35.

(2) If the MNB, acting in its resolution function, transfers or intends to transfer membership shares, rights or obligations of an institution to another entity, but part of the membership shares, rights or obligations transferred or intended to be transferred are located in a third country, or a part of the membership shares, rights or obligations transferred or intended to be transferred are governed by the law of a third country, the MNB, acting in its resolution function, may require that the other person exercising a controlling influence over the institution in resolution and the transferee are subject to the conditions determined in Section (1).

(3) * If the MNB, acting in its resolution function, considers that, despite having taken all necessary steps, it is highly unlikely that the transfer, write-off, restructuring or measure will become effective in relation to the property located in a third country or membership share subject to the law of a third country, it may not proceed with the transfer, write-off, restructuring or measure. For the purposes of the completeness of the execution of the measure ordered, the order for the measure shall be deemed to be void with respect to the assets, shares or other instruments, rights or obligations representing the membership share concerned.

43/A. * Measures taken by the resolution authority of another EEA State

Section 87/A *

(1) If the resolution authority of another EEA State makes a valid and final decision under the law of the member state of the resolution authority in respect of the transfer of a membership share, asset, liability, right or obligation to which Hungarian law applies in the application of the sale of business, the transfer shall be deemed valid under Hungarian law even if the transfer based on the decision of the resolution authority of the other member state would otherwise not be valid under Hungarian law.

(2) A declaration of invalidity of a transfer based on a decision pursuant to Subsection (1) may not be sought on the ground that the transfer is not valid under Hungarian law.

Section 87/B *

(1) * If the resolution authority of another EEA State exercises its power of write-off or restructuring in respect of liabilities eligible for bail-in, including its application in relation to capital items under Section 74, in respect of liabilities or relevant capital items of an institution under resolution which are

a) instruments or liabilities subject to Hungarian law; or

b) liabilities to Hungarian creditors,

the principal amount of such instruments or liabilities shall be reduced in accordance with the valid and final decision of the resolution authority of the other EEA State, or the rights or liabilities shall be restructured in accordance with the decision of the resolution authority of the other EEA State, even if the write-off or restructuring based on the decision of the resolution authority of the other EEA State would not otherwise be valid under Hungarian law.

(2) The establishment of the invalidity of a capital reduction or restructuring based on a decision pursuant to Subsection (1) may not be sought on the ground that the capital reduction or restructuring is not valid under Hungarian law.

Section 87/C *

The law of the State of the resolution authority shall apply

a) to the right of shareholders, creditors and third parties to appeal against a decision on a transfer pursuant to Subsection (1) of Section 87/A;

b) to the right of creditors to appeal against a decision to reduce or restructure the amount of capital pursuant to Subsection (1) of Section 87/B;

c) to the guarantees pursuant to Sections 99-102 relating to the partial transfer of membership shares, assets, liabilities, rights or obligations pursuant to Subsection (1) of Section 87/A.

44. Exclusion of certain contractual terms in the course of resolution

Section 88

(1) * The application of resolution measures, and the occurrence of any event directly related to the application of such measures, shall not in itself be recognised as a valid enforcement or insolvency proceeding under the Settlement Finality Act if the substantive obligations under the contract, including payment and delivery obligations and the provision of security, continue to be performed.

(2) The application of resolution measures, and the occurrence of any event directly linked to the application of such measures, shall not allow:

a) * the exercise of any right of termination, suspension, netting or set-off against each other; including

aa) in respect of contracts entered into by a subsidiary where performance of the obligations under the contract is guaranteed or otherwise supported by the parent undertaking or a group undertaking;

ab) in respect of contracts with a party belonging to the same group as the institution which contain a provision giving entitlement to termination in the event of default;

b) * the taking possession of, the exercise of a controlling influence over, or the enforcement of a right in security in respect of the asset which secures the contract of the institution or financial undertaking within the meaning of Subsection (1) of Section 1 of this Article containing provisions giving entitlement to termination in the event of default;

c) * the influencing of the rights of the concerned institution or financial undertaking within the meaning of Subsection (1) of Section 1 or of any member of a group under any contract containing provisions giving entitlement to termination in the event of default;

provided that the substantive obligations under the contract, including payment and delivery obligations and the provision of security, continue to be performed.

(3) The provisions of this Section shall be without prejudice to the right of persons to exercise their rights under Subsection (2) if such right arises as a result of an event other than the resolution measure or any event directly related to the application of such measure.

(4) The suspension or limitation under Sections 89-91 shall not constitute non-performance of contractual obligations for the purposes of Subsections (1) and (2).

(5) The provisions of this Section shall constitute mandatory provisions within the meaning of Article 9 of the Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations (Rome I).

(6) A resolution procedure in a third country recognised under this Act shall constitute a resolution measure for the purposes of this Section.

45. Right to suspend certain obligations

Section 89

(1) * The MNB, acting in its resolution function, shall be entitled to suspend payments or performance of obligations under contracts to which the institution under resolution or the entity within the meaning of Subsection (1) of Section 1 is a party, after consulting the Supervisory Authority, if

a) the Supervisory Authority establishes that the institution or the entity within the meaning of Subsection (1) of Section 1 is insolvent or is likely to become insolvent pursuant to Paragraph a) of Subsection (1) of Section 17;

b) the circumstances described in Paragraph b) of Subsection (1) of Section 17 exist;

c) the suspension of obligations is necessary in order to prevent further deterioration in the financial situation of the institution under resolution or the entity within the meaning of Subsection (1) of Section 1; and

d) the suspension of the obligations is necessary for the determination of the public interest pursuant to Paragraph c) of Subsection (1) of Section 17, for the selection of an appropriate resolution tool or for the effective provision of the resolution tool.

(1a) * The MNB, acting in its resolution function, shall exercise its power to suspend liabilities taking into account all the circumstances of the case, in particular the possibility of extending the suspension to the part of the deposit that is subject to the obligation to indemnify, to deposits held by natural persons and to deposits held by micro, small and medium-sized enterprises.

(1b) * The duration of the suspension shall be as short as possible, i.e. it shall not exceed the minimum period necessary for the MNB, acting in its resolution function, to determine the circumstances determined in Paragraphs c) and d) of Subsection (1), and that shall not exceed the period from the publication of the notice pursuant to Subsection (4) of Section 114 until midnight on the business day following the publication.

(1c) * At the end of the period of suspension, the suspension of obligations is automatically lifted.

(2) If the payment or delivery obligation is due during the period of suspension, it shall become due at the end of the suspension period.

(3) If the contractual payment or delivery obligations of an institution under resolution are suspended under Subsection (1), the institution under resolution shall also suspend the payment and delivery obligations of its counterparties under the same contract for the same period.

(4) * The suspension referred to in Subsection (1) shall not apply to payment and delivery obligations to designated systems or system operators for the purposes of the Settlement Finality Act, to central contracting parties authorised in an EEA State pursuant to Article 14 of the Regulation (EU) No 648/2012, to third-country central contracting parties recognised by the European Securities and Markets Authority pursuant to Article 25 of the Regulation (EU) No 648/2012 and to central banks.

(5) * In exercising the right to suspend payment or delivery obligations under Subsection (1), the MNB, acting in its resolution function, shall take into account the impact on the orderly functioning of financial markets, the relevant legal, supervisory and judicial provisions, in order to ensure that creditors' rights and the equal treatment of creditors in ordinary insolvency proceedings are respected. The MNB, acting in its resolution function, shall ensure appropriate coordination with the administrative or judicial authorities in view of the fact that the institution or entity within the meaning of Paragraphs *b*) and *c*) of Subsection (1) of Section 1 may be subject to insolvency proceedings for lack of a declaration of public interest.

(6) * If the conditions determined in Subsection (1) are met, the MNB, acting in its resolution function, shall decide, on a case-by-case basis, which liabilities shall be suspended, assessing the circumstances of each case. The MNB, acting in its resolution function, shall assess, before taking its decision, whether the suspension should be extended to deposits eligible for guarantee, in particular guaranteed deposits held by natural persons and micro, small and medium-sized enterprises.

(7) * If the MNB, acting in its resolution function, applies the suspension of payment or delivery obligations to deposits eligible for guarantee, it shall decide by means of a decision on the determination of the corresponding daily amount of the deposits to which depositors are entitled.

(8) * If the contractual payment or delivery obligation of an institution or entity within the meaning of Paragraphs *b*) and *c*) of Subsection (1) of Section 1 is suspended based on paragraph (1), the MNB, acting in its resolution function, for the duration of the suspension:

a) taking into account the provisions governing its powers to restrict the enforcement of credit protection, may impose a restriction on the secured creditors of the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 in respect of the enforcement of credit protection on any assets of the institution or entity;

b) may suspend any contracting party's right of termination in respect of a contract concluded with the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 by applying the provisions governing its right to temporarily suspend the right of termination.

(9) * If the MNB, acting in its resolution function, has established that an institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 is insolvent or, on the basis of the information available, is likely to become insolvent, and a resolution measure has been applied following the exercise of the right under Subsection (1) or (8), the MNB, acting in its resolution function may not re-exercise its powers under this Section in respect of the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1.

46. Right to limit the enforcement of credit guarantees

Section 90

(1) * The MNB, acting in its resolution function, shall have the right to restrict the enforcement of credit guarantees held by the secured creditors of the institution under resolution in relation to the assets of the institution under resolution for a period of time from the publication of the notice of restriction under Subsection (4) of Section 114 for the period determined in Subsection (1b) of Section Article 89.

(2) * The MNB, acting in its resolution function, shall not exercise the right determined in Subsection (1) in respect of credit securities held by systems or system operators designated for the purposes of the Settlement Finality Act, by central contracting parties authorised in an EEA State pursuant to Article 14 of the Regulation (EU) No 648/2012, and by third-country central contracting parties and central banks recognised by the European Securities and Markets Authority pursuant to Article 25 of the Regulation (EU) No 648/2012, in respect of assets that are secured by a deposit or other collateral provided by the institution under resolution.

(3) Where Section 103 applies, the MNB, acting in its resolution function, shall ensure that the restrictions applied on the basis of the entitlement determined in Subsection (1) are consistent for all undertakings in the group in respect of which resolution action is taken.

(4) The MNB, acting in its resolution function, when exercising its powers under this Section, shall take into account the potential impact of the exercise of such powers on the smooth functioning of financial markets.

47. Right to the temporary suspension of the right of termination

Section 91

(1) * The MNB, acting in its resolution function, may suspend the right of the parties to a contractual relationship with an institution under resolution to terminate the contract during the period referred to in Subsection (1b) of Section 89 from the time of publication of the notice referred to in Subsection (4) of Section 114.

(2) The MNB, acting in its resolution function, may suspend the right of parties having a contractual relationship with a subsidiary of an institution under resolution to terminate the contract from the time of publication of the notice referred to in Subsection (4) of Section 114 until midnight on the working day following the publication, in the EEA State where the subsidiary of the institution under resolution is located, if:

a) the performance of the obligations under the relevant contract is guaranteed by the institution under resolution;

b) the right of termination under the relevant contract is based solely on the insolvency or financial situation of the institution under resolution; or

c) the right of transfer has been or may be exercised in relation to the institution under resolution, or all assets and liabilities of the institution under resolution held in the subsidiary which are related to the relevant contract have been transferred or are transferable to the transferee and have been assumed by the transferee, or the MNB, acting in its resolution function, provides adequate protection for those liabilities in any other way.

(3) * The suspension referred to in Subsections (1) and (2) shall not apply to systems or system operators designated under the Settlement Finality Act or to central contracting parties authorised in an EEA State pursuant to Article 14 of the Regulation (EU) No 648/2012 and to third-country central contracting parties recognised by the European Securities and Markets Authority pursuant to Article 25 of the Regulation (EU) No 648/2012 and central banks.

(4) * A person may exercise its right of termination under the contract before the end of the period specified in Subsections (1) and (2) if it has received a notice from the MNB, acting in its resolution function, that the rights and obligations under the contract will not be transferred to the transferee, the bridge institution or the resolution trustee and will not be covered by the bail-in.

(5) * If the MNB, acting in its resolution function, exercises the right to suspend the right of termination determined in Subsections (1) and (2) and no notification has been made under paragraph (4), it shall

a) in the event of a transfer of rights and obligations under a contract to another entity, the contracting party may exercise the right of termination under the terms of that contract only if the event giving rise to the termination continues to occur or occurs for at least three days at the transferee, the bridge institution or the resolution asset manager;

b) in the case where the rights and obligations under the contract remain with the institution under resolution, if the MNB, acting in its resolution function, has not applied the bail-in under Paragraph *a*) of Subsection (1) of Section 57 in respect of the contract in question, the right of termination may be exercised in accordance with the terms of the contract after the period of suspension.

(6) When exercising its powers under this Section, the MNB, acting in its resolution function, shall take into account the impact of the measure on the smooth functioning of financial markets.

(7) * At the request of the MNB, acting in its resolution function, the trade repository shall make the necessary information available to the competent supervisory authorities or resolution authorities to enable them to carry out their duties and tasks in accordance with Article 81 of the Regulation (EU) No 648/2012.

Section 91/A *

(1) * The financial contracts concluded after 26 December 2020 between an institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1 that create a new liability or materially modify an existing liability under the law of a third country shall provide the MNB, acting in its resolution function, with the right and the necessary authorisation to exercise its resolution powers pursuant to Sections 89-91.

(1a) * The EU parent undertakings with a registered office in Hungary shall ensure that their third-country subsidiaries, which may be credit institutions, investment firms or financial undertakings, include in the financial contracts referred to in Subsection (1) terms and conditions to exclude the possibility that the exercise by the MNB, acting in its resolution function, of the power to suspend or limit the rights and obligations of the EU parent undertaking, as referred to in Subsection (1), serves as a valid ground for early termination, suspension, modification, netting, exercise of rights of set-off or enforcement of credit safeguards in relation to those contracts.

(2) A financial contract shall be any contract which provides for the exercise of one or more of the rights of termination or enforcement of credit guarantees in respect of which the application of Sections 89, 90, 91 and 114 lies.

(3) Failure to comply with the obligation determined in Subsection (1) shall not prevent the MNB, acting in its resolution function, from exercising its resolution powers under Sections 89, 90, 91 and 114 in respect of the financial contract in question.

48. Exercise of resolution rights

Section 92 *

(1) For the purpose of achieving the resolution objectives and applying the resolution measures, the MNB, acting in its resolution function, shall exercise all management powers of the owners and management of the institution under resolution over the institution under resolution from the date of the resolution procedure until its termination in order to

a) continue the operation, activities and services of the institution under resolution; and

b) to manage and dispose of the assets and property of the institution under resolution.

(2) The MNB, acting in its resolution function, shall exercise the ownership and management rights determined in Subsection (1) directly or through a person delegated by it, including the exercise of voting rights attached to the shares and other membership interests of the institution under resolution. The holders of shares and other participations shall not exercise their voting rights during the resolution process.

