



PÉNZÜGYI SZERVEZETEK
ÁLLAMI FELÜGYELETE
HUNGARIAN FINANCIAL
SUPERVISORY AUTHORITY

Authorization guidelines (Fund market)

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The purpose of these guidelines is to provide information to voluntary funds and private pension funds as well as their founders with the condition that, apart from the annexes listed below, the Supervisory Authority may also require other documents as necessary.

Table of Contents

I	Procedures related to the voluntary mutual insurance funds	4
1	Procedures for granting an operational licence for the voluntary mutual insurance fund.....	4
2	Procedures for granting an operational licence during the transformation of a voluntary mutual insurance fund.....	6
3	Licensing supplementary business activities of the fund	8
4	Licensing the operation of an optional portfolio system.....	9
5	Approval of a contract with a real estate appraiser for a voluntary mutual insurance fund	9
6	Reporting of the employment of an executive officer of a voluntary mutual insurance fund	11
7	Reporting of the employment of an executive director of a voluntary mutual insurance fund	12
8	Report on mandatory employees	12
9	Authorisation for the termination of the activities of a voluntary mutual insurance fund (voluntary liquidation procedure)	13
II	Procedures related to private pension funds.....	17
1	Procedure for granting the license for establishing (operational licence) of the private pension fund.....	17
2	procedures for granting an operational licence for the private pension fund	18
3	Procedures for granting an operational licence during the transformation of a fund	19
4	Approval of the entry into force of the service regulation and the beginning of supply of services	20
5	Granting of an exemption for the funds' actuary, from being a qualified actuary and/or from the mandatory required years of experience	21
6	Approval of a contract with a real estate appraiser for a private pension fund	22
7	Report on the election of an executive director of a private pension fund.....	23
8	Authorisation for the termination of the activities of a private pension fund (voluntary liquidation procedure).....	26

I Procedures related to the voluntary mutual insurance funds

Applied legislation and (Hungarian) abbreviations:

Öpt.	Act XCVI of 1993 on Voluntary Mutual Insurance Funds
Psztv.	Act CXXIV of 1999 on the Hungarian Financial Supervisory Authority
Ctv.	Act V of 2006 on Corporate Publicity, Corporate Proceedings and Voluntary Liquidation
Pmt.	Act XV of 2003 on the prevention and combating of money laundering
281/2001 (XII.26.) Korm. rend.	Government Decree No. 281/2001 (XII. 26.) on the investment and economic rules of voluntary mutual pension funds
223/2000. (XII.19.) Korm. rend.	Government Decree No. 223/2000. (XII. 19.) on the special features of reporting and bookkeeping obligations of voluntary pension funds
252/2000. (XII. 24.) Korm. rend.	Government Decree No. 252/2000. (XII. 24.) on the special features of reporting and bookkeeping obligations of voluntary mutual health and income replacement funds
268/1997 (XII.22.) Korm. Rend.	Government Decree No. 268/1997 (XII. 22.) certain economic rules of voluntary mutual health and income replacement funds

1 Procedures for granting an operational licence for the voluntary mutual insurance fund

The fund may commence its activity defined under Öpt. Article 10 section (1) in possession of an effective operational licence issued by the Supervisory Authority (Öpt. Article 9 section (1)).

If a new fund is established, the following documents must be submitted for licensing the start of its operation:

1.1 Annexes to be attached for all fund types

- a) application for an operational license containing the following information
 - the place and date of the foundation general meeting and number of participants (Öpt. Article 62 section (2) subsection (a)),
 - number of fund members on the date of submission of the application (Öpt. Article 62 section (2) subsection (b)),
 - the envisaged fund generating principles of the fund (Öpt. Article 62 section (2) subsection (c));
- b) the initial operational plan approved by the foundation general meeting and Articles of Association (Öpt. Article 62 section (4) subsection (a)) countersigned pursuant to the provisions of Öpt. Article 5 section (4):

The initial operational plan must contain the following information (Öpt. Article 62 section (5)):

- the assets of the fund at foundation broken down by item and value and their distribution among funds (Öpt. Article 62 section (5) subsection (a)),
 - the types and amount of expenses expected to incur by the effective date of the operational licence and their estimated coverage (Öpt. Article 62 section (5) subsection (b)),
 - the financial budget of the fund to the end of the financial year and for the subsequent financial year (Öpt. Article 62 section (5) subsection (c)) (1/2004. methodology guidelines on the contents and compilation of the financial budget of voluntary health and income replacement funds), (3/2003. methodology guidelines on the contents and compilation of the financial budget of voluntary pension funds),
 - all data and conditions that are deemed necessary by the board of directors of the fund or are required by the Supervisory Authority for the performance of the services of the fund assumed under the Articles of Association, its long-term operability with the planned number of members and fulfilment of all obligations to the members (Öpt. Article 62 section (6));
- c) the minutes and list of attendance of the foundation general meeting recorded pursuant to the provisions of Öpt. Article 5 section (3) (Öpt. Article 62 section (4) subsection (b));
- d) certification of the employment of an auditor included in the register of auditors qualified for auditing funds, attaching a copy of the contract constituting the assignment (Öpt. Article 64/A section (1), Article 5 section (2));
- e) documents listed under the /personal licenses/executive officers of voluntary mutual insurance funds section of the Licensing Guidelines in relation to executive officers (Öpt. Article 20/A section (2));
- f) documents listed under the /personal licenses/executive officers of voluntary mutual insurance funds section of the Licensing Guidelines for the employment of an executive director (Öpt. Article 28);
- g) a document issued by the tax authority or a bank certifying that the fund has a tax number and a bank account number (Öpt. Article 62 section (4) subsection (c));
- h) A document certifying the submission of an application for registration at the company court (Öpt. Article 62 section (4) subsection (h));
- i) money laundering regulation (Pmt. Article 45 section (3)) (Sample regulation for voluntary mutual insurance funds, Guidelines for the sample regulation of organisations engaged in voluntary mutual insurance fund services);
- j) documentation certifying the availability of physical and personal conditions required for fund operation, which must contain the following information:
- document certifying the availability of an office suitable for safe operation of the fund (a copy of the title sheet representing the basis of ownership or usage right, lease agreement or another document) (Öpt. Article 64 section (1) subsection (a)),
 - if the fund does not outsource its accounting activities, certification of the availability of an employee qualified at least as a chartered accountant, by attaching the documents specified under the Personal licenses / mandatory employees of voluntary mutual insurance funds section of the Licensing Guidelines (Öpt. Article 64 section (1) subsection (a)),
 - if the fund outsources its accounting activities, the contract for the accounting services (Öpt. Article 62 section (4) subsection (d));

- k) The applicant's declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3)); (declaration sample1, declaration sample2)
- l) applicable parts of the form containing the data of the fund (Öpt. Article 59/D)

1.2 for the foundation of voluntary mutual pension funds, apart from the items specified under point 1.1, the following annexes must also be submitted:

- a) investment expert or an effective contract with an asset manager who is entitled to conduct the investment operation of the fund or invest its various funds (Öpt. Article 64 section (1) subsection (b), Government Decree No. Government Decree No. 281/2001 (XII.26.) Article 15);
- b) if the fund has entered into an agreement with the National Pension Insurance Directorate General, a copy of the applicable contract (Öpt. Article 62 section (4) subsection (g));
- c) opening balance sheet (Government Decree No. 223/2000. (XII.19.) 53. Article section (1));
- d) contract for custodian services (Government Decree No. 281/2001, Article 11 section 1);
- e) assignment contract of an actuary (insurance mathematician) in the case of a fund offering annuity (Öpt. Article 64 section (1) subsection (c)).

