Global Financial Services Regulatory Guide - Hungary

| Contents |
| --- |
| To generate table of contents, right-click here and select **Update Field.** |

To get started, select a topic from the list on the left side of the screen

Last updated: May 2024

# 1. Who regulates banking and financial services in your jurisdiction?

## Who regulates banking and financial services in your jurisdiction?

In Hungary, banking and other financial services are regulated by the National Bank of Hungary (MNB), which is the central bank of Hungary and is responsible for the authorization and supervision of the entities, persons and activities of the financial sector — including the financial market, capital market, insurance market and funds market.

Within its supervisory framework, the MNB exercises continuous supervision over the activities of financial and capital market institutions, funds, insurance companies and institutions of the financial infrastructure (regulated market, clearing house and central depository), both on-site and off-site, using the tools of prudential supervision (i.e., supervision investigating the business soundness), as well as market surveillance and consumer protection tools. If necessary, the MNB takes  sanction measures. The purpose of the supervision is to ensure timely recognition and appropriate management of risks in order to avoid jeopardizing the stability of the financial system and the confidence of the financial intermediary therein.

The main objectives of the MNB are to achieve and maintain price stability and define and implement monetary policy, as well as develop a macro-prudential policy framework relating to the stability of the financial intermediary system.

The MNB is also authorized to issue banknotes and coins in Hungary's official currency (HUF) and set the central bank base rate. The MNB plays an important role in financial service regulation by issuing decrees, recommendations and guidelines in relation to EU legislation.

The MNB is a member of the European System of Central Banks and the European System of Financial Supervisors. It carries out the tasks delegated to it from the competencies of the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Securities and Markets Authority, and the European Systemic Risk Board.

In addition, the MNB acts as AML supervisor for financial services and monitors the activities of financial institutions in relation to preventing and combating money laundering and the financing of terrorism. If immediate action is required, it conducts targeted or topical investigations.

The National Tax and Customs Administration operates as a financial intelligence unit and receives suspicious activity reports.

# 2. What are the main sources of regulatory laws in your jurisdiction?

## What are the main sources of regulatory laws in your jurisdiction?

Under the Hungarian regulatory framework for financial services, each type of financial service has its own specified regulation. The main sources are essentially as follows:

**Banking Act of 2013** is the primary legislation for the banking sector, regulating the types of financial services activities authorized and prohibited for each type of institution, and setting out the basic rules for the authorization and operation of financial institutions. Additionally, this Act contains provisions on The Országos Betétbiztosítási Alap (National Deposit Insurance Fund), to which all credit institutions are required to join.

**Act of 2001 on the Capital Market** covers the issue of securities, the offering of securities, and their admission to trading on a regulated market in the territory of Hungary. Furthermore, this Act regulates the obligation to provide information relating to securities admitted to trading on a regulated market, securitization, and the exchange market operations.

**Act of 2013 on the National Bank of Hungary** covers the MNB’s primary objectives; basic tasks; institutional, organizational, personal and financial independence; and operations. This Act also determines which entities, persons or activities are subject to its supervision, the administrative proceedings it may conduct and the sanctions it may impose.

**Act of 2007 on Investment Firms and Commodity Dealers** regulates the activities of investment firms and commodity dealers, as well as the organizational and personal conditions of their operation.

**Act of 2014 on the Business of Insurance** is applicable to insurance services (including reinsurance companies and insurance intermediation), regulates the operation and authorization of insurance companies, as well as the marketing of insurance products and the content of insurance contracts.

**Act of 2009 on the Pursuit of the Business of Payment Services** lays down the rules for the opening of a payment account, the disposal of the payment account, the requirements for payment service providers in relation to the prior and subsequent information of customers, the framework contract, the mainly civil law aspects of the execution of payment transactions (including the rights and obligations of the parties), and the rules on liability and compensation.

**Act of 2013 on Payment Service Providers** covers the personnel and infrastructure requirements and authorization of payment institutions, electronic money institutions, and issuers of credit tokens.