(3) The MNB, acting in its resolution function, may take the resolution measures necessary to achieve the objective of the resolution without exercising the management powers of the owners and the management of the institution under resolution, and may determine the scope of the management powers that may be exercised by the owners and the management of the institution in resolution, by means of decisions of administrative authorities.

(4) The MNB, acting in its resolution function, in respect of

- a) the objectives of the resolution;
- b) the general principles related to the resolution;
- c) the specific circumstances of the institution under resolution; and
- d) the need to promote effective resolution of groups with cross-border operations, shall decide which of the methods determined in Subsections (1)-(3) are the most effective to implement the resolution measures.

49. Resolution commissioner

Section 93

- (1) The MNB, acting in its resolution function, may appoint a resolution commissioner to the institution in resolution.
- (1a) * If a resolution commissioner needs to be appointed for multiple institutions belonging to the same group, the MNB, acting in its resolution function, shall consider whether it is appropriate to appoint the same resolution commissioner to promote solutions that support the financial safety of the institutions concerned.
- (2) During the period of the mandate, the resolution commissioner shall exercise the powers of the board of directors of the institution under resolution and, except in the case of the application of a government financial stabilisation tool, of its general assembly.
- (3) As a resolution commissioner,
- a) a natural person; or
 - b) a business enterprise may be mandated.
- (4) The resolution commissioner referred to in Paragraph b) of Subsection (3) shall designate a natural person to represent the business enterprise as the main representative in the performance of the resolution commissioner's duties.
- (4a) * If the MNB, acting in its resolution function, appoints a natural person as a resolution commissioner, it shall be entitled to process the identification data of that person in accordance with Annex 2 to the Credit Institutions Act for the duration of the mandate for the purpose of the smooth performance of its functions. The personal data of a natural person as resolution commissioner may only be disclosed to third parties in the cases specified by law.
- (5) * The resolution commissioner may, with the prior approval of the MNB, acting in its resolution function, use a contributor.
- (6) * The resolution commissioner may be instructed by the MNB, acting in its resolution function, and in the course of his/her activities, which are supervised by the MNB acting in its resolution function, shall have the right and the obligation to take all measures necessary to give effect to the resolution objectives and the resolution measures, including capital increases, changes in the ownership structure of the institution and the use of resolution tools, as decided by the MNB, acting in its resolution function.
- (6a) * The MNB, acting in its resolution function, may impose restrictions and prior approval requirements on the activities of the resolution commissioner.
- (6b) * The MNB, acting in its resolution function, may require the resolution commissioner to report to the MNB on the economic and financial situation of the institution under resolution and on the activities of the resolution commissioner at the beginning of his or her mandate, at specified regular intervals and upon termination of his or her mandate.
- (6c) * The resolution commissioner may be appointed for a period of up to one year with the proviso that the mandate may exceptionally be renewed if the MNB, acting in its resolution function, determines that the conditions for the appointment continue to exist.
- (7) If a supervisory commissioner has already been appointed to the institution, the Supervisory Authority shall recall the supervisory commissioner at the latest at the time of the appointment of the resolution commissioner, with the proviso that the MNB, acting in its resolution function, may appoint the same company or natural person as resolution commissioner.
- (8) * A member of the management board or of the supervisory board may, even during the period of the resolution commissioner's appointment, challenge the decision appointing the resolution commissioner and the decision made against the institution by the MNB, acting in its resolution function, and may represent the institution or give a power of attorney to represent it in such legal proceedings.
- (9) The resolution commissioner and the contributor used by the resolution commissioner pursuant to Subsection (5) shall be subject to the professional and incompatibility provisions applicable to the supervisory commissioner determined in the MNB Act.

50. Appointment of a natural person as resolution commissioner

Section 94

- (1) When appointing a resolution commissioner or in the course of the activities of the resolution commissioner, the MNB, acting in its resolution function, may decide to appoint more than one natural persons to perform the duties of the resolution commissioner, on the basis of its assessment of the circumstances of the proceedings to be conducted or being in progress, indicating the division of tasks. The appointment shall also provide for the exercise of the representation of the company. The MNB, acting in its resolution function, may also have the possibility to reduce the number of persons already appointed if this is justified in the light of all the circumstances of the proceedings to be conducted or being in progress.
- (2) In the event of the appointment of a natural person as resolution commissioner to a credit institution, the MNB shall simultaneously appoint at least two persons to the credit institution to perform the duties of the resolution commissioner, indicating the division of tasks.

CHAPTER X Sanctions

Section 95

- (1) The MNB, acting in its resolution function, may impose the following sanctions in the event of a breach of this Act and of the legislation issued on the basis of the authorisation of this Act, or in the event of an obstruction to the resolution:
- a) prohibition from continuing the infringement;
 - b) suspension of managers from their position for up to six months;
 - c) * imposing on a natural person a fine of up to one billion five hundred and fifty-five million eight hundred and fifty thousand forints;
 - d) for legal entities, a fine of up to 10 per cent of the total annual net sales revenue of the legal entity in the previous financial year;
 - e) a fine of up to 200 per cent of the financial gain achieved or loss avoided resulting from the infringement;
 - f) * a ban on the payment of certain profits.
- (2) In applying the sanctions provided for in Subsection (1), the MNB, acting in its resolution function, shall in particular consider the following aspects:
- a) the gravity and duration of the infringement;
 - b) the extent of the liability of the natural person or legal entity responsible;
 - c) the financial strength of the liable natural person or legal entity, in particular the total sales revenue of the liable legal entity or the annual income of the liable natural person;
 - d) the significance of the profit made or loss avoided by the responsible natural person or legal entity, if these can be determined;
 - e) the loss caused by the infringement to third parties, if identifiable;
 - f) * the degree of cooperation of the responsible natural person or legal entity with the competent supervisory authority and resolution authority;
 - g) previous infringements committed by the responsible natural person or legal entity;
 - h) the possible systemic consequences of the infringement.

Section 96

- (1) The MNB, acting in its resolution function, shall publish the operative part of the sanctioning decisions taken in its resolution function on its website without delay after informing the natural person or legal entity sanctioned of the decision.
- (2) * In the event of an appeal against a non-final decision, the MNB, acting in its resolution function, shall indicate on its website the current stage of the appeal process and the outcome of the appeal.
- (3) The MNB, acting in its resolution function, shall publish the decision anonymously if
- a) the sanction is imposed on a natural person and disclosure of the personal data would cause disproportionate harm;
 - b) the disclosure would jeopardise the stability of financial markets or an ongoing criminal prosecution; or
 - c) * the disclosure would cause a disproportionate loss, if it can be determined, to the institution or financial undertaking within the meaning of Subsection (1) of Section 1.
- (4) In the cases provided for in Subsection (3), the MNB may decide to postpone the publication of the decision for a maximum of 60 days instead of publishing it anonymously, if there are grounds to believe that the reasons for anonymous publication will cease to exist during the postponement period.
- (5) The MNB, acting in its resolution function, shall ensure that the decision made public pursuant to this Section as well as the information on the related remedies, is available on its website for at least five years.

CHAPTER XI
Protection of Owners and Creditors

51. Treatment of owners and creditors in the event of partial transfer and bail-in

Section 97

(1) If the MNB, acting in its resolution function, transfers only part of the rights, assets and liabilities of the institution under resolution when applying of one or more resolution tools, the amount paid to satisfy the claims of the owners and creditors whose claims have not been transferred shall not be less than the amount they would have received if the institution under resolution had been liquidated immediately before the transfer.

(2) If the MNB, acting in its resolution function, uses the bail-in tool, shareholders and creditors whose claims have been written down or restructured into equity may not suffer a loss greater than they would have suffered if the institution under resolution had been terminated in an ordinary liquidation procedure immediately before the write-off or restructuring.

(3) * Following the implementation of the resolution measure, an assessment by an independent assessor shall evaluate the treatment of owners and creditors as a result of the resolution process, the treatment they would have received if the institution in resolution had been placed under liquidation proceedings at the time the resolution was ordered, and the difference between the two treatments. This assessment shall be separate from the independent valuation under this Act.

(4) * In making the assessment provided for in Subsection (3)

a) it shall be assumed that the institution under resolution in respect of which the MNB, acting in its resolution function, has applied a resolution measure or measures was placed under liquidation proceedings at the time the resolution was ordered;

b) it shall be assumed that no partial or full transfer of assets, liabilities, rights and obligations, or write-off or restructuring has taken place;

c) any extraordinary public financial support to the institution under resolution, including the extraordinary liquidity facility provided by the MNB, should be disregarded.

(5) The assessment provided for in Subsection (3) shall specify:

a) the treatment which the owners and creditors would have received if the institution under resolution in relation to which the partial transfer, write-off or restructuring has been effected had been liquidated immediately before the transfer, write-off or restructuring;

b) the actual treatment received by the owners and creditors in the course of the resolution of the institution under resolution; and

c) whether there is a difference between the treatment under a) and b).

(6) The MNB, acting in its resolution function, shall approve the assessment determined in Subsection (3) by way of a decision.

52. Protection of owners and creditors

Section 98

(1) * If the assessment under Subsection (3) of Section 97 finds that any owner or creditor referred to in Subsection (1) of Section 97 or the NDIF has suffered a loss greater than it would have suffered in liquidation, it shall be entitled to be compensated by the Resolution Fund for the difference.

(2) * The compensation referred to in Subsection (1) shall be paid by the Resolution Fund to the owner or creditor concerned or the NDIF within 30 working days of the decision referred to in Subsection (6) of Section 97.

53. Protection of the parties taking part in partial transfer

Section 99

(1) If the MNB, acting in its resolution function,

a) * transfers some, but not all, of the assets, liabilities, rights or obligations of an institution under resolution to another entity or, in the application of the resolution tool, from the bridge institution or resolution asset manager to another person; or

b) exercises the rights specified in Paragraph f) of Subsection (1) of Section 85;

it shall act in accordance with the provisions of Sections 100-103 in relation to the agreements referred to in Subsection (2) and the parties thereto.

(2) The procedure determined in Subsection (1) shall apply in the case of the following contractual relationships:

a) security arrangements under which a person has an actual or contingent interest, by way of security, in property or rights which are the subject of a transfer, whether or not that interest is secured by a pledge of a specific property or rights or by a lien on the pledged property described by kind, quantity or other description which identifies the pledged property or by a similar arrangement;

b) financial collateral arrangements involving a transfer of ownership, under which collateral is provided to secure or cover the performance of specified obligations by the transfer of full ownership of the assets of the collateral provider to the collateral taker, subject to terms and conditions that require the collateral taker to transfer the assets if the specified obligations are met;

c) set-off arrangements under which two or more claims or liabilities between an institution under resolution and a counterparty may be set off against each other;

d) netting arrangements under which multiple claims or liabilities may be converted into a single claim, including close-out netting arrangements under which, upon the occurrence of an enforcement action, the parties' liabilities are brought forward so that they become immediately due or are extinguished and, in either case, are converted into or replaced by a single claim;

e) mortgage deeds and covered bonds;

f) structured finance arrangements, including securitisations and instruments used for hedging purposes which form an integral part of the collateral and which according to national law are secured in a way similar to the covered bonds, which involve the granting and holding of security by a party to the arrangement or a resolution asset manager, agent or nominee.

(3) The requirement under Subsection (1) shall apply regardless of the number of parties to the agreements listed in Subsection (2) and regardless of whether the agreements:

a) have been created by contract, asset management agreement or otherwise, or by the operation of law;

b) are regulated in whole or in part under another jurisdiction.

Section 100

(1) In relation to the agreements referred to in Paragraphs b)-d) of Subsection (2) of Section 99, the MNB, acting in its resolution function, shall not be entitled to

a) transfer a part of the rights and obligations between the institution under resolution and another person; and

b) modify or terminate the rights and obligations through the use of additional entitlements.

(2) For the purposes of Subsection (1), the rights and obligations shall be treated as protected under such an agreement if the parties to the agreement are entitled to set off or net those rights and obligations against each other.

(3) By way of derogation from Subsection (1), where it is necessary for the access to deposits subject to a compensation limit, the MNB, acting in its resolution function

a) may transfer the deposits subject to the compensation limit under the agreements referred to in Subsection (1) without transferring other assets, rights and obligations under the same agreement; or

b) * may transfer, modify or terminate assets, rights and obligations without transferring any part of the insured deposit below the indemnity limit.

Section 101

(1) With regard to the agreements referred to in Paragraph a) of Subsection (2) of Section 99, the MNB, acting in its resolution function, shall not be entitled to

a) transfer assets which serve as security for a liability, unless both the liability and the benefit of the security are transferred;

b) transfer secured liabilities, unless the benefit of the security is also transferred;

c) transfer the benefit of a security, unless the secured liability is also transferred;

d) modify or terminate security arrangements through the use of supplementary entitlements if the modification or termination has the effect of extinguishing the security of the liability.

(2) The protection provided for in Subsection (1) shall not apply to the transfer, modification or termination of assets, liabilities, rights and obligations relating to insured deposits.

(3) By way of derogation from Subsection (1), where it is necessary for the access to deposits subject to a compensation limit, the MNB, acting in its resolution function, may

a) transfer the deposits subject to the compensation limit under the agreements referred to in Subsection (1) without transferring other assets, rights and obligations under the same agreement; or

b) * transfer, modify or terminate assets, rights and liabilities without transferring any part of the insured deposit below the indemnity limit.

Section 102

(1) With regard to the agreements specified in Paragraph f) of Subsection (2) of Section 99, the MNB, acting in its resolution function, shall not be entitled to

a) transfer any part of the assets, liabilities, rights and obligations that form part of, or are part of, a structured finance arrangement to which the institution under resolution is a party;

b) to terminate or modify assets, liabilities, rights and obligations through the use of additional entitlements that form part of, or are part of, a structured finance arrangement to which the institution under resolution is a party.

- (2) The provisions determined in Subsection (1) shall also apply to agreements referred to in Paragraph e) of Subsection (2) of Section 99.
- (3) By way of derogation from Subsection (1), where it is necessary for the access to deposits subject to a compensation limit, the MNB, acting in its resolution function, may
- a) transfer the deposits subject to the limit of compensation under the agreements referred to in Subsection (1) without transferring other assets, rights and obligations under the same agreement; or
- b) * transfer, modify or terminate assets, rights and liabilities without transferring any part of the insured deposit that is below the compensation limit.