1.3 for the foundation of voluntary mutual health funds, in addition to the items specified under point 1.1, the following annexes must also be submitted:

- a) if the fund has entered into an agreement with the National Health Insurance Fund or the local municipality (municipalities), a copy of the applicable contract (Öpt. Article 62 section (4) subsection (f));

1.4 for the foundation of voluntary mutual income replacement funds, apart from the items specified under point 1.1, no additional annexes need to be submitted:

- a) if the fund provides a service that is performed with a concurrent debit on the individual accounts of several fund members, an assignment contract for an actuary (insurance mathematician) (Öpt. Article 50 section (4), Article 64 section (1) subsection (c)).

2 Procedures for granting an operational licence during the transformation of a voluntary mutual insurance fund

The transformation of a funds shall include integration of funds (merger, amalgamation) and disintegration of funds (spin-off and split), as well as transformation of sectors into mixed funds and their split (Öpt. Article 41 section (1)).

The application for an operational licence and the annexes listed below, applicable to all funds concerned, shall be submitted in three copies within 30 days from the date of the second general meeting or, if the funds concerned held their general meetings on different dates, then within 30 days from the date of the general meeting held later (Öpt. Article 41 section (2) subsection (b)).

The fund created as a result of transformation shall submit the following documents for licensing the start of its operation:

- the minutes (of the first general meeting) declaring the intention of transformation and the related list of attendance in terms of all funds affected by the transformation (Öpt. Article 41 section (2) subsection (a));
- any other proposal prepared by the board of directors and the audit committee or otherwise related to the first general meeting in terms of all funds affected by the transformation (Öpt. Article 42 section (2), Article 41 section (2) subsection (a));
- minutes and list of attendance of the second general meetings in terms of all funds affected by the transformation (Öpt. Article 41 section (2) subsection (a));
- the draft balance sheets certified by the auditor in terms of all funds affected by the transformation (Öpt. Article 41 section (2) subsection (d));
- the draft inventory of assets certified by the auditor in terms of all funds affected by the transformation, with the proviso that all balance sheets are supported with an inventory (Öpt. Article 41 section (2) subsection (d));

The inventory of assets contains in detail the assets and liabilities of the legal predecessor and legal successor fund(s) (Government Decree No. 223/2000. (XII.19.) Article 38 section (1), Government Decree No. 252/2000. (XII. 24.) Article 31/A. section (1)). The rules applicable to the draft balance sheet and inventory of assets to be prepared for the transformation are contained under Government Decree No. 223/2000. (XII.19.) Articles 38-40 for voluntary pension funds, and under Government Decree No. 252/2000. (XII. 24.) Articles 31/A.-31/C for voluntary health and income replacement funds.

- for integration the (merged and aggregated) draft balance of the fund created with transformation, certified by the auditor (Öpt. Article 41 section (2) subsection (d));
- for integration, the (merged and aggregated) draft inventory of assets of the fund created with the transformation, certified by the auditor (Öpt. Article 41 section (2) subsection (d));
- the opinion of the audit committee about the draft balance sheet and draft inventory of assets in terms of all funds affected by the transformation (the audit committee of each fund concerned shall only form an opinion of the draft balance sheet and draft inventory of assets of its own respective fund) (Öpt. Article 42 section (7), Article 41 section (2) subsection (a));
- the audit report on the draft balance sheet and draft inventory of assets of the funds involved in the transformation (Öpt. Article 42 section (7), Article 41 section (2) subsection (a));
- for integration the audit report on the (merged and aggregated) draft balance sheet and draft inventory of assets of the fund created with the transformation (Öpt. Article 42 section (7), Article 41 section (2) subsection (a));
- the documents containing the portfolio of liabilities and receivables (Öpt. Article 41 section (2) subsection (d));
- Articles of association of the fund created with the transformation (Öpt. Article 41 section (2) subsection (c)),

- declaration on the availability of conditions stated under Öpt. Article 64 (Öpt. Article 41 section (2) subsection (b)),
- The applicant's declaration stating that all facts and data important for the issue of the licence has been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3)); (declaration sample1, declaration sample2)
- applicable parts of the form containing the data of the fund (Öpt. Article 59/D)

In its procedure related to the operational licence, the Supervisory Authority checks the fund and decides on granting the licence pursuant to the provisions of Öpt. Article 63 based on the documents attached to the application as well as its own checks (Öpt. Article 41 section (2) subsection (d)).

The court registers the transformation in the company register after the effective date of the operational licence(s) granted by the Supervisory Authority, by deleting the legal predecessor(s) and registering the legal successor(s) (Öpt. Article 41 section (2) subsection (e)).

Within 90 days from the transformation date (date of the general meeting adopting a resolution on the approval or modification of the Articles of association of the fund), a final balance sheet must be compiled and supported with a final inventory of assets, which shall be submitted to the Supervisory Authority in terms of both the transforming fund(s) and the fund(s) created with the transformation (Government Decree No. 223/2000. (XII.19.) Article 41 section (1), Government Decree No. 252/2000. (XII. 24.) Article 31/D section (1)). The rules applicable to the final balance sheet and financial inventory of assets are contained in Government Decree No. 223/2000. (XII.19.) Article 41 for voluntary pension funds and in Government Decree No. 252/2000. (XII. 24.) Article 31/D for voluntary health and income replacement funds.

3 Licensing supplementary business activities of the fund

The following documents must be submitted for licensing the supplementary business activity of a fund:

- a) arguments indicating that the intended activity fulfils the criteria defined in the applicable provisions of Öpt. Article 2 section (4) subsection (d) and Article 10 section (1), based on Öpt. Article 30 section (1) (only business activities conducted within the organisation of the fund may be licensed that are performed by the fund in relation to or retroactively too, the organisation and extension of its services defined as its core activity, over and above the service obligation of the fund, for consideration);
- b) revenue plans for the supplementary business activities indicating the share of revenues originating from such activities within the total revenues of the fund (Öpt. Article 31 section (4));
- c) compilation of an internal regulation for direct cost calculation within the framework of the accounting policy (Government Decree No. 223/2000. (XII.19.) Article 7 section (5) subsection (b), Government Decree No. 252/2000. (XII. 24.) Article 6 section (5) subsection (b));
- d) list of attendance and minutes of the general meeting (of delegates), the minutes must contain at least the following information:
 - modification of the annual and long-term financial budget of the fund (Öpt. Article 23 section (1) subsection (e)),

- opinion of the auditor of the fund on the modified annual and long-term financial budget. (The auditor’s opinion may also be attached in the form of a separate declaration.) (Öpt. Article 64/A section (6)e);
- e) the applicant’s declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3)); (declaration sample1, declaration sample2)

In relation to the supplementary business activity of the fund, the Supervisory Authority may also impose a separate reporting obligation (Öpt. Article 31 section (2)e).

4 Licensing the operation of an optional portfolio system

A fund may start, continue or modify the operation of an optional portfolio system in possession of an applicable licence issued by the Supervisory Authority (Öpt. Article 49/D. section (1)).