**Act of 2014 on Fiduciary Managers** contains provisions on the operation, authorization and registration of fiduciary asset management companies and non-professional fiduciaries.

**The AML Act of 2017** determines entities who qualify as service providers and fall under the scope of the Hungarian AML rules, and sets out customer due diligence measures, internal risk assessment and report activities, which must be taken by the service providers to prevent AML risk.

**Act of 2011 on the Central Credit Information System** regulates the operation of the credit information database to which financial institutions provide data on customers after they have signed a contract for financial services and from which they obtain data to determine the creditworthiness of credit applicants.

Additional important sources of law are the decrees, recommendations and opinions issued by the MNB. As well as domestic laws, the applicable rules in Hungary are based on EU directives and regulations as in other EU member states.

# 3. What types of activities require a license in your jurisdiction?

## What types of activities require a license in your jurisdiction?

In Hungary, a wide range of financial activities are subject to licensing requirements, including the following:

**Banking services**

Taking deposits and receiving other repayable funds from the public

Credit and loan operations

Financial leasing and money transmission services

Issuance of electronic money and paper-based cash-substitute payment instruments

Providing surety facilities and guarantees, as well as other forms of banker’s obligations

Commercial activities in foreign currency, foreign exchange

Financial intermediation services

Safe custody services

Credit reference and credit consultancy services

Currency exchange activities

Operation of payment systems and money processing activities

Financial brokering on the interbank market

**Payment services**

Services enabling cash to be placed on a payment account and cash withdrawals from a payment account, as well as all the operations required for operating a payment account

Execution of payment transactions between payment accounts

Issuing and accepting, cash-substitute payment instruments and the acquiring of payment transactions

Payment initiation and account information services

**Investment service activities**

Receiving and transmitting client orders

execution of orders on behalf of clients

Dealing on own account

Portfolio management and investment advice

Placement of financial instruments, including a commitment for the purchase of assets

Granting credits and loans to investors

**Insurance activities and reinsurance activities** pursued by insurance companies and insurance mediation, reinsurance mediation and ancillary insurance mediation activities also require license in Hungary.

**Securities trading**,including the issue of securities, the offering of securities and their admission to trading on a regulated marketin the territory of Hungary, is subject to authorization.

**The foundation, operation and transformation of financial institutions** (credit institutions, financial enterprises, insurance companies, investment firms, etc.) in the territory of Hungary, as well as their acquisition, portfolio transfer and intermediary activity, also require authorization.

In addition, any other financial activity carried out in the territory of Hungary on a business-like basis (i.e., gainful, for-profit activity; performed on a regular basis; involving the conclusion of deals that have not been individually negotiated) is subject to authorization.

**The regulatory status of crypto-assets and crypto-currencies**

Act VII of 2024 on the markets in crypto assets entered into force on 30 June 2024. The Act is based on the Markets in Crypto-Assets Regulation (MiCA), and the classification of crypto-assets is aligned with the EU regulation. It distinguishes between three different types of crypto-assets:

E-money tokens as crypto-assets that seek to maintain their value stability by reference to a legal tender

Asset-based tokens as crypto-assets that are not e-tokens and that maintain their stable value by reference to another value, right or combination of these — including one or more official currencies of a country

Crypto-assets other than e-tokens and asset-based tokens, which are subject to a simplified regulation

Act VII of 2024 regulates the issuance, public offering and admission to trading of crypto-assets in Hungary, as well as supervision relating to these crypto-assets which will fall under the remit of the MNB. The Act also contains provisions on the issuers of crypto-assets and crypto-asset service providers, including the authorization process.

# 4. How do the licensing requirements apply to cross-border business in your jurisdiction?

## How do the licensing requirements apply to cross-border business in your jurisdiction?

Hungarian financial regulations apply mainly on a territorial basis (i.e., whether the activity is carried out within Hungary). Consequently, if third-country firms (firms established outside the European Economic Area (EEA)), intend to access the market and provide any financial activity in Hungary, a license from the MNB is required. In addition to the fundamental requirements as detailed in question 5, third-country firms must also comply with the following conditions to obtain authorization in Hungary.