54. Protecting trading, clearing and settlement systems

Section 103

(1) The following resolution actions by the MNB, acting in its resolution role, may not restrict the operation of the schemes under the effect of the Settlement Finality Act and the enforcement of the rules of those schemes:

- a) it transfers only a part of the assets, liabilities, rights or obligations of an institution under resolution to another entity;
- b) * it modifies the terms of a contract or terminates a contract to which the institution under resolution is a party or replaces a transferee as a party to the contract of the institution under resolution.
- (2) The resolution measure applied by the MNB, acting in its resolution function,
- a) may not cause the withdrawal of money transfer orders and assignment orders in violation of Section 3 of the Settlement Finality Act; and
- b) may not modify or repeal
- ba) the legal enforceability of money transfer orders, assignment orders and netting as provided for in Sections 3 and 4 of the Settlement Finality Act;
- bb) the use of assets, securities or loan instruments as required by Subsection (2) of Section 8 of the Settlement Finality Act; or
- bc) the protection of the security provided as required by Subsection (1) and (2a) of Section 8 of the Settlement Finality Act.

CHAPTER XII Procedural Rules

55. Procedural rules for resolution

Section 104

(1) In taking the decisions specified in this Act, the MNB, acting in its resolution function, shall act as an authority.

(1a) * In the decision-making process of the MNB, acting in its resolution function, the managers responsible for the performance of the function pursuant to Subsection (9) of Section 4 of the MNB Act shall have no right to vote.

(2) The MNB, acting in its resolution function, as part of its activities under this Act, shall conduct

- a) procedures for assessing resolvability;
- b) procedures to remove obstacles to resolvability;
- c) procedures for conducting resolutions;
- d) * procedures for conducting resolution asset valuations;
- e) procedures for the write-off or restructuring of capital items.
- (3) In an official procedure of the MNB, acting in its resolution function, a client shall be
- a) a party in respect of whom the MNB establishes a right or obligation as defined in this Act;
- b) a party placed under assessment by the MNB, acting in its resolution function, during the assessment of resolvability;
- c) * a party who submits an application for authorisation to the MNB, acting in its resolution function; or
- d) * a party for whom information is held in the public registers kept by the MNB, in its resolution function.
- (4) * The client may not request the suspension of the procedure provided for in Subsection (2).

Section 104/A *

To the proceedings of the MNB, acting in its resolution function, pursuant to Subsection (2) of Section 104 in matters not regulated by this Act, the provisions of the chapter on the common rules for official procedures of the MNB Act shall apply mutatis mutandis.

Section 105

(1) The MNB, acting in its resolution function, shall carry out its tasks under this Act by verifying and analysing data, documents and officially known facts provided by the Supervisory Authority upon request and resulting from its supervisory activities.

(2) The MNB shall establish its internal procedures for the flow of information referred to in Subsection (1).

(3) In addition to the provisions determined in Subsection (1), the MNB, acting in its resolution function, may impose in its decision a regular or extraordinary obligation to provide information or conduct on-site inspections of the entity specified in Subsection (1) of Section 1.

(4) At the request of the MNB, acting in its resolution function, the entity specified in Subsection (1) of Section 1 shall

- a) provide the information requested for the performance of its resolution tasks, relevant to its activities;
- b) provide data, accounts, supporting documents, investigation material, accounting records, regulations and documentation relating to specific transactions, relating to the subject matter of the official procedure;
- c) provide the proposals of its main body, its managing executive and controlling body, and the minutes of the meetings of these bodies;
- d) provide the auditor's written observations, the audit report, internal audit reports and minutes; and
- e) * prepare and make available to the MNB, in the form specified by the MNB, in its resolution function, any other statement not listed above, in particular a full statement of the identification data of all contracts to which it is a party.

(4a) * In the case of ex officio proceedings initiated by the MNB, acting in its resolution function, or in the case of regular or extraordinary reporting obligations, the same rules shall apply to remedying deficiencies as to the procedure initiated on request.

(5) * The form of contact shall be chosen by the MNB, acting in its resolution function, and the client may not switch to another form.

Section 106

(1) The MNB, acting in its resolution function, may waive the mandatory use of the Hungarian language and the submission of documents in Hungarian in its official proceedings if there is no opposing client. In this case, the MNB, acting in its resolution function, may impose the obligation to prepare a summary of the documents in Hungarian.

(2) Following the application of Subsection (1), the MNB, acting in its resolution function, shall provide the participants in the proceedings-with the exception of the representative of the client-and the other authorities with the documents at its disposal in the language of the proceedings and, unless otherwise stated by them, in a translation into Hungarian. The costs of translation shall be borne by the MNB, acting in its resolution function.

Section 107

(1) * The MNB, acting in its resolution function, shall notify the entity specified in Subsection (1) of Section 1 in writing of the conduct of its proceedings at least fifteen days before the commencement of the proceedings, unless such prior notification would jeopardise the effectiveness of the proceedings.

(2) In a procedure involving an on-site inspection, Subsection (1) shall apply to the notification on the on-site inspection.

(3) The MNB, acting in its resolution function, shall provide the person carrying out the on-site inspection with credentials, and he or she shall be considered an official person acting in this capacity.

(4) The person carrying out the on-site inspection must present his/her credentials and provide credible proof of identity at the start of the on-site inspection.

(5) On-site inspection may be performed at any place where evidence is found that is necessary to establish the facts. The person carrying out the inspection may, in the exercise of his or her powers, enter the premises necessary for the inspection, examine documents, data carriers, objects and work processes relating to the subject of the inspection, request information from the client, his or her representative or any other person present at the place of inspection, or make or obtain statements.

(6) In order to clarify the facts, any person or entity shall also provide the necessary information in writing or send documents relating to the subject of the inspection to the MNB, acting in its resolution function.

(7) The MNB, acting in its resolution function, shall have the right to make a physical mirror copy of any data carrier and to use the mirror copy to examine the data stored on the data carrier.

(8) * The client's right of access to documents may be restricted-in addition to those provided for in Act CL of 2016 on General Public Administrative Procedures (hereinafter referred to as "the Public Administration Act")-if there are reasonable grounds to believe that the disclosure of the contents of the documents would jeopardise the effectiveness of the procedure or result in unauthorised access to the data of third parties that are protected by law.

Section 108

(1) * The MNB, acting in its resolution function, shall record its findings in an investigation report within nine months and communicate it to the entity subject to the procedure. If a group investigation is conducted in the course of the procedure, the MNB, acting in its resolution function, shall record its findings of the group investigation in a group investigation report and communicate it to all group members through the member managing the financial group. The time limit for the preparation and communication of the investigation report and the group investigation report may be extended once, in duly justified cases, for a maximum period of six months.

(2) The inspection report and the group inspection report shall include

a) the name of the authority, the name of the investigator in charge, the subject of the investigation and the file number;

b) the name and address of the person or, in the case of an entity, the name and registered office of the entity under investigation, the procedural status of the person or entity and other means of contact, if the authority has been informed of this;

c) a warning of the rights and obligations of the person or entity involved in the procedural act;

d) the findings of the MNB, acting in its resolution function, in the course of the procedure and the evidence supporting them; and

e) an assessment of the findings.

(3) The group investigation report shall include the findings of the MNB, acting in its resolution function, for the financial group as a whole and for each group member separately on an individual basis.

(4) The person or entity subject to the procedure may comment in writing on the investigation report and the group investigation report within twenty days of receipt. If this time limit jeopardises the effectiveness of the measure, the MNB, acting in its resolution function, may impose a shorter time limit, but not less than 8 days.

(5) * The MNB, acting in its resolution function, shall make a decision within ninety days of the receipt of the comment under Subsection (4) or of the expiry of the time limit without result. The MNB, acting in its resolution function, shall make its decision to close the investigation on the basis of the findings in the investigation report and other available evidence, officially known and publicly known facts.

(6) The MNB, acting in its resolution function, shall give reasons in its decision for omitting the notification under Subsection (1) and for setting a shorter deadline than the one specified in paragraph (4).

(7) * The MNB, acting in its resolution function, shall communicate its decision by publication of a notice and by promulgation.

Section 109

If, following the submission of the investigation report and the group investigation report, the MNB, acting in its resolution function, becomes aware of new data, facts or information that have a material impact on the merits of the case and that require the investigation report and the group investigation report to be amended or supplemented, the MNB, acting in its resolution function, may send the entire investigation report and group investigation report or the amended or supplemented parts to the person or entity subject to the investigation procedure for comments once again, before making its decision pursuant to Subsection (5) of Section 108. The time limit for the entity or person subject to the procedure to submit comments again shall be governed by Subsection (4) of Section 108, and the time limit for the decision procedure of the MNB, acting in its resolution function, shall be calculated from the date of receipt of the comments submitted in the course of the repeated commenting or from the date of the expiry of the time limit without result.

Section 110

(1) * The MNB, acting in its resolution function, may issue an order prohibiting the continuation of the infringing behaviour for the period until a decision is made, and may order the cessation of the unlawful situation if this is urgently necessary due to the risk of significant or irreparable damage resulting from the delay.

(2) The MNB shall make its decision under Subsection (1) as a matter of urgency.

Section 111 *

Section 112

(1) * The MNB, acting in its resolution function, shall not use a summary procedure.

(2) The MNB shall not carry out any procedure falling within its competence under this Act at the request of the client.

(3) * The MNB, acting in its resolution function, in the matter falling within its competence, shall apply Section 65 of the Public Administration Act with the derogation that it may require the client to submit an original or a certified copy of the document or a certified translation thereof.

(4) * Sections 61 and 76 of the Public Administration Act shall not apply in the official proceedings of the MNB, acting in its resolution function.

56. Notification and publication obligations

Section 113

(1) * The institution or financial undertaking within the meaning of Subsection (1) of Section 1 shall immediately notify the Supervisory Authority if it considers that it is insolvent within the meaning of Subsection (2) of Section 17 or, on the basis of the information available, is likely to become insolvent in the near future, but within 12 months at the latest.

(2) If the conditions determined in Subsection (1) of Section 17 are fulfilled in relation to an institution or financial undertaking within the meaning of Subsection (1) of Section 1, the MNB or the Supervisory Authority, acting in its resolution function, without delay, before the decision ordering the resolution is made, shall inform *

a) * the competent supervisory authority or competent resolution authority of the institution or financial undertaking within the meaning of Subsection (1) of Section 1 or of the branch office of the institution;

b) the deposit guarantee scheme, including the NDIF, if it is necessary for the performance of its deposit guarantee functions;

c) the investment protection scheme, including the IPF, where this is necessary to fulfil its investor compensation functions;

d) the resolution funding scheme, including the Resolution Fund;

e) the group resolution authority if necessary;

f) the supervisory authority responsible for supervision on a consolidated basis;

g) the resolution authority of the branch office;

h) the competent ministries;

i) the minister responsible for the regulation of the financial, capital and insurance markets;

j) *

k) * the European Systemic Risk Board.

Section 114

(1) * The MNB, acting in its resolution function, shall notify the entities and persons specified in Section 113 as well as the European Commission, the European Central Bank, the EBA, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority of the resolution measure without delay after the insolvency or expected insolvency has been established, but before the resolution measure is taken.

(2) * The notification under Subsection (1) shall include at least

a) a copy of the authority decision by which the powers are exercised; and

b) the date from which the resolution measure takes effect.

(3) * The MNB, acting in its resolution function, shall ensure the publication of a copy of the resolution measure or a notice summarising the effects of the resolution measure, in particular on retail customers

a) on its webpage;

b) on the webpage of the institution under resolution;

c) if the membership shares or debt instruments in the institution under resolution have been admitted to trading on a regulated market, then by the means used to disclose regulated information about the institution under resolution

with the stipulation that information on instruments that have not been admitted to trading on a regulated market shall be provided to holders and creditors who are known to the MNB, acting in its resolution function, on the basis of the databases and records of the institution under resolution.

(4) If the MNB, acting in its resolution function, has taken resolution actions and exercises:

a) the right to suspend payment and performance obligations under Section 89;

b) the right to limit the enforcement of credit guarantees under Section 90; or

c) the right to suspend the right of termination under Section 91;

then, in addition to complying with the requirements of Subsection (3), it shall publish a notice specifying the conditions and duration of the suspension or limitation in accordance with its measure under paragraph (3).

(5) The MNB, acting in its resolution function, may also decide to postpone the publication of a decision taken and to be published under this Act for a maximum of 60 days, if there are grounds to believe that such publication may jeopardise the stability of the financial intermediary system and the achievement of the resolution objectives.

(6) The MNB, acting in its resolution function, shall publish on its website the resolution authorities it has cooperation agreements in force with.

Section 114/A *

(1) When exercising the right to suspend payment or delivery obligations pursuant to Section 89, the MNB, acting in its resolution function, shall notify the persons and entities specified in Subsection (2) of Section 113 prior to the adoption of the resolution decision in the event of the insolvency or expected insolvency of the institution or entity within the meaning of Paragraphs *b*) or *c*) of Subsection (1) of Section 1.

(2) If the MNB, acting in its resolution function, exercises the right to suspend payment or delivery obligations pursuant to Article 89 prior to the adoption of a resolution decision, it shall publish a notice in accordance with Subsection (3) of Section 114.

57. Confidentiality

Section 115

(1) The following persons and organisations are bound by confidentiality:

a) the MNB acting in its resolution function;

b) the ministry headed by the minister responsible for regulating the financial, capital and insurance markets and the ministry headed by the minister responsible for public finances;

c) * the potential transferee whether or not

ca) the asset disposal tool is being prepared for use; or

cb) the request or invitation resulted in a takeover;

d) * the EBA and the Supervisory Authority;

e) auditors, accountants, legal and professional advisers, valuers and other experts appointed by the minister responsible for the regulation of the financial, capital and insurance markets or by the potential acquirers referred to in Paragraph *c*);

f) * the NDIF and the Resolution Fund;

g) the IPF;

h) * the bridge institution, the resolution asset manager and their subsidiaries;

i) any other person or entity currently or previously providing services to the MNB, acting in its resolution function, in relation to the provisions of this Act;

j) the resolution commissioner;

k) employees of the bodies or organisations referred to in Paragraphs *a*)-*j*), even after their employment has ended.

(2) The confidentiality requirement determined in Subsection (1) shall not be breached by

a) the provision of information in summary or aggregate form by the person or entity referred to in Subsection (1) based on which the institution cannot be identified; or

b) the disclosure of information where the person or entity concerned has the explicit and prior consent of the authority or institution providing the information.

(2a) * Information disclosed by the persons referred to in Subsection (1) in the context of this Act shall not contain confidential information. The discloser shall make a prior assessment of the potential impact of disclosure on the public interest from a financial, monetary or economic policy point of view, on the commercial interests of natural and legal persons, or for the purposes of inspections, investigations and audits. When considering the impact of the disclosure, the impact of disclosure of the content and details of recovery and resolution plans and of the results of the viability and resolution assessment should be specifically assessed.