The following documents must be submitted for licensing an optional portfolio system or its modification:

- a) a regulation containing the rules of the optional portfolio system (for modifications, the modified regulation marking the modifications) (Öpt. Article 49/D. section (2) subsection (a)), containing at least the following information:
 - the number, definition and composition of the optional portfolios, the investment policy of each portfolio and the description of estimated risks (Öpt. Article 49/B section (4) subsection (a)),
 - rules of introduction of a new portfolio and termination of an existing portfolio (Öpt. Article 49/B section (1) subsection (b)),
 - detailed description of the operational expenses of the system and costs of changing portfolios (Öpt. Article 49/B section (1) subsection (c)),
 - detailed description of the operational expenses of the system and costs of changing portfolios (Öpt. Article 49/B section (1) subsection (c)) (repeated – the translator),
 - the contents and rules applicable to information to be sent to members (Öpt. Article 49/B section (1) subsection (e)),
 - a description of the accounting, registration and IT background relating to the operation of the system (Öpt. Article 49/B section (1) subsection (f)),
 - rules of the introduction, interruption of operation and termination of the system (Öpt. Article 49/B section (1) subsection (g));
- b) minutes of the general meeting approving the system and the related list of attendance (Öpt. Article 49/D. section (2) subsection (b));
- c) the applicant’s declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3)); (declaration sample1, declaration sample2)

5 Approval of a contract with a real estate appraiser for a voluntary mutual insurance fund

- i) assignment contract of a real estate appraiser is mandatory for all voluntary mutual income replacement and health funds the portfolio of which contains properties too;

- ii) the assignment contract of a real estate appraiser is mandatory for a voluntary mutual pension funds if the fund has purchased the property for investment purposes;
- iii) there is no need for the assignment contract of the real estate appraiser for voluntary mutual pension funds if the real estate is classified as a tangible fixed asset used for the operation and performance of the services of the fund, or a capital investment aiming at the establishment or procurement of such tangible fixed assets (Supervisory Authority positions – In what cases does a fund have to assign a real estate appraiser for a property purchase?).

The following documents must be submitted for the approval of a contract with a real estate appraiser:

5.1 Documents to be submitted for the approval of a real estate appraisal contract concluded with a private individual or a company

- a) report of the real estate appraiser on a form regularly used by the Supervisory Authority (Öpt. Article 59/D);
- b) contract concluded with the real estate appraiser and countersigned by the custodian (Government Decree No. 281/2001 (XII.26.) Article 20/B section (1), Government Decree No. 268/1997 (XII.22.) Article 19/B section (1));
- c) original certificate of no criminal record of the real estate appraiser issued within the previous three months (Government Decree No. 281/2001 (XII.26.) Article 20/B section (2), Article 20/D. section (1) subsection (a), Government Decree No. 268/1997 (XII.22.) Article 19/B section (2), Article 19/D section (1) subsection (a));
- d) certified copy of the diploma certifying the qualifications of the appraiser for real estate appraisal (Government Decree No. 281/2001 (XII.26.) Article 20/B section (2) subsection (a), Article 20/D. section (1) subsection (a), Government Decree No. 268/1997 (XII.22.) Article 19/B section (2) subsection (a), Article 19/D section (1) subsection (a));
- e) certified copies of a document(s) certifying professional experience of at least two years in the field of real estate appraisal, required for appraisers (Government Decree No. 281/2001 (XII.26.) Article 20/B section (2) subsection (c), Article 20/D. section (1) subsection (a), Government Decree No. 268/1997 (XII.22.) Article 19/B section (2) subsection (c), Article 19/D section (1) subsection (a)) (the original copies of the documents must also be attached);
- f) the applicant's declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3)); (declaration sample1, declaration sample2)

5.2 If real estate appraisal is performed by a company, then in addition to the items specified in point 5.1, the following documents must also be attached:

- a) an employment contract or deed of association (if the company assigned with real estate appraisal is a company limited by shares, then the share register) certifying that the company employs the individual satisfying the criteria defender under points I. (c)-(f) above as an employee or a member (Government Decree No. 281/2001 (XII.26.) Article 20/B section (3), Government Decree No. 268/1997 (XII.22.) Article 19/B section (3));
- b) an official company declaration of the authorised signatory of the company assigned for real estate appraisal, containing the following information about the company

(Government Decree No. 281/2001 (XII.26.) Article 20/D. section (1) subsection (b), Government Decree No. 268/1997 (XII.22.) Article 19/D section (1) subsection (b)):

- term of operation,
 - business year,
 - shareholders,
 - number of employees,
 - responsibilities;
- c) curricula vitae containing the major professional data and information of the executive officers (Government Decree No. 281/2001 (XII.26.) Article 20/D. section (1) subsection (b), Government Decree No. 268/1997 (XII.22.) Article 19/D section (1) subsection (b));
- d) major data of operation (Accounts of the previous three years) (Government Decree No. 281/2001 (XII.26.) Article 20/D. section (1) subsection (b), Government Decree No. 268/1997 (XII.22.) Article 19/D section (1) subsection (b)).

6 Reporting of the employment of an executive officer of a voluntary mutual insurance fund

Executive officers of a fund are members of the board of directors and the audit committee (Öpt. Article 19 section (4)).

Based on the election of executive officers of funds, the following documents must be submitted

6.1 Member (chairman) of the board of directors

- a) form containing the data of the member of the board of directors (Öpt. Article 59/D);
- b) original certificate of no criminal records, issued within the previous three months (Öpt. Article 20/A (2) section subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Öpt. Article 20/A section (2) subsection (b));
- d) declaration on the acceptance of the office (Öpt. Article 20/A section (2) subsection (d));
- e) authentic copy of the degree certifying higher qualifications for the chairman of the board of directors (Öpt. Article 20/A section (2) subsection (c)).

If the chairman of the board of directors is re-elected, the items specified under subsection (e) does not have to re-certified (Öpt. Article 20/A section (3)).

6.2 Member of the audit committee (chairman)

- a) form containing the data of the member of the audit committee (Öpt. Article 59/D);
- b) original certificate of no criminal records, issued within the previous three months (Öpt. Article 20/A (2) section subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Öpt. Article 20/A section (2) subsection (b));
- d) declaration on the acceptance of the office (Öpt. Article 20/A section (2) subsection (d));

- e) authentic copy of the degree certifying higher qualifications for the chairman of the audit committee (Öpt. Article 20/A section (2) subsection (c)).

If the chairman of the audit committee is re-elected, the items specified under subsection (e) does not have to be re-certified (Öpt. Article 20/A section (3)).

7 Reporting of the employment of an executive director of a voluntary mutual insurance fund

Simultaneously with the report on the executive director of the fund, the following documents must be submitted

- a) form containing the data of the member of the executive director (Öpt. Article 59/D);
- b) employment contract certifying employment by the fund (Öpt. Article 28 section (1));
- c) original certificate of no criminal records, issued within the previous three months (Öpt. Article 20/A (2) section subsection (a));
- d) copy of the degree certifying higher qualifications (Öpt. Article 28 section (2) subsection (b), Öpt. Article 20/A section (2) subsection (c));
- e) employer certificate(s) of at least three years of technical experience useful for the activities of the fund, acquired by the executive director in an economic organisation, a public administration agency or a budgetary institution (Öpt. Article 28 section (2) subsection (c), Öpt. Article 20/A section (2) subsection (c)).

If the executive director (deputy executive director is re-appointed, the items defined under subsection (e) and (f) do not have to be re-certified (Öpt. Article 20/A section (3)).

8 Report on mandatory employees

Simultaneously with the report on mandatory employees of the fund, the following documents must be submitted

8.1 Accountant

An employee qualified at least as a chartered accountant is a physical and personal requirement for pursuing fund activity, unless the fund outsources its accounting activities (Öpt. Article 64 section (1) subsection (a)).

- a) form containing the data of the accountant (Öpt. Article 59/D);
- b) employment contract certifying employment by the fund (Öpt. Article 64 section (1) subsection (a));
- c) original certificate of no criminal records, issued within the previous three months (Öpt. Article 20/A (2) section subsection (a));
- d) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Öpt. Article 20/A section (2) subsection (b));
- e) authentic copy of the documents certifying qualifications required by law (Öpt. Article 20/A section (2) subsection (c)).