Besides the required documents (listed under the next question), the application of the third-country company must be accompanied by the following documents if the branch does not join the National Deposit Insurance Fund:

The commitment of the branch to provide clients with information, in Hungarian, relating to the forms of insured deposits

The third-country credit institution’s commitment pertaining to the indemnification of deposit holders in Hungary

The conditions and method of indemnification, the manner in which procedures are carried out, and agreements ensuring payments of indemnification

As Hungary is an EEA member state, the EEA passporting rules also apply to cross-border business, as detailed in question 7.

In the Hungarian financial regulatory framework, there are certain exemptions from the licensing requirements, as follows:

**Group financing**

Authorization is not required for enterprises other than financial institutions on the basis of group financing. Group financing is a financial arrangement between a parent company and its subsidiary or between subsidiaries, which is carried out collectively for the purpose of liquidity or allocation.

According to the Banking Act of 2013, "liquidity" means solvency at all times. Pursuant to an MNB opinion regarding group financing, transactions between a parent company and its subsidiaries are considered to be financial operationsfor the purpose of securing liquidity if they ensure the maintenance of the day-to-day running of the business, the solvency and liquidity of one group member for the other. Consequently, group financing also includes the centralized management of available financial resources and funds (cash pool), which is also intended to ensure liquidity within the group.

However, the concept of allocation is not defined by law. Therefore the MNB's opinions shall be considered to determine the purpose of allocation. According to a relevant MNB opinion, allocation is usually understood as the distribution of a resource between specific parties, i.e., the transfer of a resource available to one party to another. Therefore, the purpose of allocation, as opposed to the purpose of liquidity, is not in fact an objective in the strict sense, but merely a means of allowing the allocation of resources within the group according to certain criteria. The performance of financial operations for the purpose of allocation can include practically any general corporate financing purpose, irrespective of the specific purpose, and thus may include, for example, asset purchase, investment lending or project lending.

A group financing exemption can be, for example, if a non-Hungarian mother entity that qualifies as group company and such mother entity provides group financing to the Hungarian subsidiary. It is important to note that for an intercompany transaction to qualify as group financing, all the conceptual elements of the definition (i.e., parent-subsidiary relationship, liquidity or allocation objective, and jointly undertaken financial operation) must be met, and  the achievement of each conceptual element must be assessed individually.

**OECD exemption**

Under the Organisation for Economic Co-operation and Development (OECD) exemption, foreign financial institutions established in an OECD member state can provide certain financial services (lending and borrowing) as defined by the Banking Act of 2013, in the form of cross-border services in accordance with the applicable foreign exchange rules.

The following conditions must be met for the OECD exemption to apply:

The company providing the financial service must be established in a member state of the OECD.

The company must operate in a form of financial institution (i.e., credit institution or financial enterprise) as defined by the Banking Act of 2013.

The service provider must obtain a license from the competent supervisory authority in the state where it is registered to provide the services of lending, borrowing or financial leasing.

All of the above conditions must be met for the OECD exemption to apply in Hungary, and the MNB assesses in every case whether the conditions are met.

# 5. What are the requirements to obtain authorization in your jurisdiction?

## What are the requirements to obtain authorization in your jurisdiction?

An applicant must satisfy certain requirements in order to obtain a license or registration in Hungary. We emphasize that these requirements and the licensing procedure itself differ in each case, depending on the license/activity in question.

As an example, the typical licensing requirements for the operation of credit institutions are listed below, and the application for the license must be accompanied by the following documents and annexes:

**Financial requirements:** Original proof of having the initial capital paid up in full is required. If all or part of the initial capital  is spent, evidence or a statement to declare that such expenditure was made in connection with the establishment of the institution or the commencement of operations is required.

**Location of offices:**  In the case of establishment, the company must be registered in Hungary, and proof of unrestricted possession rights to the registered seat must be enclosed.

**Appropriateness of the business model:** A mid-term business plan for the first three years is needed.

**Personnel and infrastructure requirements:** Evidence regarding compliance with personnel and infrastructure requirements prescribed for operations shall be attached to the application.