(3) The restriction in Subsection (1) shall not apply

a) to the exchange of information between the staff and experts of the bodies or entities referred to in Subsection (1), including the exchange of information between the staff and experts of the Supervisory Authority, the MNB, acting in its macroprudential function, in its central bank function or its resolution function, where necessary for the performance of their tasks; or

b) * to the sharing of information by the MNB, acting in its resolution function, for the purpose of planning or implementing a resolution measure with

ba) resolution authorities of other EEG States;

bb) competent supervisory authorities in other EEA States, competent ministries, central banks, deposit insurance and investment protection schemes, authorities responsible for insolvency proceedings;

bc) * the EBA;

bd) the European Commission;

be) third-country authorities with the same functions as resolution authorities; or

bf) a possible transferee.

(4) The MNB shall establish its internal procedures for the flow of information referred to in Subsection (3).

(5) The obligation of confidentiality under this Section shall not exist

a) towards

aa) the State Audit Office of Hungary;

ab) government audit bodies;

ac) bodies responsible for counter-terrorism, internal crime prevention and detection as defined in the Police Act

acting in their capacity; and

b) towards

ba) * the investigating authority, public prosecutor's office and, in the case of banking secrecy, securities secrecy and payment secrecy, the body conducting the preparatory procedure;

bb) in civil criminal and inheritance matters, and in bankruptcy, liquidation and municipal debt settlement proceedings before the court;

bc) * under the conditions laid down by law, against the body authorised to collect secret information

acting in their capacity in relation to the matter in respect of which the proceedings are being conducted.

(6) For the purposes of this Act, banking secrecy, securities secrecy, payment secrecy and business secrecy shall be considered secrets.

(7) * The MNB, acting in its resolution function, shall comply with the provisions of Section 53 of the MNB Act regarding disclosure obligations in accordance with Subsection (2) of Section 27 of the Public Administration Act.

CHAPTER XIII

Legal Remedies

58. * Legal remedies

Section 116 *

(1) For challenges to administrative decisions taken by the MNB in its resolution function

a) the application shall be lodged within 8 days of the date of notification of the decision;

b) the MNB shall forward the application to the court within 5 days;

c) the application of the protection shall contain the names and contact details of the persons known to the MNB, acting in its resolution function, who are interested in the decision;

d) the court may order that the application has a suspensive effect or an interim measure if

da) it is justified in the public interest pursuant to Subsection (5) of Section 17; and

db) it does not lead to a situation that threatens the stability of the financial intermediary system or jeopardises the achievement of the resolution objectives;

e) no changes to the application or application for restitutio in integrum shall lie;

f) if a hearing is to be held, the hearing shall be scheduled for no later than the fifteenth day following the date of receipt of the application;

g) when preparing for the judgment on the contested decision, the court shall assess in evidence the economic and financial analyses and calculations made by the MNB, acting in its resolution function; and

h) the court shall give its decision within sixty days of the date on which the application is lodged and shall record its decision in writing until it is published. These time limits shall also apply to appeal proceedings.

(2) In proceedings concerning a decision ordering and applying a resolution measure no

a) referral to a single judge;

b) change;

c) judgment of the court or retrial shall lie.

(3) Except as provided in Subsection (2), there shall be no change in the administrative procedure against:

a) the decision terminating the resolution procedure [Section 21];

b) the decision approving the provisional assessment [Subsection (3) of Section 25];

c) the decision approving the ex-post final assessment [Section 26];

d) the decision ordering the transfer back of assets, liabilities, rights or obligations transferred in the context of a sale of business or a separation of assets [Sections 38 and 55];

- e) * the decision ordering the provision of the conditions necessary for the application of a bail-in [Sections 59-61, Subsection (4) of Section 64, Sections 69-70 and Sections 72-73];
- f) the decision approving the reorganisation plan [Subsection (6) of Section 71];
- g) the decision requiring the provision of a service or facility [Section 86];
- h) the decision to exclude certain contractual terms in the course of resolution [Section 88];
- i) the decision to suspend certain obligations [Section 89];
- j) the decision limiting the enforcement of credit securities [Section 90];
- k) the decision on the temporary suspension of the right of termination [Section 91]; and
- l) the decision to appoint a resolution commissioner [Section 93].

Section 117 *

(1) To the judicial review of the decisions made by the MNB, acting in its resolution function, and by the resolution commissioner in the exercise of ownership or management rights in relation to the institution under resolution, the rules of Chapter XI of Book III of the Civil Code and the general procedural rules of the Code of Civil Procedure shall apply, with the exceptions provided for in this Section.

(2) A lawsuit under Subsection (1) may also be initiated by the owner concerned apart from the provisions determined by Section 3:35 of the Civil Code.

(3) In the case of the decisions provided for in Subsection (1), the court may grant immediate legal aid if

a) on the basis of the available information, it is justified by public interest within the meaning of Section 17; and

b) it does not lead to a situation that threatens the stability of the financial intermediary system or jeopardises the achievement of the resolution objectives.

Section 118 *

(1) The annulment or alteration of a decision of the MNB, acting in its resolution function, or of a corporate decision taken by the resolution commissioner in the exercise of ownership or management rights in relation to an institution under resolution shall not affect the validity of transactions carried out on the basis of the annulled decision on or before the date of notification of the court's judgment, if it affects the rights acquired by a third party who, in good faith and for valuable consideration, holds a participation in the assets, liabilities, rights or obligations of the institution under resolution.

(2) If the decision of the MNB, acting in its resolution function, is found by a court to be in breach of the law, the MNB shall be liable to pay a compensation for the damage directly caused.

59. Restrictions on certain procedures

Section 119

(1) If necessary for the effective application of resolution tools and prerogatives, the MNB, acting in its resolution function, may, in accordance with the resolution objectives, and without prejudice to the restrictions on the enforcement of credit safeguards under Section 90, request the suspension of pending court proceedings until the resolution procedure is completed where the institution under resolution is the party.

(2) The application under Subsection (1) by the MNB, acting in its resolution function, shall be assessed within 3 working days of its receipt.

**PART FOUR
COOPERATION WITH OTHER ORGANISATIONS**

CHAPTER XIV

Cooperation Agreement within the European Union and Exchange of Information

Section 120

(1) The MNB, acting in its resolution function, may enter into a cooperation agreement with the resolution authorities of other EEA States in order to carry out its resolution tasks effectively.

(2) In the context of international cooperation, the MNB, acting in its resolution function, may share banking secrets, business secrets and other data or information at its disposal with

a) the resolution authority of other EEA States; and

b) with the competent ministry of other EEA States if the information relates to a decision or matter for which the competent ministry must be informed, consulted or agreed, or which may have implications for public funds, if

the agreement ensures that the recipient body may use the data transferred only for the purpose for which it was provided and may not transfer it further.

(3) The MNB, acting in its resolution function shall not disclose information received from a third-country resolution authority in the course of an exchange of information under Subsection (2), unless the third-country resolution authority concerned has consented to the disclosure of the information.

(4) * The MNB, acting in its resolution function, as the competent authority of a member state not participating in the mechanism under Council Regulation (EU) No 1024/2013 Conferring Specific Tasks on the European Central Bank Concerning Policies Relating to the Prudential Supervision of Credit Institutions, cooperates with the ECB in the exercise of supervisory tasks under EU law.

CHAPTER XV

Relations with Third Countries

60. Recognition and implementation of third-country resolution proceedings

Section 121

(1) * The MNB acting in its resolution function shall, with the exception provided for in Section 122, recognise third-country resolution proceedings in relation to third-country institutions and perform the resulting acts in Hungary if the institution concerned has a subsidiary, parent institution or branch office in Hungary and has assets, liabilities, rights and obligations which are located in Hungary or governed by Hungarian law.

(2) * The MNB, acting in its resolution function

a) may exercise its resolution powers in relation to:

aa) assets of a third-country institution or parent company which are located in Hungary or governed by Hungarian law;

ab) rights or obligations of a third-country institution that are registered in the Hungarian branch office or governed by Hungarian law, or if claims relating to such rights and obligations are enforceable in Hungary;

b) may require the transfer of shares or membership interests in a subsidiary of an EU parent institution, including, if the transfer requires the consent or cooperation of a third party, its enforcement to do so;

c) may exercise the rights provided for in Sections 89-91 in relation to the rights of any party having a contractual relationship with the entity referred to in Subsection (1), if these rights are necessary for the implementation of resolution proceedings in a third country;

d) may exercise its right to make unenforceable the right to terminate, cancel or bring forward the maturity of contracts or may influence contractual rights with the entity referred to in Subsection (1) or with other entities belonging to the group, where those rights arise from resolution proceedings concerning the entity's third-country institution, parent undertaking or other entities belonging to the group, whether by the third-country authority concerned itself or by other means in accordance with the legal or regulatory requirements of the third country applicable to resolution measures, provided that the substantive obligations under the contract, including payment and delivery obligations, and the guarantee of collateral continue to be fulfilled.

(3) The recognition and enforcement of third-country resolution proceedings shall not infringe Hungarian law and shall not affect insolvency proceedings under Hungarian law.

61. Right to refuse recognition or enforcement of third-country resolution proceedings

Section 122

(1) The MNB, acting in its resolution function, may refuse to recognise or enforce third-country resolution proceedings under Section 121 if it considers that:

a) the third-country resolution proceedings would have an adverse effect on the stability of the financial intermediation system in Hungary, or considers that the proceedings would have an adverse effect on the stability of the financial intermediation system in another EEA State;

b) in order to achieve one or more of the resolution objectives, an independent resolution measure pursuant to Section 123 is necessary in relation to a branch office in Hungary;

c) creditors domiciled or resident or payable in Hungary, including in particular depositors, would not be treated equally with third-country creditors and depositors in the context of third-country resolution proceedings;

d) the recognition or enforcement of third-country resolution procedures would have significant budgetary consequences for Hungary; or

e) * the recognition or enforcement would be contrary to Hungarian law.

(2) The MNB, acting in its resolution function, shall seek the *opinion* of the minister *responsible* for the regulation of the financial, capital and insurance markets on the matter referred to in Paragraph d) of Subsection (1).

62. Resolution of Hungarian branch offices of third-country institutions

Section 123

(1) The MNB, acting in its resolution function, shall be entitled to take a resolution action in respect of a branch office in Hungary of a third-country institution that

- a)* is not subject to resolution proceedings in a third country; or
- b)* is subject to resolution proceedings in a third country and one of the circumstances determined in Section 122 applies.

(2) The powers determined in Subsection (1) may be exercised by the MNB, acting in its resolution function, if

- a)* it establishes that the measure is necessary in the public interest; and
- b)* one or more of the following conditions are met:
 - ba)* the branch office in Hungary no longer meets, or is unlikely to meet, the conditions for its authorisation and operation imposed by Hungarian law, and there is no prospect that any other private sector, supervisory or relevant third-country measures will enable the branch office to comply again within a reasonable timeframe or prevent it from becoming insolvent;
 - bb)* * the third-country institution, in the opinion of the MNB, acting in its resolution function, is unable, unwilling or unlikely to be able to pay its undisputed obligations to EEA creditors or to the creditors incurred through the branch office or recorded in the books of the branch office when they become due, and the MNB, acting in its resolution function, has ascertained that no third-country resolution or insolvency proceedings or the initiation of such proceedings have taken place in relation to that third-country institution within a reasonable time;
- c)* one of the following circumstances applies
 - ca)* the third-country authority concerned has initiated third-country resolution proceedings in respect of the third-country institution; or
 - cb)* the third-country authority concerned has notified the resolution authority of its intention to open third-country resolution proceedings; and one of the circumstances determined in Section 122 applies.

(3) If the MNB, acting in its resolution function, takes an independent resolution measure in respect of the Hungarian branch office of a third-country institution, it shall have regard to the resolution objectives and take the resolution measure in accordance with the principles determined in Subsection (1) of Section 20.

63. Cooperation with third-country authorities

Section 124

(1) * The MNB, acting in its resolution function, may conclude a resolution cooperation agreement with the relevant third-country authority if the third country has legal requirements for data management and data protection in this area that comply with the legal requirements of the legislation and directly applicable European Union acts and the European Union has not concluded a resolution cooperation agreement with the third country. The scope, as referred to in Subsection (2), of the resolution cooperation agreement concluded by the MNB, acting in its resolution function, with the relevant third-country authority which is not covered by the cooperation agreement concluded by the European Union with the third country concerned, shall remain in force and effect after the entry into force of the latter.

(2) The cooperation agreement shall cover:

- a)* the exchange of information necessary to prepare and update the resolution plan;
- b)* the consultation and cooperation during the preparation of the resolution plan, including the principles governing the exercise of the rights under Sections 121 and 123 and similar rights under the law of the third countries concerned;
- c)* the exchange of information necessary for the application of resolution tools and the exercise of resolution rights and similar rights under the laws of the third countries concerned;
- d)* early warning or consultation with the parties to a cooperation agreement prior to taking any significant action under this Act or under the relevant third-country law affecting the institution or group to which the agreement relates;
- e)* coordinating public communication in the event of joint resolution measures;
- f)* procedures and arrangements for the exchange of information and cooperation under Paragraphs *a)*-*e)*, including, where appropriate, by the establishment and operation of crisis management teams.

(3) * The MNB, acting in its resolution function, shall publish on its website the relevant third-country authority which it has concluded a resolution cooperation agreement with.

(4) * The exchange of information with the authorities of the third country concerned shall be governed by the provisions of the cooperation agreement.

64. Confidentiality in relation to third countries

Section 125

(1) The MNB, acting in its resolution function, and the ministry responsible for the regulation of the financial, capital and insurance markets may share confidential information with the third-country authority concerned provided that the following conditions are met:

- a)* the said third-country authority is subject to requirements and standards of professional secrecy at least equivalent to those imposed by Section 115, in the opinion of all relevant resolution and supervisory authorities;
- b)* the information is necessary for the relevant third-country authority to carry out its resolution tasks under national law, similar to those under this Act, and, with a view also to Paragraph *a)*, the information is not used for any other purpose.

(2) If the confidential information originates in another EEA State, the MNB, acting in its resolution function, shall not disclose this information to the authorities of the third country concerned unless the following conditions are met:

- a)* the relevant authority of the EEA State from which the information originates (the issuing authority) consents to its disclosure;
- b)* the information is disclosed only for the purposes authorised by the authority which disclosed it.

(3) For the purposes of this Section, information shall be considered confidential if it is subject to the confidentiality requirements of Hungarian law.

PART FIVE FINANCING OF THE RESOLUTION

CHAPTER XVI Resolution Fund

65. Basic provisions regarding the resolution fund

Section 126

(1) Upon the entry into force of this Act, the Resolution Fund (hereinafter referred to as the “Fund”) shall be established as a fund financed by the contributions of the institutions to cover the financing needs directly related to resolution as defined in Subsections (3) and (4).

(2) * All institutions and branch offices of third-country institutions in Hungary shall be obliged to join the Fund.