If the accountant is appointed again, the items defined under subsection (e) do not have to re-certified (Öpt. Article 20/A section (3)).

8.2 Person in charge of asset management

Pursuant to the provisions of Article 15 section (2) subsection (c) of Government Decree No. 281/2001 (XII. 26.) on the investment and economic rules of voluntary mutual pension funds, a fund may pursue asset management activities alone, without assigning an asset manager, if it certifies fulfilment of the requirements applicable to the person in charge of the asset management activity by submitting the following documents

- a) form containing the data of the person in charge of the asset management activity (Öpt. Article 59/D);
- b) original certificate of no criminal records, issued within the previous three months (Government Decree No. 281/2001 (XII. 26.) Article 15 section (2) subsection (c), Öpt. Article 20/A section (2) subsection (a));
- c) an authentic copy of the document certifying a successful securities brokerage exam required under a separate law, in the context of which the so-called stock exchange exam certificate issued by Budapest Stock Exchange and Central European Broker Training Foundation may be accepted (Öpt. Article 20/A section (2) subsection (c));
- d) if the value of the assets managed by the fund does not exceed HUF 1 billion, the employment contract certifying employment by the fund or another contract (assignment, service contract) indicating the existence of any other contract involving work (Government Decree No. 281/2001 (XII. 26.) Article 15 section (2) subsection (c));
- e) if the value of the assets managed by the fund exceeds HUF 1 billion, the employment contract certifying employment by the fund (Government Decree No. 281/2001 (XII. 26.) Article 15 section (2) subsection (c));
- f) authentic copy of documents certifying the required technical higher education (legal, public administration, economic or financial degree acquired at a university or a college, or auditor's qualifications) (Government Decree No. 281/2001 (XII. 26.) Article 15 section (2) subsection (c), Öpt. Article 20/A section (2) subsection (c));
- g) original copy of the employer certificates certifying at least two years of technical experience (Government Decree No. 281/2001 (XII. 26.) Article 15 section (2) subsection (c), Öpt. Article 20/A section (2) subsection (c));
- h) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Öpt. Article 20/A section (2) subsection (b)).

If the person in charge of the asset management activity is reappointed, the items defined under subsections (f) and (g) do not have to be re-certified (Öpt. Article 20/A section (3)).

9 Authorisation for the termination of the activities of a voluntary mutual insurance fund (voluntary liquidation procedure)

With the exception of liquidation, a fund can only be terminated after voluntary liquidation (Öpt. Article 45 section (1)).

With regard to the differences specified in this Act, the voluntary liquidation procedures of funds are covered with the provisions of Act V of 2006 on the publicity of companies, company court procedures and voluntary liquidation (hereinafter Ctv.).

Brief outline of a voluntary liquidation process:

During the transformation process, at least three general meetings must be held, during which decisions must be made at least in relation to the following agency items. (Based upon the instructions of the Supervisory Authority, further general meetings may also need to be convened during the voluntary liquidation process.) All balance sheets to be prepared during the voluntary liquidation and submitted to the Supervisory Authority shall be supported with an itemised inventory and certified by the auditor.

a) first general meeting

- decision on the termination of the fund with voluntary liquidation without a legal successor (Ctv. Article 98 section (1));
- definition of the initial date of voluntary liquidation, which cannot be sooner than the date of the applicable resolution (Ctv. Article 98 section (1), Article 97 section (2));
- Election of the liquidator (Ctv. Article 98 section (1));
- decision on the remuneration of the liquidator or another decision stating that the tasks shall be performed free of charge (Ctv. Article 99 section (2));
- if necessary, decision on the future of the legal entities operating with the participation of the fund (Ctv. Article 98 section (1)).

At the commencement date of the voluntary liquidation procedure only the members of the Board of Directors are discharged, but not the members of the Supervisory Board. (The agenda items specified under section ca) are to be put forward at the third general meeting as a proposal by the members of the Supervisory Board.) As of the commencement of the voluntary liquidation procedure the liquidator qualifies as the most senior officer of the fund with sole representation rights.

Within 30 days from the date of the first general meeting, the following documents shall be submitted to the Supervisory Authority:

- minutes and list of attendance (Öpt. Article 23 section (2));
- with regard to the liquidator, documents specified in the / Personal licenses / senior officers of voluntary mutual insurance funds section of the licensing guidelines (Öpt. Article 20/A section (2), Ctv. Article 99 section (2)).

Further tasks after the decision on voluntary liquidation:

- information to the members of the fund on its termination without a legal successor in a letter sent out within 30 days from the initial date of the voluntary liquidation, requesting the members of the fund to submit their declarations defined under Öpt. Article 45/A section (3) within 15 days (Öpt. Article 45/A section (7));
- compilation of a report closing the activity of the fund in line with the provisions of the Accounting Act one day prior to the initial date of voluntary liquidation (Ctv. Article 98 section (3) subsection (a)).

The balance sheet closing the activity must be submitted to the Supervisory Authority within 75 days from the initial date of the voluntary liquidation (Ctv. Article 98 section (3) subsection (a)).

b) second general meeting

- approval of the closing financial statements for the termination of the activities (Ctv. Article 98 section (3) subsection a), Öpt. Article 23 section (1) subsection d)).
- approval of the opening balance sheet of voluntary liquidation (Ctv. Article 107 section (1)).

Further tasks:

- The liquidator shall notify the agencies and organisations defined under Ctv. Article 102 section (3) on the start of voluntary liquidation if necessary.

Within 30 days from the date of the second general meeting, the following documents shall be submitted to the Supervisory Authority:

- minutes and list of attendance (Öpt. Article 23 section (2));
- closing financial statements for the termination of the activities (Ctv. Article 98 section (3) subsection a));
- opening balance sheet for voluntary liquidation (Ctv. Article 107 section (1));
- declaration of the liquidator stating that the members of the fund have already been informed on the termination of the fund without a legal successor (Öpt. 45/A. Article section (7));
- declaration of the liquidator stating that the notices defined under Ctv. Article 102 section (3) have been distributed.

c) third general meeting

ca) simultaneously with the report of the audit committee and auditor, a decision has to be made on the following issues:

- approval of tax declarations (Ctv. Article 111 section (1) subsection (a));
- approval of the report of the last business year of voluntary liquidation, prepared according to the Accounting Act where, pursuant to the provisions of Ctv. Article 111 section (2), the assets and potential liabilities are stated at market value, and the impact of fair valuation on the results is contained in the profit and loss account (Ctv. Article 111 section (1) subsection (b));
- approval of the proposed distribution of assets, containing also the proposal for the liquidator's charges (Ctv. Article 111 section (1) subsection (c));
- if necessary, a decision must be made on bearing the liquidator's fee and voluntary liquidation charges, including also other expenses incurred in relation to the safeguarding of the documents and termination of the fund (Ctv. Article 111 section (3));
- approval of a summary evaluation (final report) on the business events of the voluntary liquidation period (Ctv. Article 111 section (1) subsection (d));
- approval of the statement by the state tax authority and by the customs authority – issued on the regular printed form used for this purpose – that the fund has no tax liability and that the tax authority is not conducting an on-going procedure at the fund (Ctv. Article 111 section (1)).

- approval of a proposal for the future of legal entities operating with the participation of the fund if necessary (Ctv. Article 111 section (1) subsection (e)).
- cb) following decisions concerning issues defined under subsection (ca) above, the general meeting must adopt a resolution on the following issue:
 - date of the issue of the distributed assets, which must be arranged by the liquidator with the proviso that the assets may not be released before the official decision on the deletion of the fund has been made (Ctv. Article 112 section (3)).