For personnel requirements, it must be ensured that the applicant has on staff senior executives as required by the Hungarian regulation, and other persons filling the positions specified in the related acts (internal auditor, compliance officer, data protection officer, auditor, supervisory board).

For infrastructure requirements, financial services other than financial auxiliary services may be provided only if an IT system is in place. The IT system must be in compliance with overall information security and system integrity requirements.

**Service agreement:** One or more standard service agreements containing, inter alia, the standard contract terms and conditions pertaining to the activities planned to be performed, must be attached.

**Commencement of operations:** A statement specifying the date proposed for the commencement of operations is required.

**Procedures and policies:** As regards risk assumption, requirements include an accounting policy and detailed accounting systemas well as  an internal policy for the identification, measurement, management and monitoring of funding positions.An internal remuneration policy is also required, which must be proportional, having regard to the financial services and financial auxiliary services carried out by the applicant and the nature, scale,complexity and risks of the applied business model.  The organizational structure, system of management, decision-making and control procedures as well as the organizational and operational regulations shall be attached. A policy on the prevention and combating of money laundering and terrorist financing is also needed.

**Power of attorney** (in the case of legal representation): If the applicant is established abroad, a statement concerning the applicant’s agent for service of process is required. Such agent must be an attorney or a law firm registered in Hungary, or the applicant’s bank representative office in Hungary.

**Additional statements:** The statement of the applicant that it has disclosed to the MNB all important facts, data and information required for the issue of the authorization, and a copy of the statement on joining the Resolution Fund, are required. A statement on having the necessary facilities in place to comply with data disclosure obligations must also be enclosed.

A copy of the letter of intent of admission sent to the National Deposit Insurance Fund (in the case of financial institutions) is required.

It is important to note that the MNB will refuse the application for the license under the following circumstances:

The applicant provides any misleading or false data during the licensing procedure.

The financial institution proposed to be established by the applicant fails to meet the statutory provisions (concerning initial capital, corporate form, company form, ownership and management bodies, and prudent operation).

The applicant is a non-resident and does not have an agent for service of process.

There is suspicion of money laundering or terrorist financing in connection with the activity of the applicant.

The applicant fails to meet the prescribed personnel and infrastructure requirements.

# 6. What is the process for becoming authorized in your jurisdiction?

## What is the process for becoming authorized in your jurisdiction?

**Submission of the application**

In order to become authorized in Hungary, the applicant must submit an application form. Legal entities and legal representatives may only submit the application electronically through the MNB’s dedicated electronic system for receiving validated data. Legal representatives are obliged to use the electronic procedure even if their principal is a natural person. However, natural person applicants are not obliged to use electronic communication if they do not rely on the services of a legal representative. The documents necessary in the respective licensing procedure must also be attached to the form as an annex.

It is possible to conduct personal consultations prior to submitting the application.

**Deadline of the licensing procedure**

According to the principal rule, the administration deadline is three months. However, the deadline restarts upon the submission of missing documents, and it is also possible to extend the deadline. Where the three-month administration deadline applies, the MNB may issue a call for supplementation within 45 days, if necessary. If the MNB calls upon the client to submit missing documents, the administration deadline shall be calculated from the submission of all documents in full.

In certain licensing procedures, the administration deadline may be extended, in justified cases, on one occasion by three months at the most. Contrary to the principal rulementioned above, the administration deadline differs in the case of certain administrative procedures (e.g., issuer licensing subjects, portfolio transfers, procedures aimed at the authorization of the acquisition of qualifying holding).

Moreover, the applicant can ask for an extension of the procedure if there is a legitimate reason. The applicant may also request once for the procedure to be suspended. It is important to note that if the procedure is not continued after a suspension of six months, the procedure will be terminated.

**Payment of the administrative service fee**

Certain licensing procedures are subject to a service fee payable to the MNB’s account, simultaneously with the launching of the procedure. The document proving the payment must also be submitted as an annex to the application for launching the procedure.