(3) The assets of the Fund may be used for the following purposes:

- a)* guaranteeing the assets and liabilities of the institution under resolution, its subsidiaries, the bridge institution or the resolution asset manager;
- b)* lending to the institution under resolution, its subsidiaries, the bridge institution or resolution asset manager;
- c)* purchasing of the assets of the institution under resolution;
- d)* * contribution to the bridge institution or resolution asset manager;
- e)* contribution to the institution under resolution for the purpose determined in Sections 59 and 60;
- f)* compensation payable to the NDIF pursuant to Subsection (5) of Section 143;
- g)* compensation to be paid to the owners or creditors in accordance with Section 98;
- h)* ensuring fiscal neutrality in accordance with Section 128;
- i)* * lending to another EEA State's resolution funding scheme on a voluntary basis;
- j)* * any combination of the measures referred to in Paragraphs *a)*-*i)*;
- k)* * costs directly related to the operation of the Fund.

(4) The Fund may also be mobilised for the measures referred to in Paragraphs *a)*-*d)* of Subsection (3) in respect of the transferee in the application of the sale of business tool.

Section 127 *

The Fund may not be used directly to cover the losses of or to recapitalise an institution, a financial undertaking, a financial holding company, a mixed financial holding company or a mixed-activity holding company. If the use of the Fund's resources for the purposes determined in Subsection (3) of Section 126 indirectly results in part of the losses of the institution or of the entities defined in Paragraphs *b)-d)* of Subsection (1) of Section 1 being borne by the Fund, the principles determined in Section 60 shall apply to the use of the Fund's resources.

66. The principle of fiscal neutrality

Section 128

- (1) The resources made available by the state for resolution purposes must be repaid from the Fund within ten years of the date on which they were made available by the state.
- (2) The repayment pursuant to Subsection (1) shall be made annually for the given period at a rate increased by the 10-year HUF government bond reference yield determined by the Government Debt Management Agency Pte. Ltd. (Államadósság Kezelő Központ Zrt.).
- (3) After a period of five years following the acquisition of ownership as defined in Paragraph *a)* or *b)* of Subsection (3) of Section 81, the state shall have the right to sell the membership shares acquired by it to the Fund, for a period of five years, pursuant to this Act at a price which ensures compliance with the principle of fiscal neutrality.

66/A. * Lending to the resolution funding scheme of another EEA State

Section 128/A *

- (1) The Fund may lend on a voluntary basis to the resolution funding scheme of another EEA State, subject to the approval of the minister responsible for the regulation of the financial, capital and insurance markets, if
 - a)* the amounts available to the resolution funding scheme concerned are insufficient to cover the losses, costs or other expenses incurred in the course of applying the funding scheme; and
 - b)* extraordinary ex-post contributions are not immediately available to the resolution funding scheme concerned, nor are alternative funding instruments available under reasonable conditions.
- (2) If loans are granted to the resolution funding scheme of another EEA State by more than one resolution funding schemes at the same time as the Fund, unless otherwise agreed by all participating resolution funding schemes
 - a)* the loan granted by the Fund shall be subject to the same interest rate, repayment period and other terms and conditions as the loan granted by the other participating resolution funding schemes;
 - b) ** the amount to be lent by the Fund shall be determined on the basis of the ratio of the sum of the deposit parts subject to indemnification obligation of insured deposits in Hungary to the aggregate sum of the deposit parts subject to indemnification obligation of insured deposits in the member states of the participating resolution funding schemes.

CHAPTER XVII

The Legal Status and Organisation of the Resolution Fund

67. The legal status of the fund

Section 129

- (1) The Fund shall be a legal entity.
- (2) The registered office of the Fund shall be in Budapest.
- (3) The resources of the Fund may not be withdrawn and may not be used for any purpose other than that provided for in this Act.
- (4) The equity of the Fund may not be divided.

Section 130

The financial and accounting audit of the Fund shall be carried out by the State Audit Office (Állami Számvevőszék).

Section 131

- (1) The Fund shall appoint an auditor.
- (2) The auditor of the Fund shall be chosen by the Board of Directors from among auditors entitled to audit financial institutions.
- (3) The mandate of a natural person as auditor may last for a maximum of five years, and a new contract may be concluded with the same auditor after the third year following the expiry of the mandate. An auditor employed by an audit firm (employee, manager, or member who is required to work) may perform audit duties for the Fund for a maximum of five years and may resume such duties after the third year following the expiry of the mandate.
- (4) The auditor is responsible for reviewing the Fund's accounting records and annual reports and for expressing an opinion on the credibility of the proposals of the Board of Directors concerning the Fund's management, administration and the use of its assets. The auditor of the Fund may be a person who is also the auditor of the NDIF.

68. The organisation of the fund

Section 132

- (1) The governing body of the Fund is the Board of Directors which shall act in the following composition when making decisions relating to the Fund:
 - a)* the person appointed by the minister responsible for regulating the financial, capital and insurance markets;
 - b)* two persons appointed by the governor of the MNB, acting in its resolution function, one of whom shall be the deputy governor or manager supervising the task specified in Subsection (8) of Section 4 of the MNB Act, and the other shall be the deputy governor or manager supervising the task specified in Subsection (9) of Section 4 of the MNB Act;
 - c)* the managing director of the NDIF;
 - d) ** the person appointed by the interest representation organisation of credit institutions.
- (1a) * A member of the Board of Directors, with the approval of the Board, may appoint in writing a permanent deputy who, in the absence of the member, shall participate in the meetings of the Board of Directors with full decision-making powers.
- (1b) * The deputy governor supervising the task specified in Subsection (9) of Section 4 of the MNB Act or the manager supervising this task as well as his/her permanent deputy, may not vote in the decisions of the Board of Directors concerning the Supervisory Authority's licensing function.
- (2) The Board of Directors shall be chaired by the person appointed by the minister responsible for the regulation of the financial, capital and insurance markets.
- (3) * The managing director of the IPF shall attend the meetings of the Board of Directors by invitation, in a consultative capacity.
- (4) The Board of Directors of the Fund shall keep a record of its decisions.
- (5) The responsibilities of the Board of Directors:
 - a)* directing and controlling the management and other activities of the Fund;
 - b) **
 - c)* deciding on the composition of special committees set up on a case-by-case basis for specific tasks;
 - d)* determining the arrangements for payments to be made by the Fund under this Act;
 - e)* deciding on the Fund's budget, including its operating costs;
 - f)* once a year, at the latest by 30 May of the year following the end of the financial year, adopting the annual accounts of the Fund and the auditor's report, establishing the assets and liabilities of the Fund and submitting the report thereon to the State Audit Office;
 - g) **
 - h)* deciding to impose increased or extraordinary fee payment obligations;
 - i)* performing other tasks specified in this Act; and
 - j)* deciding, on the basis of a proposal from the MNB, acting in its resolution function, on the use of the Fund's resources for resolution purposes.
- (5a) * The person appointed by the interest representation organisation of credit institutions shall only attend the meeting of the Board of Directors when the item of the agenda specified in Paragraph *f)* of Subsection (5) is discussed.
- (6) In carrying out its tasks in relation to the Fund, the Board of Directors may use the services of the NDIF and, without prejudice to the prohibition of monetary financing, the MNB.
- (7) * The Fund shall not have a separate work organisation; the operational tasks shall be carried out separately by the work organisation of the NDIF under the direction of its managing director.

CHAPTER XVIII
Management of the Fund and Joining the Fund

69. Resources of the Fund

Section 133

(1) Resources of the Fund:

a) paid by the members of the Fund;

aa) joining fees;

ab) * regular, annual fees;

ac) extraordinary payments;

b) loans raised by the Fund;

c) debt instruments issued by the Fund;

d) other revenues.

(2) * In order to achieve the objectives determined in Subsection (3) of Section 126, the Fund may borrow from legal persons, in particular from

a) credit institutions; or

b) the resolution-financing schemes of other EEA States.

(3) The MNB cannot finance the Fund in any form.

(4) In order to achieve its objectives under Subsection (3) of Section 126, the Fund may issue bonds.

(4a) * The Fund may borrow money and issue bonds only if the fees paid by its members are not sufficient to achieve the objectives determined in Subsection (3) of Section 126. The Fund may borrow from the resolution funding scheme of another EEA State only if it is not possible to borrow from another legal entity or issue bonds under reasonable conditions within a short period of time.

(5) The State shall be liable as a guarantor for the payment obligations of the Fund arising from the loans, borrowings and bond issues of the Fund, in an amount approved by the Government, for the purpose of meeting its obligations under Subsection (3) of Section 126. The creditor shall not be obliged to require any further security in addition to the state guarantee as security for the obligations of the Fund. The Fund shall pay a guarantee fee for the state guarantee.

70. Other revenues of the Fund

Section 134

The amounts received from the institution under resolution or the bridge institution, interests and other incomes on investments as well as any other income arising from the resolution shall be transferred to the Fund.

71. Account management and cash management of the Fund

Section 135

(1) The Fund's cash account shall be held with the MNB with the derogation described in Subsection (3).

(2) The Fund's cash account shall be credited with all of the Fund's cash receipts, including operating incomes, while the cash account shall be debited with cash outflows related to operations, the financing of the resolution and any payments to compensate the owners and creditors of the institution under resolution.

(3) The assets of the Fund, except for the petty cash, the liquidity reserve held on the cash account and the amount transferred to a credit institution to finance the resolution or other purposes necessary for the operation of the Fund, shall be held in government securities or in a deposit with the MNB.

(4) The Fund may only use any profits to increase its own capital.

72. Joining the Fund

Section 136

(1) * The institution and the Hungarian branch office of a third-country institution shall send the declaration of affiliation to the Fund at the same time as the application for a licence to operate and attach a copy of it to the application for a licence to operate.

(2) The declaration of affiliation shall be made in the form published by the Fund.

73. Joining fee

Section 137 *

An institution joining the Fund and a branch of a third-country institution in Hungary shall pay to the Fund, within thirty days of receipt of the authorisation to operate, a one-off joining fee equal to 0.05 per cent of its subscribed capital.

74. Annual fee payment obligation *

Section 138 *

(1) The members of the Fund shall pay an annual fee, the amount of which is determined and notified to the members of the Fund by the MNB, acting in its resolution function.

(1a) * After the date on which the assets of the Fund have reached for the first time 1 per cent of the limit of compensation of the insured deposits of credit institutions authorised in Hungary (for the purposes of this paragraph, hereinafter referred to as the target level), the annual fee obligation shall be set so that, if the assets of the Fund fall below two-thirds of the target level, the assets of the Fund will reach the target level again within six years.

(1b) * In determining the annual contribution obligation, the phase of the business cycle and the effects that pro-cyclical contributions may have on the determination of annual contributions shall be duly taken into account.

(1c) * For the purposes of Subsection (1a), a loan granted on a voluntary basis to the resolution funding scheme of another EEA State shall also be counted as an asset of the Fund.

(2) The amount of the regular annual fee shall be paid by the Fund member to the Fund's cash account in semi-annual instalments each year, no later than the fifteenth day of the last month of the half-year in question.

Section 139 *

In the year in which its licence is withdrawn, the institution shall pay an annual fee pro rata temporis for the period up to the date of withdrawal of its permit.

74/A. * Fees payable by Hungarian branch offices of third-country institutions

Section 140 *

(1) The regular annual fee to be paid to the Fund by the Hungarian branch office of a third-country institution (for the purposes of this Section hereinafter referred to as "third-country branch office") shall be calculated by the MNB, acting in its resolution function, and notified to the branch office.

(2) The third-country branch office's fee base shall be its total liabilities less its own funds and the insured deposits subject to the limit of compensation, provided that the reference date for the calculation of the fee base for this data shall be the reporting date of the annual accounts for the second year preceding the fee calculation period.

(3) The annual fee for the third national branch office depending on the fee base shall be the following; if the fee base is

a) not higher than EUR 50,000,000, a flat-rate fee of EUR 1,000 shall be paid as annual fee in the given period;

b) higher than EUR 50,000,000, but not higher than EUR 100,000,000, a flat-rate fee of EUR 2,000 shall be paid as annual fee in the given period;

c) higher than EUR 100,000,000, but not higher than EUR 150,000,000, a flat-rate fee of EUR 7,000 shall be paid as annual fee in the given period;

d) higher than EUR 150,000,000, but not higher than EUR 200,000,000, a flat-rate fee of EUR 15,000 shall be paid as annual fee in the given period;

e) higher than EUR 200,000,000, but not higher than EUR 250,000,000, a flat-rate fee of EUR 26,000 shall be paid as annual fee in the given period;

f) higher than EUR 250,000,000, but not higher than EUR 300,000,000, a flat-rate fee of EUR 50,000 shall be paid as annual fee in the given period;

g) higher than EUR 300,000,000, a flat-rate fee of EUR 50,000 shall be paid for the first part of the fee base amounting to EUR 300,000,000, and for the rest of the fee base that is above EUR 300,000,000, a flat-rate fee of EUR 25,000 shall be paid for each fee base fraction of EUR 100,000,000 and part thereof as annual fee in the given period.

(4) Without prejudice to Subsections (1)-(3), to certain procedural aspects of the annual fee payment obligation of the third national branch office, Articles 12 to 14 of the Commission Delegated Regulation (EU) 2015/63/EU of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council as regards the ex-ante contribution to the resolution funding regime shall apply.

(5) To matters not covered by this Section concerning the obligation of the third national branch office to pay annual fees, the provisions of Section 138 shall apply mutatis mutandis.

75. Ordering extraordinary payment

Section 141

(1) * In order to ensure the repayment of loans taken out by the Fund pursuant to Subsection (2) of Section 133 and bonds issued pursuant to Subsection (4) of Section 133, the Fund may impose an extraordinary payment obligation on the institution or the Hungarian branch office of a third-country institution, established in accordance with uniform principles, the amount and timing of which shall be in line with the loan repayment terms. The extraordinary payment obligation may not exceed three times the amount of the annual fee payment obligation.

(2) * If the Fund generates income in connection with the event necessitating the call on the loan, it must be used first to reduce the outstanding loan debt and then to reduce or repay the extraordinary payment obligation of the institutions or the Hungarian branch offices of third-country institutions.

(3) * If the imposition of an extraordinary payment on an institution or a branch office of a third-country institution in Hungary would jeopardise its immediate or ongoing solvency-i.e. its liquidity or solvency-the MNB, acting in its resolution function, may postpone, in whole or in part, the imposition of the extraordinary payment on the institution or the branch of a third-country institution in Hungary. The extraordinary payment may be postponed for a maximum period of 6 months, with the possibility of one further postponement of 6 months at the request of the institution or the Hungarian branch office of the third-country institution.

76. Accounting for the payment of fees

Section 142 *

The institution or the Hungarian branch office of a third-country institution shall account for the amount paid to the Fund (including the joining fee) as other expenditure.