Within 30 days from the date of the third general meeting, the following documents shall be submitted to the Supervisory Authority:

- minutes and list of attendance (Öpt. Article 23. section (2));
- the annual report prepared according to the Accounting Act about the last business year of the voluntary liquidation (Ctv. Article 111. section (1) subsection b));
- the proposal for distributing assets (Ctv. Article 111. section (1) subsection c));
- summary evaluation (closing report) presenting the business events of the voluntary liquidation period (Ctv. Article 111. section (1) subsection d));
- certificate confirming that the liquidator has provided data of the insured persons of the fund subject to voluntary liquidation to the competent pension insurance administration body in the manner defined in a separate law (Ctv. Article 112. section (2));
- statement by the state tax authority and by the customs authority – issued on the regular printed form used for this purpose – that the fund has no tax liability and that the tax authority is not conducting an on-going procedure at the fund (Ctv. Article 111 section (1)).
- statement by the liquidator about depositing the documentation of the fund unless the funds' general meeting has adopted a decision about depositing the documentation (Ctv. Article 112. section (1));
- statement by the liquidator as specified under Ctv. Article 59 sections (3)-(4).

Voluntary liquidation must be conducted within one year of the date when the applicable decision it is made. If requested by the fund, the Supervisory Authority may extend the deadline once by no more than one year (Öpt. Article 45/A section (8)). The Fund has to submit justified requests for extending the deadline for voluntary liquidation before the one-year deadline expires, if it foresees that it is unable to conduct the procedure within the above deadline considering that, based on Öpt. Article 45/A section (9), if the closing balance sheet of the voluntary liquidation is not adopted within the deadline specified above and the voluntary liquidation procedure is not concluded, the Supervisory Authority may propose liquidation of the funds to the court.

In addition to other items, requests by funds must contain the following:

- the reason(s) for which the fund was unable to complete voluntary liquidation within the one-year deadline;
- detailed schedule about the deadline for the planned actions, indicating the deadline for closing the voluntary liquidation, i.e. the date until which the fund requests that the deadline should be extended.

When evaluating requests for extending deadlines, the Supervisory Authority takes into account all of the criteria, with particular regard to the extent to which the given fund has complied with legal provisions from the starting date of voluntary liquidation and whether it has fulfilled the Supervisory Authority's earlier instructions on time. Submission of the request itself does not mean an exemption from proposing liquidation proceedings against the fund.

II Procedures related to private pension funds

Applied legislation and (Hungarian) abbreviations:

Mpt.	Act LXXXII. of 1997 on Private Pensions and Private Pension Funds
Psztv.	Act CXXIV of 1999 on the Hungarian Financial Supervisory Authority
Ctv.	Act V of 2006 on Corporate Publicity, Corporate Proceedings and Voluntary Liquidation
Government Decree No. 222/2000. (XII.19.).	Government Decree No. 222/2000. (XII. 19.) on the particular features of reporting and bookkeeping obligations of private pension funds
Government Decree No. 170/1997. (X. 6.).	Government Decree No. 170/1997. (X. 6.) on actuary and financial planning rules related to the activities of private pension funds and the requirements concerning service regulations and reserve management
Government Decree No. 282/2001.	Government Decree No. 282/2001. (XII. 26.) on the investment and business management activities of private pension funds.

1 Procedure for granting the license for establishing (operational licence) of the private pension fund

The establishment of a fund requires a licence from the Supervisory Authority (Mpt. Article 13. section (1)).

The following documents need to be submitted for obtaining a licence for setting up a fund (operating licence):

- a) draft of the Deed of Foundation (Mpt. Article 13. section (3) subsection a));
- b) well-founded estimates concerning the planned number of members (Mpt. Article 13. section (3) subsection b));
- c) presentation of how the founder intends to provide the personnel, tangible and financial conditions required for the setting up the fund (Mpt. Article 13. section (3) subsection c));
- d) Deed of Foundation of the founder (Articles of Association, by-laws, etc. of the found) (Mpt. Article 13. section (3) subsection d));

- e) The applicant's declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3));
- f) relevant sections of the form containing details of the funds to be established (Mpt. Article 107/A. section);

2 procedures for granting an operational licence for the private pension fund

Funds may start their activities - with the exception of preparing for the funds' operation - in possession of the Supervisory Authority's operational licence (Mpt. Article 18. section (1) subsection).

The following documents need to be submitted for obtaining a licence for establishing a fund and commencing its activities:

- a) the Deed of Foundation (Mpt. Article 18. section (2) subsection a));
- b) the Rules of Organisation and Operation (Mpt. Article 18. section (2) subsection b));
- c) certification confirming that the application for registration by the Court of Registration has been submitted and/or the final and enforceable resolution providing for registration by the Court of Registration (Mpt. Article 18. section (2) subsection c));
- d) document issued by the tax authority, the financial institution and the social security body to confirm that the fund has a tax number, a current account and a social security registration number (Mpt. Article 18. section (2) subsection d));
- e) the financial plan (Mpt. Article 18. section (2) subsection f)) (Methodology Guideline No. 2/2003. on the contents and preparation of financial plans for private pension funds);
- f) opening balance sheet (Government Decree 222/2000. (XII.19.) Article 53. section (1));
- g) the asset management and service regulation and if the fund uses a more detailed asset valuation regulation than required by legislation, this asset valuation regulation (Mpt. Article 18. section (2) subsection g));
- h) personal details of the members of the Board of Directors and the Supervisory Board, and the documents specified in the /Personal licenses / senior officers of private pension funds section of the Licensing Guidelines (Mpt. Article 18. section (2) subsection h), Mpt. Article 44. section (5));
- i) personal details of the auditor, and the statement of acceptance and a statement of no conflict of interest from the auditor (Mpt. Article 18. section (2) subsection h), Mpt. Article 46. section (2));
- j) documents confirming that the personnel and tangible, as well as financial details required by law for the funds' activities are in place (the group of documents to be submitted concerning mandatory staff is set out in the section of the Licensing Guidelines related to mandatory employees (Mpt. Article 18. section (2) subsection i));
- k) statement on when the fund intends to start its activities (Mpt. Article 18. section (2) subsection j));
- l) statement that the fund has prepared for performing the data supply obligation defined by law (Mpt. Article 18. section (2) subsection k));
- m) regulation on the fund's internal audit system (Mpt. Article 18. section (2) subsection l));

- n) if another organisation was appointed to perform business administration activities for the fund, the contract providing for this (Mpt. Article 18. section (2) subsection m));
- o) the agreement concluded with the deposit manager (Mpt. Article 18. section (2) subsection n));
- p) a statement that the fund will make accessible data required for evaluating the funds' performance that do not include business secrets to independent certification bodies registered by the Supervisory Authority (Mpt. Article 18. section (2) subsection o));
- q) The applicant's declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3));
- r) relevant sections of the form containing the funds' details (Mpt. Article 107/A.);

3 Procedures for granting an operational licence during the transformation of a fund

The transformation of a funds shall include integration of funds (merger, amalgamation) and disintegration of funds (spin-off and split), as well as transformation of sectors into mixed funds and their split (Mpt. 79/A. Article section (1)).

The application for an operational licence and the annexes listed below, applicable to all funds concerned, shall be submitted in three copies within 30 days from the date of the second general meeting or, if the funds concerned held their general meetings on different dates, then within 30 days from the date of the general meeting held later (Mpt. 79/A. Article section (2) subsection (b)).