**Special procedures for fintechs and "sandboxes"**

The operation of all financial service providers, including fintech firms and regulatory sandboxes, requires a license. In some ways, however, their application differs from the basic procedure: A preliminary consultation procedure shall be carried out as a preceding step before the submission of the request for the licensing, and the MNB as a regulator offers a test field for fintech innovators based on individual assessment. At the end of the test, there is a joint evaluation with improvement options available for the applicant.

# 7. What financial services passporting arrangements does your jurisdiction have with other jurisdiction?

## What financial services passporting arrangements does your jurisdiction have with other jurisdiction?

Hungary is an EEA member state. Consequently, EEA passporting rules apply to financial services provided in the Hungarian jurisdiction by a company registered in another EEA member state.

Since companies established in any EEA member state have access to the single market for financial services under single passport rights, they can establish branches in other EEA countries or provide financial services across the EEA without the need for further authorization. However, the service provider must first notify the MNB before establishing the branch.

# 8. Authors and contact information

# Latest Insights

## Alerts

[European Union: Navigating the New EU Regulation on Digital Operational Resilience (DORA)](https://bakerxchange.com/collect/click.aspx?u=OXBhOFY1L0Jxc0x5M24zelYyYWdvcmJ6TUo1dFFtaXNBYkpPSDdpTnhEbENjNStGODcxZVkzdURSZ2owSlduN2k4OHZNcjRqMi8rNExJYml3c0lhQTdkbU5tRDhVYVgrVzJnbUd6UGxhSExkVFNEY3NobjFaenZrczJxQXRraU5SZTRQZjNEMkNOM0dwc3hSMFNLYWdMbk8rYjRNbTNjc3pjSlNDU2E0MDAxU0lIRExCQ2VXMlM0QXo0TWtUcDcrWWZMNzZXaXhldzA9&amp;rh=ff00e2ac6a4c36bc208bfc53ea43abf2a3690bb7)

[European Union: ELTIF 2.0 regulatory technical standards published](https://bakerxchange.com/collect/click.aspx?u=OXBhOFY1L0Jxc0x5M24zelYyYWdvcmJ6TUo1dFFtaXNBYkpPSDdpTnhEbE9wYWU5VjhSbnNUbkRMM0sraW44cmZ6SitJSkxETTZMWEFreS9WUFNZaU5zVmJMbHhhRE9mSExvc1YwdFNqcWI5bFBjcjRWenlYa1MrRkd5ck9zRGdOQVI4cHUyWmNUS3VobDZMY3lQbGpqU05DOVV6ZEFSVitTOXdXcHh1c2FvUThSb2VvRi8wN2xwR05nbnVUMDFJMmlKQ09ZbS9kTlU9&amp;rh=ff00e2ac6a4c36bc208bfc53ea43abf2a3690bb7)

[European Union: EU Listing Act: Changing EU Capital Markets for the Better](https://bakerxchange.com/collect/click.aspx?u=OXBhOFY1L0Jxc0x5M24zelYyYWdvcmJ6TUo1dFFtaXNBYkpPSDdpTnhEbE9wYWU5VjhSbnNUbkRMM0sraW44cmZ6SitJSkxETTZMWEFreS9WUFNZaUJXOVdJYTJKc3lNaVcrakQ1NkJJaXp1RjFCUXlJZS92R0lnakRNcmhyK3dRZklXd2xSa1g2c2tTMzcwRmVKdVRRPT0=&amp;rh=ff00e2ac6a4c36bc208bfc53ea43abf2a3690bb7)

[European Union: The new EU third country branch framework - What firms need to know](https://bakerxchange.com/collect/click.aspx?u=OXBhOFY1L0Jxc0x5M24zelYyYWdvcmJ6TUo1dFFtaXNBYkpPSDdpTnhEbE9wYWU5VjhSbnNUbkRMM0sraW44cmZ6SitJSkxETTZMWEFreS9WUFNZaU5zVmJMbHhhRE9mSExvc1YwdFNqcWJpUTRDOTdhTHlOOUt3L3JkTTNVaTFOUkZ6b1hNZGVzaExZVmptSlFFVmVSSEZzZTd4RTRhdkhEdTFucGRuSGdnQ3hEcTZXMFI3Qk05YjdOeVJYQjhvNVhpbkdtay9QTmM9&amp;rh=ff00e2ac6a4c36bc208bfc53ea43abf2a3690bb7)