77. Use of the National Deposit Insurance Fund for resolution purposes

Section 143

(1) The NDIF shall contribute to the funding of the resolution-up to a maximum of 0.4 per cent of the total amount of deposits subject to resolution obligation-if the resolution measure applicable to the institution concerned by the MNB acting in its resolution function ensures the depositors' continuous access to their guaranteed deposits.

(2) The contribution of the NDIF under Subsection (1) shall be equal to

a) the amount by which, in the event of the application of bail-in, the claim would have been reduced in respect of the deposits subject to the obligation to pay compensation by the institution by applying Paragraph a) of Subsection (1) of Section 61 if the deposits subject to the limit of compensation had also been subject to bail-in and if they had been reduced to the same extent as the claims of creditors ranking pari passu in the order of priority in the liquidation proceedings; or

b) where a tool other than bail-in is used, to the amount of the losses which would have been incurred by the portfolio of deposits subject to the obligation to pay compensation if the portfolio of deposits subject to the obligation to pay compensation had suffered losses in proportion to those incurred by creditors ranking pari passu in the order of priority in the liquidation proceedings.

(3) Notwithstanding Paragraph a) of Subsection (2), the NDIF shall not contribute to the bail-in if the bail-in serves to increase the own funds of the institution to the level determined in Paragraph b) of Subsection (1) of Section 61.

(4) In no case shall the NDIF's obligation to contribute exceed the amount of the loss it would have had to bear if the institution had been liquidated and the NDIF had been obliged to pay compensation.

(5) If it is determined on the basis of the assessment pursuant to Subsection (1) of Section 98 that the NDIF has nevertheless contributed to the resolution in excess of the burden it would have paid had it been compensated in liquidation, the Resolution Fund shall reimburse the NDIF the excess amount subsequently within the period determined in Subsection (2) of Section 98, increased by default interest.

(6) The contribution made by the NDIF for the purposes of Subsection (1) shall be paid in cash.

Section 144

Where an asset sale tool or bridge institution is used, if the insured deposit portfolio is transferred to another institution, the depositor may not claim NDIF compensation for the untransferred part of the deposit if the transferred deposit part equals or exceeds the limit of the deposit insurance compensation obligation.

PART SIX
MISCELLANEOUS AND FINAL PROVISIONS

78. Enabling provisions

Section 145

(1) The Government shall be empowered to establish by decree

a) * the detailed rules regarding the costs that the MNB, acting in its resolution function, and the Resolution Fund may charge in connection with the use of resolution tools and the exercise of resolution powers; *

b) the detailed rules regarding the reorganisation plan; *

c) the detailed rules for the charges to be borne by the Resolution Fund in the event of a bail-in;

d) the detailed rules for the selection of independent valuers, the tendering system and the criteria and procedures for the inclusion in the list. *

(2) The governor of the MNB shall be entitled to establish by decree

a) the detailed rules for the reporting of the information required for the resolution plan and for the resolution process;

b) *

c) the detailed rules on the restrictions on own funds and on investments in eligible liabilities in relation to the institutions referred to in Subsection (1) of Section 4;

d) the criteria for determining the quantifiability of non-compliance (capital adequacy, profitability and portfolio quality) in the case of Paragraphs a) and b) of Subsection (2) of Section 17; *

e) the criteria for determining the quantifiability of non-compliance (deposit coverage ratio, balance sheet coverage ratio and foreign currency funding ratio) in the case of Paragraph c) of Subsection (2) of Section 17; *

f) the methodology for determining Paragraph b) of Subsection (5) of Section 17.

79. Final provisions

Section 146

(1) This Act shall, with the exception of Subsections (2) and (3), enter into force on the third day following its promulgation.

(2) Sections 4-21, Sections 23-125, Sections 133-134, Subsection (1) of Section 136, Sections 137-144, Sections 149-157, Subsection (2)-(9) of Section 160, Subsections (1)-(7) and (9)-(23) of Section 161 shall enter into force on the 60th day following its promulgation.

(3) *

Section 147

Subsection (1) of Section 160 shall be considered to be cardinal under Subsection (6) of Section 41 of the Fundamental Law.

Section 148

(1) If an institution already holds a licence to operate or is in the process of obtaining such a licence on the date of entry into force of this Act, it shall

a) submit a declaration of joining the Fund to the Fund within 30 days of the entry into force of this Act; and

b) pay into the Fund a joining fee equal to one ten-thousandth of its subscribed capital no later than 45 days after the entry into force of this Act, with the proviso that the remaining four ten-thousandths of the joining fee shall be paid within 90 days after the entry into force of this Act.

- (2) * The fees provided for in Subsection (1) of Section 138 shall be determined in such a way that the assets of the Fund reach, by 31 December 2028 at the latest, and evenly distributed over this period, at least 1 per cent of the limit of compensation of the insured deposit portfolio of credit institutions authorised in Hungary.
- (3) *
- (4) The MNB, acting in its resolution function, shall announce the tender for independent valuers pursuant to Subsection (3) of Section 22 of this Act within 60 days after the entry into force of this Act, and publish the names of the candidates meeting the statutory requirements in the list of candidates within 120 days after the entry into force of this Act.
- (5) Until the establishment of the list of independent valuers pursuant to Subsection (4), a valuer pursuant to Section 24 may be a person who meets the professional and incompatibility requirements for independent valuers.
- (6) *

Section 149 *
Section 150

Subsection (7) of Section 72 shall apply to securities and liabilities issued or incurred after the entry into force of this Act.

Section 150/A *

This Act shall apply the provisions of its

- a) Section 43 modified by Section 265; and
- b) Section 53/A established by Section 266 respectively

of the Act LXXXV of 2015 on Amending Certain Acts in Order to Promote the Development of the Financial Intermediary System (hereinafter referred to as the “Amendment Act”) also to the proceedings that were in progress at the time of the entry into force of the Amendment Act.

Section 150/B *

If the acting body has not undertaken electronic administration pursuant to Subsection (2) of Section 108 of Act CCXXII of 2015 on the General Rules of Electronic Administration and Trust Services before 1 January 2018, the provisions of this Act in force on 31 December 2016 shall apply to electronic communication until 31 December 2017.

Section 150/C *

The Hungarian branch office of a third-country institution that had already been operating at the time of the entry into force of Act CXXVI of 2018 Amending Certain Acts Concerning the Financial Intermediary System for the Purpose of Legal Harmonisation (hereinafter referred to as Act CXXVI of 2018) shall send the declaration on joining the Fund within 90 days of the entry into force of Act CXXVI of 2018 and pay the joining fee pursuant to Section 137 to the Fund as joining fee.

Section 150/D *

- (1) The institutions and the entities referred to in Paragraphs *b*) and *c*) of Subsection (1) of Section 1 shall comply with the requirements comprised in Section 68/A or Section 68/B and Subsections (7)-(11) and (13) of Section 66, established by Act CX of 2020 Amending Certain Elements of the Financial Intermediary System for the Purpose of Legal Harmonisation (hereinafter: Amendment Act No. 2) from 1 January 2024, for the achievement of which the MNB, acting in its resolution function, shall determine an intermediate target level to be met by the institutions and entities on 1 January 2022.
- (2) The intermediate target level pursuant to Subsection (1), determined by the MNB, acting in its resolution function, shall ensure that the requirements relating to own funds and to eligible liabilities are met in a gradual and smooth process.
- (3) Where justified and appropriate, as specified in Subsection (9), the MNB, acting in its resolution function, may determine a longer transitional period than that provided for in Subsection (1), taking into account
- a) the evolution of the financial situation of the entity;
 - b) the prospect that the organisation will be able to comply within a reasonable time with the requirements of Section 68/A or Section 68/B and Subsections (7)-(11) and Subsection (13) of Section 66; and
 - c) whether the entity is able to replace liabilities that no longer comply with the conditions for eligible liabilities or their maturity determined in Articles 72b and 72c of the Regulation (EU) No 575/2013 as well as Section 66 and Subsection (5) of Section 68/B of this Act, and if not, whether the inability to do so is due to specific reasons or to a market-wide disruption.
- (4) The entities eligible for resolution under Subsections (12) and (14) of Section 67 shall comply with the requirements of Subsections (12)-(15) of Section 67 as established by the Amending Act No. 2 as from 1 January 2022.
- (5) The minimum levels of the requirements under Subsections (12)-(15) of Section 67 shall not apply for a period of two years from the following date:
- a) when the MNB, acting in its resolution function, applied the bail-in; or
 - b) when a resolution measure-other than a resolution measure to prevent insolvency within the meaning of Paragraph *b*) of Subsection (1) of Section 17-was taken by the entity eligible for resolution to write down capital items and other liabilities or restructure them into Common Equity Tier 1 capital or when write-off or restructuring rights are exercised in accordance with Section 74 in respect of the entity eligible for resolution for the purpose of recapitalising the entity eligible for resolution without recourse to resolution tools.
- (6) The requirements under Subsections (7)-(9) and (13) of Section 66 and Subsection (12)-(15) of Section 67 shall not apply for a period of three years from the date on which the entity eligible for resolution or the group to which the entity eligible for resolution belongs was identified as a global systemically important institution or the date on which the entity eligible for resolution got into the situation referred to in Subsections (12)-(15) of Section 67.
- (7) The MNB, acting in its resolution function, shall determine an appropriate transitional period for compliance with the requirements laid down in Section 68/A or 68/B or with the requirement resulting from the application of Subsections (7)-(11) or (13) of Section 66 for the institution or entity within the meaning of Paragraph *b*) or *c*) of Subsection (1) of Section 1 in respect of which a resolution instrument or the power to write-off or restructure has been applied.
- (8) For the purposes of Subsections (1)-(7), the MNB, acting in its resolution function, shall communicate to the institution or entity within the meaning of Paragraph *b*) or *c*) of Subsection (1) of Section 1 the planned minimum level of own funds and eligible liabilities for each 12-month period within the transitional period, thereby facilitating the gradual build-up of loss-absorbing and recapitalisation capacity. At the end of the transitional period, the minimum requirement for own funds and eligible liabilities shall, where applicable, be equal to the amount determined in Subsections (7)-(11) or (13) of Section 66, Subsections (12)-(15) of Section 67, Section 68/A and 68/B.
- (9) In determining the transitional periods, the MNB, acting in its resolution function, shall take into account:
- a) the frequency of deposits and the absence of debt instruments in the funding model;
 - b) the access to the capital markets as regards eligible liabilities; and
 - c) the extent to which the entity eligible for resolution needs to rely on Common Equity Tier 1 capital in order to meet the requirement under Section 68/A.
- (10) The MNB, acting in its resolution function, shall have the right to amend ex-post either the transitional period or the planned level of minimum requirements for the own funds and the eligible liabilities notified in accordance with Subsection (8).

80. Compliance with European Union law

Section 151 *

- (1) This Act shall serve compliance with
- a) Directive 2014/59/EU of the European Union and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and the Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council;
 - b) Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy; and
 - c) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.
- (2) This Act shall determine provisions for the implementation of
- a) * the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending the Regulation (EU) No 648/2012; and
 - b) the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and the Regulation (EU) No 648/2012.

Section 152

The draft of this Law has been notified in advance in accordance with Article 2(1) of 98/415/EC: Council Decision of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions.

81. Amending provisions

Section 153-157 *

Section 158-159 *

Section 160

(1) *

(2)-(9) *

(10)-(11) *

Section 161

(1)-(7) *

(8) *

(9)-(23) *

(24)-(25) *

82. Repealed provisions

Section 162 *

Annex 1 to Act XXXVII of 2014

Minimum content elements of the individual and the group resolution plan

A) The individual resolution plan shall contain at least the following elements:

1. a summary of the key elements of the plan;
2. a summary of material changes regarding the institution since the last amendment to the resolution plan;
3. a demonstration of how critical functions and core business lines can be legally and economically separated from other functions to the extent necessary to ensure continuity in the event of the institution's insolvency;
4. an estimated timeframe for the implementation of each material aspect of the plan;
5. a detailed description of the assessment of resolvability;
6. a description of the measures that the institution is required to take to address or eliminate the identified obstacles to resolution;
7. a description of the procedures for determining the value and marketability of the institution's critical functions, main business lines and assets;
8. a detailed description of the measures to ensure that the information required for resolution plans is up-to-date and available at all times to the MNB, acting in its resolution function;
9. an explanation of how resolution options can be financed by allowing recourse to the Resolution Fund but without recourse to extraordinary state financial support, not including a state capital increase;
10. * a detailed description of the different resolution strategies that can be applied according to the different possible scenarios and the applicable timetables;
11. a presentation of interdependencies of critical nature;
12. analysis of the impact of the plan on other institutions of the group;
13. * a description of options to ensure continuity of access to payments, clearing services and other infrastructures, and an assessment of the portability of client positions;
14. a plan for communication with the media and citizens in the event of resolution;
15. a presentation of the essential operations and systems for the ongoing maintenance of the institution's operational procedures;
16. * a description of the impact of the implementation of the plan on employees, including an assessment of the costs involved, and the procedures envisaged for consulting employees during the resolution process;
17. the impact of resolution measures on the stability of the financial intermediary system in the EEA States concerned;
18. * the deadlines for the requirements determined in Sections 68/A and 68/C and for the compliance with them according to Section 150/D, with the addition that the MNB, acting in its resolution function, shall take into account the deadlines for compliance with the capital recommendation when reviewing the resolution plan due to the application of a resolution measure;
19. * if the MNB, acting in its resolution function, applies Subsections (8)-(12) or (14) of Section 66, the timing of compliance by the entity eligible for resolution under Section 150/D, with the addition that the MNB, acting in its resolution function, shall take into account the deadlines for compliance with the capital recommendation when reviewing the resolution plan due to the application of a resolution measure;
20. * the institution's opinion on the resolution plan, if applicable.

B) In the group resolution plan:

1. the resolution measures to be taken for all undertakings in the group in each scenario and coordinated resolution measures shall be determined;
2. the extent to which resolution tools and prerogatives can be applied and used in a coordinated manner to the entities in the group established in the European Union, including measures allowing for the acquisition by third parties of the whole group or of the activities or business lines of several entities in the group or of individual entities in the group, and identify possible obstacles to coordinated resolution shall be examined;
3. if the group includes undertakings incorporated in third countries, the arrangements for cooperation and coordination with the relevant authorities in the third country shall be identified;
4. in the case of compliance with the conditions for group resolution, the measures necessary to facilitate group resolution, including the possibility of legal and economic separation of specific functions or business lines, shall be identified;
5. the arrangements for funding group resolution measures shall be determined, and, if appropriate, a proposal shall be developed on the principles for the allocation of funding responsibilities between the different EEA States' funding sources;
6. the use of extraordinary state financial support beyond the use of the Resolution Fund shall not be presumed;
7. the impact of resolution measures on the stability of the financial intermediary system in the EEA States concerned shall be taken into account.