The fund created as a result of transformation shall submit the following documents for licensing the start of its operation:

- the minutes (of the first general meeting) declaring the intention of transformation and the related list of attendance in terms of all funds affected by the transformation (Mpt. 79/A. Article section (2) subsection (a));
- any other proposal prepared by the board of directors and the audit committee or otherwise related to the first general meeting in terms of all funds affected by the transformation (Mpt. 79/B. Article section (2), 79/A. Article section (2) subsection (a));
- minutes and list of attendance of the second general meetings in terms of all funds affected by the transformation (Mpt. 79/A. Article section (2) subsection (a));
- the draft balance sheets certified by the auditor in terms of all funds affected by the transformation (Mpt. 79/A. Article section (2) subsection (d));
- the draft inventory of assets certified by the auditor in terms of all funds affected by the transformation, with the proviso that all balance sheets are supported with an inventory (Mpt. 79/A. Article section (2) subsection (d));

The inventory of assets contains in detail the assets and liabilities of the legal predecessor and legal successor fund(s) (222/2000. (XII.19.) Article 38 section (1)). The rules applicable to the draft balance sheet and inventory of assets to be prepared for the transformation are contained under Government Decree no. 222/2000. (XII.19.) Articles 38-40.

- for integration the (merged and aggregated) draft balance of the fund created with transformation, certified by the auditor (Mpt. 79/A. Article section (2) subsection (d));
- for integration, the (merged and aggregated) draft inventory of assets of the fund created with the transformation, certified by the auditor (Mpt. 79/A. Article section (2) subsection (d));
- the opinion of the audit committee about the draft balance sheet and draft inventory of assets in terms of all funds affected by the transformation (the audit committee of each fund concerned shall only form an opinion of the draft balance sheet and draft inventory of assets of its own respective fund) (Mpt. 79/B. Article section (7), 79/A. Article section (2) subsection (a));
- the audit report on the draft balance sheet and draft inventory of assets of the funds involved in the transformation (Mpt. 79/B. Article section (7), 79/A. Article section (2) subsection (a));
- for integration the audit report on the (merged and aggregated) draft balance sheet and draft inventory of assets of the fund created with the transformation (Mpt. 79/B. Article section (7), 79/A. Article section (2) subsection (a));
- the documents containing the portfolio of liabilities and receivables (Mpt. 79/A. Article section (2) subsection (d));
- the rules of organisation and operation of the fund created with the transformation (Mpt. 79/A. Article section (2) subsection (c)),
- declaration on the availability of conditions for the operational licence (Mpt. 79/A. Article section (2) subsection (b)),
- the applicant's declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv Article 11/K section (3));
- applicable parts of the form containing the data of the fund (Mpt. 107/A. Article);

In its procedure related to the operational licence, the Supervisory Authority checks the fund and decides on granting the licence based on the documents attached to the application as well as its own checks (Mpt. 79/A. Article section (2) subsection (d)).

The court registers the transformation in the company register after the effective date of the operational licence(s) granted by the Supervisory Authority, by deleting the legal predecessor(s) and registering the legal successor(s) (Mpt. 79/A. Article section (2) subsection (e)).

Within 90 days from the transformation date (date of the general meeting adopting a resolution on the approval or modification of the Articles of association of the fund), a final balance sheet must be compiled and supported with a final inventory of assets, which shall be submitted to the Supervisory Authority in terms of both the transforming fund(s) and the fund(s) created with the transformation (Government Decree no. 222/2000. (XII.19.) Article 41 section (1)). The rules applicable to the final balance sheet and financial inventory of assets are contained in Government Decree no. 222/2000. (XII.19.) Article 41.

4 Approval of the entry into force of the service regulation and the beginning of supply of services

Funds may start to provide their services based on a service regulation approved by the Supervisory Authority (Mpt. Article 32 section (1)).

The following documents need to be submitted in order to approve a fund's service regulation taking effect and starting the supply of services:

Conditions for the provision of the fund's own annuity as a service:

- a) statistics – required under Mpt. – maintained in respect of the fund's own demographic situation, the mortality table produced out of such statistics, and confirmation that the fund has a sufficient number of pensioner members to safely provide the annuity (Mpt. 3 Article 2 section (3) subsection (a));
- b) statement on the existence of operational reserves according to Mpt. 58. (Mpt. Article 3 2 section (3) subsection (b));
- c) statement on the existence of a safety reserve (Mpt. 3 Article 2 section (3) subsection (c));
- d) certification of the employment of an actuary with the qualification specified in Mpt. 4 Article 7 section (2) (Mpt. 3 Article 2 section (3) subsection (d)).

The Supervisory Authority will approve the service regulation, which contains the conditions for annuity disbursed by the fund based on the expected number of annuity recipients, and the foreseeable cover for and safety reserve of services (Mpt. Article 32 section (4)).

The detailed rules of the service regulation are defined in Government Decree no. 170/1997. (X. 6.) on the requirements applicable to actuaries and financial planning rules associated with the activities of private pension funds, and to the service regulation and reserve management.

5 Granting of an exemption for the funds' actuary, from being a qualified actuary and/or from the mandatory required years of experience

Based on Mpt. Article 47 section (4), the Supervisory Authority may grant an exemption of three years from the requirement of having an actuary qualification set out in section(2) subsection a) or the experience required under subsection b).

The following documents need to be submitted to approve the exemption from the obligation to have actuary qualification or practical experience for the fund's actuary:

- a) Certification of the availability of the other conditions for employment required under Mpt. Article 47 section (2);
- b) in case of exemption from the actuary qualification, a statement on when the applicant will obtain the required qualification within the exemption period defined in Mpt., which may be no more than three years (see the group of documents to be submitted in connection with the actuary in the / Personal licenses / mandatory employees of private pension funds section of the Licensing guidelines);
- c) the applicant's declaration stating that all facts and data important for the issue of the licence have been disclosed to the Supervisory Authority (Psztv Article 11/K section (3));.

When making its decision on the exemption from the actuary qualification, the Supervisory Authority takes into account whether the applicant has been certified as having started the studies required for obtaining the qualification.

When evaluating applications, the Supervisory Authority makes its decisions by considering all conditions, so with regard to this, it cannot be determined whether the Supervisory Authority will license exemptions and in which cases it will reject applications.

6 Approval of a contract with a real estate appraiser for a private pension fund

- i) assignment contract of a real estate appraiser is mandatory for all private pension funds the portfolio of which contains properties too;
- ii) the assignment contract of a real estate appraiser is mandatory for a private pension fund if the fund has purchased the property for investment purposes;
- iii) there is no need for the assignment contract of the real estate appraiser for private pension funds if the real estate is classified as a tangible fixed asset used for the operation and performance of the services of the fund, or a capital investment aiming at the establishment or procurement of such tangible fixed assets. (Supervisory Authority positions – In what cases does a fund have to assign a real estate appraiser for a property purchase?).

The following documents must be submitted for the approval of a contract with a real estate appraiser:

- 6.1 Documents to be submitted for the approval of a real estate appraisal contract concluded with a private individual or a company
 - a) report of the real estate appraiser on a form regularly used by the Supervisory Authority (Mpt. Article 107/A.);
 - b) contract concluded with the real estate appraiser and countersigned by the custodian (Government Decree no. 282/2001. 16/B. Article section (1));
 - c) original certificate of no criminal record of the real estate appraiser issued within the previous three months (Government Decree no. 282/2001. 16/B. Article section (2), 16/D. Article section (1) subsection (a), Mpt. 44. Article section (5) subsection (a));
 - d) certified copy of the diploma certifying the qualifications of the appraiser for real estate appraisal (Government Decree no. 282/2001. 16/B. Article section (2) subsection (a), 16/D. Article section (1) subsection (a));
 - e) certified copies of a document(s) certifying professional experience of at least two years in the field of real estate appraisal, required for appraisers (Government Decree no. 282/2001. 16/B. Article section (2) subsection (c), 16/D. Article section (1) subsection (a), Mpt. 44. Article section (5) subsection (c)) (originals of documents may also be attached);
 - f) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Mpt. 44. Article section (5) subsection (b));
 - g) the applicant's declaration stating that all facts and data important for the issue of the licence has been disclosed to the Supervisory Authority (Psztv. Article 11/K section (3)).