Global: 2025: What's on the Radar for Financial Institutions (14 Jan 2025)

[Global Disputes Forecast 2025 (8 Jan 2025)](https://www.bakermckenzie.com/-/media/files/insight/publications/2025/01/global-disputes-forecast-2025.pdf)

[MICAR Compliance Toolkit (24 October 2024)](https://www.bakermckenzie.com/en/insight/publications/resources/micar-compliance-toolkit)

[Europe: EU Listing Act: Changing EU Capital Markets for the Better (17 Oct 2024)](https://insightplus.bakermckenzie.com/bm/capital-markets/europe-eu-listing-act)

[Multijurisdiction: Transition Finance - Where are we going from both a market and regulatory perspective (10-Jul-2024)](https://insightplus.bakermckenzie.com/bm/investigations-compliance-ethics/international-transition-finance-where-are-we-going-from-both-a-market-and-regulatory-perspective)

[European Union: CSDDD - No escape for the financial sector? (05-Jul-2024)](https://insightplus.bakermckenzie.com/bm/banking-finance_1/european-union-csddd-no-escape-for-the-financial-sector)

[Multijurisdiction: Cloud based solutions for financial institutions (4-Jul-2024)](https://financialinstitutions.bakermckenzie.com/2024/07/04/cloud-based-solutions-for-financial-institutions/)

[European Union: New EU rules have been adopted to combat money-laundering and terrorist financing (23-May-2024)](https://insightplus.bakermckenzie.com/bm/banking-finance_1/european-union-new-eu-ruleshave-been-adoptedto-combat-money-laundering-and-terrorist-financing)

Multijurisdiction: Sustainability-Linked Derivatives - ISDA's Case for Standardisation in a Globalised World (24-Jan-2024)

[International: What's on the radar for Financial Institutions in 2024? (22-Jan-2024)](https://insightplus.bakermckenzie.com/bm/banking-finance_1/international-whats-on-the-radar-for-financial-institutions-in-2024)

[European Union: ELTIF 2.0 regime enters into force (10-Jan-2024)](https://insightplus.bakermckenzie.com/bm/banking-finance_1/european-union-eltif-20-regime-enters-into-force)

©Copyright © 2025 Baker & McKenzie. All rights reserved. **Ownership**: This documentation and content (Content) is a proprietary resource owned exclusively by Baker McKenzie (meaning Baker & McKenzie International and its member firms). The Content is protected under international copyright conventions. Use of this Content does not of itself create a contractual relationship, nor any attorney/client relationship, between Baker McKenzie and any person. **Non-reliance and exclusion**: All Content is for informational purposes only and may not reflect the most current legal and regulatory developments. All summaries of the laws, regulations and practice are subject to change. The Content is not offered as legal or professional advice for any specific matter. It is not intended to be a substitute for reference to (and compliance with) the detailed provisions of applicable laws, rules, regulations or forms. Legal advice should always be sought before taking any action or refraining from taking any action based on any Content. Baker McKenzie and the editors and the contributing authors do not guarantee the accuracy of the Content and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the Content. The Content may contain links to external websites and external websites may link to the Content. Baker McKenzie is not responsible for the content or operation of any such external sites and disclaims all liability, howsoever occurring, in respect of the content or operation of any such external websites. **Attorney Advertising**: This Content may qualify as “Attorney Advertising” requiring notice in some jurisdictions. To the extent that this Content may qualify as Attorney Advertising, PRIOR RESULTS DO NOT GUARANTEE A SIMILAR OUTCOME. **Reproduction**: Reproduction or copying of the Content on this Site without express written authorization is strictly prohibited.