Annex 2 to Act XXXVII of 2014

Criteria for the assessment of resolvability to be considered by the MNB acting in its resolution function

When assessing the resolvability of an institution or group, the MNB, acting in its resolution function, shall consider

1. the extent to which the institution can assign core business lines and critical functions to each legal entity;
2. how the legal and corporate structures are aligned with the main business lines and critical functions;
3. the extent to which arrangements are in place to provide for core staff, infrastructure, finance, liquidity and capital to support and maintain core business lines and critical operational processes;
4. the proportion to which the service level agreements maintained by the institution are fully enforceable in the event of the institution's resolution;
5. the extent to which the institution's governance structure is adequate to manage its service level agreements and ensure compliance with its internal policies regarding these agreements;
6. whether and to what extent the institution has a procedure in place to deal with the need to outsource services provided under service level agreements to third parties because of the separation of critical functions or core business lines;
7. the extent to which contingency plans and measures are in place to ensure continued access to payment and clearing systems;
8. the extent to which management information systems adequately ensure that resolution authorities can gather accurate and complete information on the key business lines and critical operational processes to enable rapid decision-making;
9. the capacity of management information systems to provide the information necessary for the effective resolution of the institution at all times, even in rapidly changing circumstances;
10. the extent to which the institution has tested its management information systems against the stress scenarios defined by the resolution authority;
11. the extent to which the institution can ensure the continuity of its management information systems, both for the institution concerned and for the new institution, when critical operational processes and core business lines are separated from other operational processes and business lines;

- 12. the extent to which the institution has put in place adequate procedures to ensure that it provides resolution authorities with the information necessary to identify the amounts provided by the depositors and deposit guarantee schemes and those provided by investors and investor protection schemes;
- 13. if the group uses intra-group guarantees, the extent to which these guarantees are provided on arm’s-length terms and how stable the risk management systems related to these guarantees are;
- 14. if the group enters into risk transfer transactions, the extent to which these transactions comply with market conditions, and how sound the risk management systems relating to these transactions are;
- 15. the extent to which the use of intra-group guarantees or risk transfer transactions at group level increase contagion;
- 16. the extent to which the legal structure of the group, in terms of the number of legal entities, the complexity of the group’s structure and the difficulties in linking the business lines and the group’s entities, hinders the application of resolution tools;
- 17. * the amount and type of the liabilities of the institution eligible for bail-in;
- 18. if the assessment includes a mixed-activity holding company, the extent to which the resolution of the entities in the group that are institutions or financial institutions could have a negative impact on the non-financial part of the group;
- 19. the existence and effectiveness of service level agreements;
- 20. whether the third-country authorities have the necessary resolution tools to support the resolution actions of the EU resolution authorities and the scope of coordinated action by the EU and third-country authorities;
- 21. the feasibility of applying resolution tools in a way that is consistent with the resolution objectives, with a view to the mechanisms available and the structure of the institution;
- 22. the extent to which the group’s structure allows the resolution authority to restore the group as a whole or one or more of its entities in a way that does not have a direct or indirect adverse effect on the financial system, the market confidence and the economy, and is aimed at maximising the value of the group as a whole;
- 23. the measures and instruments to facilitate the resolution of groups with subsidiaries in different jurisdictions;
- 24. the credibility that the way in which resolution tools are applied is consistent with the resolution objectives, having regard to the potential impact on creditors, counterparties, customers and employees, and the potential actions of third-country authorities;
- 25. the extent to which the impact of the resolution of the institution on the financial system and on the confidence in the financial markets can be properly assessed;
- 26. how significant the direct or indirect adverse effects on the financial system, market confidence or the economy could be;
- 27. the extent to which the use of resolution tools and powers can prevent contagion to other institutions or financial markets;
- 28. how significant impact the resolution of the institution may have on the functioning of payment and settlement systems.

Annex 3 to Act XXXVII of 2014 *

Calculation of the M-MDA

- 1. To calculate the M-MDA, the amount calculated in accordance with point 2 shall be multiplied by the factor determined in accordance with point 3, with the proviso that the M-MDA shall be reduced by the amount resulting from any measure under Paragraph a), b) or c) of Subsection (1) of Section 15/A.
- 2. The amount to be multiplied in accordance with point 1 shall consist of:
 - a) any interim profits not included in the Common Equity Tier 1 capital in accordance with Article 26(2) of the Regulation (EU) No 575/2013, less any distributed profits or any amount paid out under a measure referred to in Paragraph a), b) or c) of Subsection (1) of Section 15/A;
 - plus
 - b) any year-end profits not included in the Common Equity Tier 1 capital in accordance with Article 26(2) of the Regulation (EU) No 575/2013, less any distributed profits or any amount paid out under a measure referred to in Paragraph a), b) or c) of Subsection (1) of Section 15/A;
 - minus
 - c) the amounts payable in the form of tax if the elements determined in Paragraphs a) and b) are retained.
- 3. The factor under point 1 shall be determined as follows:
 - a) the value of the factor shall be 0 if the Common Equity Tier 1 capital held by the institution which is not used to meet the requirements under Article 92a of the Regulation (EU) No 575/2013 and Sections 67 and 68 of this Act-expressed as a percentage of the total risk exposure value calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013-is within the first (i.e. lowest) quartile of the combined buffer requirement;
 - b) the value of the factor shall be 0.2 if the Common Equity Tier 1 capital held by the institution which is not used to meet the requirements under Article 92a of the Regulation (EU) No 575/2013 and Sections 67 and 68 of this Act-expressed as a percentage of the total risk exposure value calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013-is within the second quartile of the combined buffer requirement;
 - c) the value of the factor shall be 0.4 if the Common Equity Tier 1 capital held by the institution which is not used to meet the requirements under Article 92a of the Regulation (EU) No 575/2013 and Sections 67 and 68 of this Act-expressed as a percentage of the total risk exposure value calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013-is within the third quartile of the combined buffer requirement;
 - d) the value of the factor shall be 0.6 if the Common Equity Tier 1 capital held by the institution which is not used to meet the requirements under Article 92a of the Regulation (EU) No 575/2013 and Sections 67 and 68 of this Act-expressed as a percentage of the total risk exposure value calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013-is within the fourth (i.e. highest) quartile of the combined buffer requirement.

The lower and upper limits of each quartile of the combined buffer requirement are calculated as follows:

The lower limit of quartile =

Combined buffer requirement

4

× (Q_n – 1)

The upper limit of quartile =

Combined buffer requirement

4

× Q_n

where Q_n is the serial number of the quartile concerned.

Annex 4 to Act XXXVII of 2014 *

- 1.

(1-X1/X2)*(8% of the liabilities including own funds)

where

X1: 3.5% of the total risk exposure amount calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013;

X2: the sum of 18% of the total risk exposure amount calculated in accordance with Article 92(3) of the Regulation (EU) No 575/2013 and the combined buffer requirement.
- 2.
 - a) 8% of the organisation's total liabilities, including own funds;
 - or
 - b) the sum obtained by applying the formula A×2+B×2+C,

where

A = the amount resulting from the requirement under Article 92(1)(c) of the Regulation (EU) No 575/2013;

B = the amount resulting from the surplus capital requirement pursuant to Section 186 of the Credit Institutions Act;

C = the amount resulting from the combined buffer requirement.

- Promulgated on 18 July 2014
- Established by Section 257 of Act LXXXV of 2015. Effective from 7 July 2015.
- Established by Section 122 of Act LVIII of 2021, effective as of 12 August 2022.
- Repealed by Subsection (1) of Section 37 of Act LX of 2019. Ineffective from 1 July 2019.
- Amended by Section 152 of Act LIII of 2016, Paragraph a) of Section 477 of Act L of 2017 and Paragraph a) of Section 160 of Act CXXVI of 2018.
- Established by Section 165 of Act CCXV of 2015. Effective from 1 January 2016.
- Established by Subsection (1) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (1) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (1) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (1) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 166 of Act CCXV of 2015. Effective from 1 January 2016.
- Amended by Paragraph a) of Section 201 of Act LXIX of 2017.
- Amended by Subsection (1) of Section 182 of Act CX of 2020.
- Enacted by Subsection (2) of Section 129 of Act CXXVI of 2018. Effective from 29 December 2018.
- Enacted by Section 140 of Act LIII of 2016. Effective from 1 July 2016.
- Enacted by Section 123 of Act LVIII of 2021, effective as of 8 July 2022.
- Enacted by Subsection (2) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (3) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Subsection (2) of Section 37 Act LX of 2019.
- Enacted by Subsection (3) of Section 129 of Act CXXVI of 2018. Effective from 29 December 2018.
- Repealed by Subsection (3) of Section 37 of Act LX of 2019. Ineffective from: 1 July 2019.
- Enacted by Subsection (4) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (5) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (6) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (7) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (8) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (4) of Section 129 of Act CXXVI of 2018. Effective from 29 December 2018.
- Amended by Point 1 of Section 159 of Act CXXVI of 2018.
- Enacted by Subsection (9) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 191 of Act LXIXI of 2017. Effective from 1 July 2017.
- Enacted by Subsection (10) of Section 140 of Act CX of 2020. Effective from 26. December 2020.
- Enacted by Subsection (10) of Section 140 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (5) of Section 129 of Act CXXVI of 2018. Effective from 29 December 2018.
- Repealed by Point 4 of Section 37 of Act LX of 2019. Ineffective from 1 July 2019.
- Amended by Paragraph a) of Section 136 of Act CIV of 2014.
- Enacted by Section 116 of Act CXVIII of 2019. Effective from 1 January 2020.
- Established by Subsection (1) of Section 113 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Subsection (1) of Section 113 of Act CIV of 2014. Effective from 1 January 2015.
- Amended by Point 2 of Section 159 of Act CXXVI of 2018.
- Amended by Paragraph a) of Section 126 of Act CXVIII of 2019.
- Enacted by Subsection (2) of Section 113 of Act CIV of 2014. Effective from 1 January 2015.
- Enacted by Subsection (2) of Section 113 of Act CIV of 2014. Amended by Paragraph a) of Section 188 of Act CCXV of 2015.
- Enacted by Subsection (2) of Section 113 of Act CIV of 2014. Amended by Point 3 of Section 159 of Act CXVI of 2018.
- Established by Subsection (3) of Section 113 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Section 141 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Section 130 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Section 114 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Subsection (1) of Section 142 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (2) of Section 142 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 131 of Act CXXVI of 2018. Effective from 29 December 2018.
- Amended by Point 4 of Section 159 of Act CXXVI of 2018.
- Established by Section 115 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Subsection (1) of Section 143 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Paragraph b) of Section 126 of Act CXVIII of 2019.
- Established by Section 132 of Act CXVI of 2018. Effective from 29 December 2018.
- Established by Subsection (2) of Section 143 of Act CX of 2020. Amended by Paragraph a) of Section 42 of Act XX of 2022.
- Amended by Point 5 of Section 159 of Act CXXVI of 2018.
- Amended by Paragraphs c) and d) of Section 126 of Act CXVIII of 2019.
- Amended by Paragraphs e) of Section 126 of Act CXVIII of 2019.
- Amended by Point 2 of Section 182 of Act CX of 2020.
- Enacted by Subsection (1) of Section 133 of Act CXXVI of 2018. Effective from 29 December 2018.
- Amended by Point 3 of Section 182 of Act CX of 2020.
- Enacted by Subsection (1) of Section 144 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Subsection (1) of Section 144 of Act CX of 2020.
- Amended by Point 4 of Section 182 of Act CX of 2020.
- Established by Subsection (2) of Section 144 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (2) of Section 144 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Section 31 of Act XX of 2022, effective as of 6 August 2022.
- Established by Section 145 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 145 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Point 5 of Section 182 of Act CX of 2020.
- Established by Section 134 of Act CXXVI of 2018. Amended by Point 2 of Section 182 of Act CX of 2020.
- Established by Section 32 of Act XX of 2022, effective as of 6 August 2022.
- Amended by Point 6 of Section 182 of Act CX of 2020.
- Enacted by Subsection (2) of Section 146 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (1) of 147 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Point 7 of Section 182 of Act CX of 2020.
- Enacted by Subsection (2) of 147 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 33 of Act XX of 2022, effective as of 6 August 2022.
- Established by Subsection (4) of Section 147 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (1) of Section 148 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (1) of Section 148 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (2) of Section 148 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Section 149 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Section 149 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 116 of Act CIV of 2014. Effective from 1 January 2015.