- 6.2 If real estate appraisal is performed by a company, then in addition to the items specified in point 6.1, the following documents must also be attached:
- a) an employment contract or deed of association (if the company assigned with real estate appraisal is a company limited by shares, then the share register) certifying that the company employs the individual satisfying the criteria defender under points I. (c)-(f) above as an employee or a member (Government Decree 282/2001. 16/B. Article section (3));
 - b) an official company declaration of the authorised signatory of the company assigned for real estate appraisal, containing the following information about the company (Government Decree no. 282/2001. 16/D. Article section (1) subsection (b)):
 - term of operation,
 - business year,
 - shareholders,
 - number of employees,
 - responsibilities;
 - c) curricula vitae containing the major professional data and information of the executive officers (Government Decree no. 282/2001. (XII.26.) 16/D. Article section (1) subsection (b));
 - d) major data of operation (accounts of the previous three years) (282/2001. (XII.26.) 16/D. Article section (1) subsection (b)).

7 Report on the election of an executive director of a private pension fund

Members of the Board of Directors and of the audit committee, as well as all officers identified in the ROO who fulfil their positions based on elections within the powers of the general meeting are deemed to be executive officers of the fund (Mpt. 34. Article (8) section).

Based on the election of executive officers of funds, the following documents must be submitted:

7.1 Member (chairman) of the board of directors

- a) form containing the data of the member of the board of directors (Mpt. 107/A. Article);
- b) original certificate of no criminal records, issued within the previous three months (Mpt. 44. Article section (5) subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Mpt. 44. Article section (5) subsection (b));
- d) declaration on the acceptance of the office (Mpt. 44. Article section (5) subsection (d));
- e) authentic copy of the degree certifying higher qualifications for the chairman of the board of directors (Mpt. 44. Article section (5) subsection (c)).

If the chairman of the board of directors is re-elected, the item specified under subsection (e) does not have to re-certified (Mpt. 44. Article section (6)).

7.2 Member of the audit committee (chairman)

- a) form containing the data of the member of the audit committee(Mpt. 107/A. Article);
- b) original certificate of no criminal records, issued within the previous three months (Mpt. 44. Article section (5) subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Mpt. 44. Article section (5) subsection (b));
- d) declaration on the acceptance of the office (Mpt. 44. Article section (5) subsection (d));
- e) authentic copy of the degree certifying higher qualifications for the chairman of the audit committee (Mpt. 44. Article section (5) subsection (c)).

If the chairman of the audit committee is re-elected, the item specified under subsection (e) does not have to be re-certified (Mpt. 44. Article section (6)).

7.3 Mandatory employees of private pension funds: Executive director (deputy executive director)

Simultaneously with the report on the executive director (deputy executive director) of the fund, the following documents must be submitted:

- a) form containing the data of the managing director (deputy managing director) (Mpt. 107/A. Article);
- b) employment contract or other official document issued by the employer certifying employment by the fund (Mpt. Article 45 section (1));
- c) original certificate of no criminal records, issued within the previous three months (Mpt. 44. Article section (5) subsection (a), Mpt. Article 45 section (2) subsection (a));
- d) certified copy of a diploma or degree certifying higher education qualification in finance, economics, law, public administration or public benefit management (Mpt. 44. Article section (5) subsection (c), Mpt. Article 45 section (2) subsection (b));
- e) originals or certified copies of employer certificate(s) confirming at least 2 years of professional experience that may be used in fund activities (Mpt. 44. Article section (5) subsection (c), Mpt. Article 45 section (2) subsection (b)).

7.4 Mandatory employees of private pension funds: manager responsible for accounting procedures (chief accountant)

Simultaneously with the report on manager responsible for accounting procedures (chief accountant) of the fund, the following documents must be submitted:

- a) form containing data of the manager responsible for accounting procedures (Mpt. 107/A. Article);
- b) original certificate of no criminal records, issued within the previous three months (Mpt. 44. Article section (5) subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Mpt. 44. Article section (5) subsection (b)).

7.5 Mandatory employees of private pension funds: Manager responsible for investments

Simultaneously with the report on the manager responsible for investments of the fund, the following documents must be submitted:

- a) form containing data of the manager responsible for investments (Mpt. 107/A. Article);
- b) original certificate of no criminal records, issued within the previous three months (Mpt. 44. Article section (5) subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Mpt. 44. Article section (5) subsection (b));
- d) certified copy of the document confirming that the person has passed the securities trader exam required by separate law, in the framework of which the so-called stock exchange specialist exam certificate issued by the Budapest Stock Exchange and the Central European Broker Training Foundation can be accepted (Mpt. 44. Article section (5) subsection (c), Mpt. 48. Article section (2));
- e) employment contract or other official document issued by the employer certifying employment by the fund (Mpt. 48. Article section (2));
- f) certified copies of documents confirming the relevant higher education qualification (university or college diploma or degree in law, public administration, economics or finance, and/or auditor qualification) (Mpt. 44. Article section (5) subsection (c), Mpt. 48. Article section (2));
- g) original copy of the employer certificates certifying at least two years of technical experience (Mpt. 44. Article section (5) subsection (c), Mpt. 48. Article section (2));
- h) statement that the manager meets the personal conditions defined in Annex no. 11. to Act CXX of 2001 on capital markets (Mpt. 48. Article section (2) subsection (c)).

7.6 Mandatory employees of private pension funds: Actuary

Simultaneously with the report on the actuary of the fund, the following documents must be submitted:

- a) form containing data of the actuary (Mpt. 107/A. Article);
- b) original certificate of no criminal records, issued within the previous three months (Mpt. 44. Article section (5) subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Mpt. 44. Article section (5) subsection (b));
- d) certified copies of documents confirming the relevant higher education qualification (degrees from specialisations that require at least four terms of education in mathematics and statistics in universities or colleges of finance and accounting completed with a closing exam are deemed to be relevant higher education qualifications. They include in particular actuary education of at least four terms acquired in faculties or post-graduate training in universities or colleges of finance and accounting.) (Mpt. 44. Article section (5) subsection (c), Mpt. 4Article 7 section (2) subsection (a), Mpt. 4Article 7 section (3));
- e) originals or certified copies of employer certificate(s) to confirm at least three years of professional experience acquired at insurance companies, funds, voluntary mutual insurance funds, the Fund Supervisory Authority (Supervisory Authority for Voluntary Mutual Insurance Funds), the National Insurance Supervisory Authority, in higher education institutions, the professional interest representation body of actuaries or business companies engaged in insurance brokerage or as insurance consultant (Mpt. 44. Article section (5) subsection (c), Mpt. 4Article 7 section (2) subsection (b));

- f) copy of the contract certifying employment or assignment relationship with the fund (Mpt. 4 Article 7 section (2) subsection (c));

7.7 Mandatory employees of private pension funds: Internal auditor

Simultaneously with the report on the internal auditor of the fund, the following documents must be submitted:

- a) form containing data of the internal auditor (Mpt. 107/A. Article);
- b) original certificate of no criminal records, issued within the previous three months (Mpt. 44. Article section (5) subsection (a));
- c) declaration stating that no cause of incompatibility defined under legislation applies to him/her (Mpt. 44. Article section (5) subsection (b)).