- Established by Section 167 of Act CCXV of 2015. Effective from 1 January 2016.
- Established by Section 44 of Act LXII of 2017. Amended by Point 8 of Section 182 of Act CX of 2020, Paragraph b) of Section 42 of Act XX of 2022.
- Enacted by Section 150 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (1) of Section 117 of Act CIV of 2014. Effective from 1 January 2015.
- See: Subsection (1) of Section 2 of Government Decree 187/2020. (V. 7.).
- Established by Subsection (2) of Section 117 of Act CIV of 2014. Effective from 1 January 2015.
- Repealed by Point 5 of Section 37 of Act LX of 2019. Ineffective from 1 July 2019.
- Amended by Paragraph a) of Subsection (1) of Section 280 of Act LXXXV of 2015.
- Established by Section 151 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Point 8 of Section 159 of Act CXXVI.
- Amended by Point 8 of Section 159 of Act CXXVI of 2018.
- Established by Section 141 of Act LIII of 2016. Effective from 1 July 2016.
- Amended by Point 9 of Section 159 Act CXXVI of 2018.
- Enacted by Section 118 of Act CIV of 2014. Effective from 1 January 2015.
- Enacted by Section 135 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Subsection (1) of Section 192 of Act LXIX of 2017. Effective from 1 July 2017.
- Enacted by Subsection (2) of Section 192 of Act LXIX of 2017. Effective from 1 July 2017.
- Amended by Point 8 of Section 159 of Act CXXVI of 2018.
- Established by Subsection (1) of 260 of Act LXXXV of 2015. Effective from 7 July 2015.
- Established by Section 119 of Act CIV of 2014. Amended by Paragraph c) of Section 201 of Act LXIX of 2017, Paragraph a) of Section 476 of Act L of 2017.
- Enacted by Subsection (2) of 260 of Act LXXXV of 2015. Effective from 7 July of 2015.
- Established by Section 73 of Act CXXVII of 2016. Effective from 1 January 2017.
- Established by Subsection (1) of Section 193 of Act LXIX of 2017. Effective from 1 July 2017.
- Enacted by Subsection (3) of Section 260 of Act LXXXV of 2015. Effective from 7 July of 2015.
- Established by Subsection (2) of Section 193 of Act LXIX of 2017. Effective from 1 July 2017.
- Amended by Paragraph b) of Subsection (1) of Section 280 of Act LXXXV of 2015.
- Amended by Point 8 of Section 159 of Act CXXVI of 2018.
- Amended by Point 10 of Section 159 of Act CXXVI of 2018.
- Established by Section 120 of Act CIV of 2014. Effective from 1 January 2015.
- Amended by Paragraph b) of Section 136 of Act CIV of 2014.
- Enacted by Section 261 of Act LXXXV of 2015. Effective from 7 July 2015.
- Established by Section 194 of Act LXIX of 2017. Effective from 1 July 2017.
- Established by Subsection (1) Section 152 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (2) of Section 152 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 121 of Act CIV of 2014. Effective from 1 January 2015.
- Enacted by Subsection (1) of Section 153 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (2) of Section 153 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 122 of Act CIV of 2014. Effective from 1 January 2015.
- Enacted by Section 136 of Act CXXVI of 2018. Effective from 29 December 2018.
- Amended by Paragraph d) Section 201 of Act LXIX of 2017.
- Established by Section 262 of Act LXXXV of 2015. Amended by Point 11 of Section 159 of Act CXXVI of 2018.
- Amended by Point 12 of Section 159 of Act CXXVI of 2018.
- Amended by Point 13 of Section 159 of Act CXXVI of 2018.
- Amended by Point 8 of Section 159 of Act CXXVI of 2018.
- Amended by Point 14 of Section 159 of Act CXXVI of 2018.
- Amended by Point 15 of Section 159 of Act CXXVI of 2018.
- Enacted by Section 263 of Act LXXXV of 2015. Effective from 7 July 2015.
- Established by Section 118 of Act CXVIII of 2019. Effective from 1 January 2020.
- Enacted by Section 142 of Act LIII of 2016. Effective from 1 July 2016.
- Established by Subsection (1) of Section 168 of Act CCXV of 2015. Effective from 1 January 2016.
- Amended by Paragraph e) Section 201 of Act LXIX of 2017.
- Enacted by Subsection (2) of Section 168 of Act CCXV of 2015. Amended by Paragraph f) of Section 201 of Act LXIX of 2017.
- Established by Section 169 of Act CCXV of 2015. Effective from 1 January 2016.
- Amended by Point 16 of Section 159 of Act CXXVI of 2018.
- Enacted by Section 264 of Act LXXXV of 2015. Effective from 7 July 2015.
- Repealed by Point 6 of Section 37 of Act LX of 2019. Ineffective from 1 July 2019.
- Established by Section 265 of Act LXXXV of 2015. Effective from 1 July 2015.
- Amended by Paragraph b) of Section 188 of Act CCXV of 2015, Point 17 of Section 159 of Act CXXVI of 2018.
- Enacted by Section 143 of Act LIII of 2016. Effective from 1 July 2016.
- Established by Section 170 of Act CCXV of 2015. Effective from 1 January 2016.
- Established by Section 195 of Act LXIX of 2017. Effective from 1 July 2017.
- Established by Section 171 of Act CCXV of 2015. Effective from 1 January 2016.
- Enacted by Section 196 of Act LXIX of 2017. Effective from 1 July 2017.
- Modified on the basis of Paragraph c) of Section 136 of Act CIV of 2014.
- Enacted by Subsection (1) of Section 123 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Subsection (1) of Section 123 of Act CIV of 2014. Effective from 1 January 2015.
- Amended by Paragraph g) of Section 201 of Act LXIX of 2017.
- Enacted by Subsection (2) of Section 144 of Act LIII of 2016. Effective from 1 July 2016.
- Established by Subsection (2) of Section 144 of Act LIII of 2016. Effective from 1 July 2016.
- Established by Subsection (1) of Section 197 of Act LXIX of 2017. Effective from 1 July 2017.
- Enacted by Subsection (2) of Section 197 of Act LXIX of 2017. Effective from 1 July 2017.
- Enacted by Section 266 of Act LXXXV of 2015. Effective from 7 July 2015.
- Amended by Paragraph d) of Subsection (1) of Section 280 of Act LXXXV of 2015.
- Established by Section 172 of Act CCXV of 2015. Effective from 1 January 2016.
- Amended by Paragraph h) of Section 201 of Act LXIX of 2017.
- Enacted by Section 145 of Act LIII of 2016. Effective from 1 July 2016.
- Amended by Point 9 of Section 182 of Act CX of 2020.
- Established by Section 173 of Act CCXV of 2015. Effective from 1 January 2016.
- Established by Section 124 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Section 137 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Subsection (1) of Section 154 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Point 1 of Section 131 of Act LVIII of 2021.
- Amended by Section 52 of Act LXXXIII of 2021.
- Enacted by Subsection (2) of Section 154 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 125 of Act CIV of 2014. Effective from 1 January 2015.
- Enacted by Section 155 of Act CX of 2020. Amended by Paragraph c) of Section 42 of Act XX of 2022.

- [illegible]

- [illegible]

- Enacted by Subsection (2) of Section 176 of Act LX of 2019. Effective from 1 July 2019.
- Established by Subsection (2) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Amended by Point 26 of Section 159 of Act CXXVI of 2018.
- Enacted by Section 174 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Paragraph i) of Section 201 of Act LXIX of 2017.
- Amended by Paragraph c) of Section 476 of Act L of 2017.
- Amended by Point 27 of Section 159 of Act CXXVI of 2018.
- Established by Section 149 of Act LIII of 2016. Effective from 1 July 2016.
- Established by Section 149 of Act LIII of 2016. Effective from 1 July 2016.
- Established by Section 180 of Act CCXV of 2015. Effective from 1 January 2016.
- Amended by Paragraph f) of Subsection (1) of Section 280 of Act LXXXV of 2015.
- Amended by Point 28 of Section 159 of Act CXXVI of 2018.
- Amended by Subsection (1) of Section 136 of Act CIV of 2014.
- Amended by Paragraph m) of Section 136 of Act CIV of 2014.
- Amended by Paragraph n) of Section 136 of Act CIV of 2014.
- Established by Section 181 of Act CCXV of 2015. Effective from 1 January 2016.
- Enacted by Section 182 of Act CCXV of 2015. Effective from 1 January 2016.
- Established by Subsection (1) of Section 272 of Act LXXXV of 2015. Effective from 7 July 2015.
- Enacted by Subsection (2) of Section 272 of Act LXXXV of 2015. Effective from 7 July 2015.
- Enacted by Subsection (2) of Section 272 of Act LXXXV of 2015. Effective from 7 July 2015.
- Amended by Paragraph d) of Section 476 of Act L of 2017.
- Enacted by Section 175 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 273 of Act LXXXV of 2015. Effective from 7 July 2015.
- Enacted by Section 130 of Act LVIII of 2021. Effective from 2 August 2021.
- Established by Subsection (3) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Amended by Paragraph h) of Section 126 of Act CXVIII of 2019.
- Established by Subsection (4) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Amended by Paragraph g) Subsection (1) of Section 280 of Act LXXXV of 2015.
- Amended by Paragraph e) of Section 476 and Paragraph c) of Section 477 of Act L of 2017.
- Enacted by Subsection (5) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Amended by Paragraph d) of Section 477 of Act L of 2017.
- Repealed by Paragraph e) of Section 477 of Act L of 2017. Ineffective from 1 January 2018.
- Established by Subsection (6) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Established by Subsection (7) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Enacted by Subsection (7) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Amended by Point 13 of Section 159 of Act CXXVI of 2018.
- Amended by Point 13 and Point 29 of Section 159 of Act CXXVI of 2018.
- Amended by Point 30 of Section 159 of Act CXXVI of 2018.
- Repealed by Point 7 of Section 37 of Act LX of 2019. Ineffective from 1 July 2019.
- Enacted by Section 274 of Act LXXXV of 2015. Effective from 7 July 2015.
- Established by Section 176 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 150 of Act LIII of 2016. Effective from 1 July 2016.
- Established by Section 150 of Act CXXVI of 2018. Effective from 29 December 2018.
- Enacted by Section 177 of Act CX of 2020. Effective from 26 December 2020.
- Established by Subsection (1) of Section 198 of Act LXIX of 2017. Effective from 1 July 2017.
- Established by Subsection (1) of Section 198 of Act LXIX of 2017. Effective from 1 July 2017.
- Established by Subsection (1) of Section 183 of Act CCXV of 2015. Effective from 1 January 2016.
- Established by Subsection (2) of Section 198 of Act LXIX of 2017. Effective from 1 July 2017.
- Enacted by Section 124 of Act CXVIII of 2019. Effective from 1 January 2020.
- Established by Subsection (2) of Section 183 of Act CCXV of 2015. Effective from 1 January 2016.
- Amended by Point 31 of Section 159 of Act CXXVI.
- Amended by Section 480 of Act CXCVII of 2017.
- Amended by Section 481 of Act CXCVII of 2017.
- Enacted by Subsection (8) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Established by Subsection (9) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Established by Subsection (9) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Amended by Paragraph i) of Section 126 of Act CXVIII of 2019.
- Established by Subsection (9) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Established by Subsection (9) of Section 475 of Act L of 2017. Effective from 1 January 2018.
- Enacted by Section 277 of Act LXXXV of 2015. Effective from 7 July 2015.
- Amended by Paragraph e) of Section 188 of Act CCXV of 2015.
- Established by Section 151 of Act CXXVI of 2018. Effective from 29 December 2018.
- Amended by Point 32 of Section 159 of Act CXXVI of 2018.
- Amended by Point 33 of Section 159 of Act CXXVI of 2018.
- Established by Subsection (1) of Section 152 of Act CXXVI of 2018. Amended by Paragraph j) of Section 126 of Act CXVIII of 2019.
- Established by Subsection (2) of Section 152 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Subsection (2) of Section 152 of Act CXXVI of 2018. Effective from 29 December 2018.
- Amended by Point 34 of Section 159 of Act CXXVI of 2018.
- Amended by Paragraph f) of Section 42 of Act XX of 2022.
- Established by Subsection (1) of Section 153 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Subsection (1) of Section 153 of Act CXXVI of 2018. Effective from 29 December 2018.
- Enacted by Subsection (2) of Section 153 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Section 184 of Act CCXV of 2015. Effective from 31 December 2015.
- Enacted by Section 154 of Act CXXVI of 2018. Effective from 29 December 2018.
- Enacted by Section 154 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Section 40 of Act XX of 2022, effective as of 6 August 2022.
- Enacted by Subsection (1) of Section 30 of Act LXIX of 2022, effective as of 1 January 2023.
- Enacted by Section 133 of Act CIV of 2014. Effective from 1 January 2015.
- Enacted by Subsection (1) of Section 185 of Act CCXV of 2015. Effective from 1 January 2016.
- Established by Section 125 of Act CXVIII of 2019. Effective from 1 January 2020.
- Repealed by Paragraph a) of Section 202 of Act LXIX of 2017. Ineffective from 1 July 2017.
- Repealed by Section 127 of Act CXVIII of 2019. Ineffective from 1 January 2020.
- Enacted by Subsection (2) of Section 30 of Act LXIX of 2022, effective as of 1 January 2023.
- Established by Section 151 of Act LIII of 2016. Effective from 1 July 2016.
- Amended by Paragraph j) of Section 201 of Act LXIX of 2017.
- Established by Section 199 of Act LXIX of 2017. Effective from 1 January 2017.
- Enacted by Section 155 of Act CXXVI of 2018. Effective from 29 December 2018.

- Amended by Point 31 of Section 182 of Act CX of 2020.
- Amended by Point 31 of Section 182 of Act CX of 2020.
- Amended by Paragraph k) of Section 201 of Act LXIX of 2017.
- Established by Section 200 of Act LXIX of 2017. Effective from 1 July 2017.
- Enacted by Section 156 of Act CXXVI of 2018. Effective from 29 December 2018.
- Enacted by Section 156 of Act CXXVI of 2018. Effective from 29 December 2018.
- Enacted by Section 156 of Act CXXVI of 2018. Effective from 29 December 2018.
- Established by Section 200 of Act LXIX of 2017. Effective from 1 July 2017.
- Enacted by Section 178 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Section 178 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 278 of Act LXXXV of 2015. Amended by Point 31 of Section 182 of Act CX of 2020.
- Amended by Point 32 of Act CX of 2020.
- Amended by Point 33 of Act CX of 2020.
- Amended by Point 31 of Act CX of 2020.
- Established by Section 134 of Act CIV of 2014. Effective from 1 January 2015.
- See: Government Decree 363/2014. (XII. 30.).
- See: Government Decree 217/2014. (VIII. 28.).
- See: Government Decree 205/2014. (VIII. 15.).
- Repealed by Section 137 of Act CIV of 2014. Ineffective from 1 January 2015.
- See: MNB Decree 59/2014. (XII. 19.).
- See: MNB Decree 59/2014. (XII. 19.).
- Repealed by Section 137 of Act CIV of 2014. Ineffective from 1 January 2015.
- Amended by Subsection (1) of Section 201 of Act LXIX of 2017 and Point 24 of Section 131 of Act LVIII of 2021.
- Repealed by Section 281 of Act LXXXV of 2015. Ineffective from 7 July 2015.
- Repealed by Section 137 of Act CIV of 2014. Ineffective from 1 January 2015.
- Repealed by Point 8 of Section 37 of Act LX of 2019. Ineffective from 1 July 2019.
- Enacted by Section 279 of Act LXXXV of 2015. Effective from 7 July 2015.
- Enacted by Subsection (1) of Section 88 of Act CXXI of 2016. Effective from 1 January 2017.
- Enacted by Section 157 of Act CXXVI of 2018. Effective from 29 December 2018.
- Enacted by Section 179 of Act CX of 2020. Effective from 26 December 2020.
- Established by Section 180 of Act CX of 2020. Effective from 26 December 2020.
- Amended by Point c) of Section 183 of Act CX of 2020.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 17 September 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 22 July 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 22 July 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 17 September 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 22 July 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 17 September 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 22 July 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 17 September 2014.
- Repealed: based on Section 12 of CXXX of 2010. Ineffective from 22 July 2014.
- Shall not enter into force based on Section 138 of Act CIV of 2014.
- Amended by Point 35 of Section 159 of Act CXXVI of 2018.
- Established by Point 1 of Annex 7 of Section 135 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Point 2 of Annex 7 of Section 135 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Annex 5 of Subsection (1) of Section 181 of Act CX of 2020. Effective from 26 December 2020.
- Established by Annex 5 of Subsection (1) of Section 181 of Act CX of 2020. Effective from 26 December 2020.
- Enacted by Point 3 of Annex of Section 135 of Act CIV of 2014. Effective from 1 January 2015.
- Established by Section 41, Annex 2 of Act XX of 2022, effective as of 6 August 2022.
- Established by Annex 6 of Subsection (2) of Section 181 of Act CX of 2020. Effective from 26 December 2020.
- Established by Annex 6 of Subsection (2) of Section 181 of Act CX of 2020. Effective from 26 XII of 2020.