8 Authorisation for the termination of the activities of a private pension fund (voluntary liquidation procedure)

With the exception of liquidation, a fund can only be terminated after voluntary liquidation, with prior information to Supervisory Authority (Mpt. Article 83. section (1)).

Brief outline of a voluntary liquidation process:

During the transformation process, at least three general meetings must be held, during which decisions must be made at least in relation to the following agency items. (Based upon the instructions of the Supervisory Authority, further general meetings may also need to be convened during the voluntary liquidation process.) All balance sheets to be prepared during the voluntary liquidation and submitted to the Supervisory Authority shall be supported with an itemised inventory and certified by the auditor.

a) first general meeting

- decision on the termination of the fund with voluntary liquidation without a legal successor (Ctv. Article 98 section (1));
- definition of the initial date of voluntary liquidation, which cannot be sooner than the date of the applicable resolution (Ctv. Article 98 section (1), Article 97 section (2));
- Election of the liquidator (Ctv. Article 98 section (1));
- decision on the remuneration of the liquidator or another decision stating that the tasks shall be performed free of charge (Ctv. Article 99 section (2));
- if necessary, decision on the future of the legal entities operating with the participation of the fund (Ctv. Article 98 section (1)).

At the commencement date of the voluntary liquidation procedure only the members of the Board of Directors are discharged, but not the members of the Supervisory Board. (The agenda items specified under section ca) are to be put forward at the third general meeting as a proposal by the members of the Supervisory Board.) As of the commencement of the voluntary liquidation procedure the liquidator qualifies as the most senior officer of the fund with sole representation rights.

Within 30 days from the date of the first general meeting, the following documents shall be submitted to the Supervisory Authority:

- minutes and list of attendance (Mpt. 3 Article 9 section (2));
- with regard to the liquidator, the documents specified in the /Personal licenses / private pension funds section of the licensing guidelines (Mpt. 44. Article section (5), Ctv. Article 99 section (2)).

Further tasks after the decision on voluntary liquidation:

- information to the members of the fund on its termination without a legal successor in a letter sent out within 30 days from the initial date of the voluntary liquidation, requesting the members of the fund to submit their declarations as to which fund they intend to be transferred to within 15 days (Mpt. 83. Article section (6));
- compilation of a report closing the activity of the fund in line with the provisions of the Accounting Act within 45 days from the initial date of voluntary liquidation (Ctv. Article 98 section (3) subsection (a)).

The balance sheet closing the activity must be submitted to the Supervisory Authority within 75 days from the initial date of the voluntary liquidation (Ctv. Article 98 section (3) subsection (a)).

b) second general meeting

- approval of the closing financial statements for the termination of the activities (Ctv. Article 98 section (3) subsection a), Mpt. Article 39 section (1) subsection d)).
- approval of the opening balance sheet of voluntary liquidation (Ctv. Article 107 section (1)).

Further tasks:

- The liquidator shall notify the agencies and organisations defined under Ctv. Article 102 section (3) on the start of voluntary liquidation if necessary.

Within 30 days from the date of the second general meeting, the following documents shall be submitted to the Supervisory Authority:

- minutes and list of attendance (Mpt. 3 Article 9 section (2));
- closing financial statements for the termination of the activities (Ctv. Article 98 section (3) subsection a));
- opening balance sheet for voluntary liquidation (Ctv. Article 107 section (1));
- declaration of the liquidator stating that the members of the fund have already been informed on the termination of the fund without a legal successor (Mpt. 83. Article section (7));
- declaration of the liquidator stating that the notices defined under Ctv. Article 102 section (3) have been distributed.

c) third general meeting

- ca) simultaneously with the report of the audit committee and auditor, a decision has to be made on the following issues:
- approval of tax declarations (Ctv. Article 111 section (1) subsection (a));
 - approval of the report of the last business year of voluntary liquidation, prepared according to the Accounting Act where, pursuant to the provisions of

Ctv. Article 111 section (2), the assets and potential liabilities are stated at market value, and the impact of fair valuation on the results is contained in the profit and loss account (Ctv. Article 111 section (1) subsection (b));

- approval of the proposed distribution of assets, containing also the proposal for the liquidator’s charges (Ctv. Article 111 section (1) subsection (c));
 - if necessary, a decision must be made on bearing the liquidator’s fee and voluntary liquidation charges, including also other expenses incurred in relation to the safeguarding of the documents and termination of the fund (Ctv. Article 111 section (3));
 - approval of a summary evaluation (final report) on the business events of the voluntary liquidation period (Ctv. Article 111 section (1) subsection (d));
 - approval of the statement by the state tax authority and by the customs authority – issued on the regular printed form used for this purpose – that the fund has no tax liability and that the tax authority is not conducting an on-going procedure at the fund (Ctv. Article 111 section (1)).
 - approval of a proposal for the future of legal entities operating with the participation of the fund if necessary (Ctv. Article 111 section (1) subsection (e)).
- cb) following decisions concerning issues defined under subsection (ca) above, the general meeting must adopt a resolution on the following issue:
- date of the issue of the distributed assets, which must be arranged by the liquidator with the proviso that the assets may not be released before the official decision on the deletion of the fund has been made (Ctv. Article 112 section (3)).

Within 30 days from the date of the third general meeting, the following documents shall be submitted to the Supervisory Authority::

- minutes and attendance list (Mpt. Article 39. section (2));
- the annual report prepared according to the Accounting Act about the last business year of the voluntary liquidation (Ctv. Article 111. section (1) subsection b));
- the proposal for distributing assets (Ctv. Article 111. section (1) subsection c));
- summary evaluations (closing report) presenting the business events of the voluntary liquidation period (Ctv. Article 111. section (1) subsection d));
- certificate confirming that the liquidator has provided data of the insured persons of the fund subject to voluntary liquidation to the competent pension insurance administration body in the manner defined in separate law (Ctv. Article 112. section (2));
- statement by the state tax authority and by the customs authority – issued on the regular printed form used for this purpose – that the fund has no tax liability and that the tax authority is not conducting an on-going procedure at the fund (Ctv. Article 111 section (1)).
- statement by the liquidator about depositing the documentation of the fund unless the funds' general meeting has adopted a decision about depositing the documentation (Ctv. Article 112. section (1)).
- statement by the liquidator as specified under Ctv. Article 59 sections (3)-(4).

Voluntary liquidation must be conducted within one year of the date when the decision it is made. It requested by the fund, the Supervisory Authority may extend

the deadline once by no more than one year (Mpt. Article 83. section (8)). The Fund has to submit justified requests for extending the deadline for voluntary liquidation before the one-year deadline expires, if it foresees that it is unable to conduct the procedure within the above deadline, considering that based on Mpt. Article 83. section (9), if the closing balance sheet of the voluntary liquidation is not adopted within the deadline specified above and the voluntary liquidation procedure is not concluded, the Supervisory Authority may propose liquidation of the funds to the court.

In addition to other items, requests by funds must contain the following:

- the reason(s) for which the fund was unable to complete voluntary liquidation within the one-year deadline;
- detailed schedule about the deadline for the planned steps, indicating the deadline for closing the voluntary liquidation, i.e. the date until which the fund requests that the deadline should be extended.

When evaluating requests for extending deadlines, the Supervisory Authority takes into account all of the criteria, with particular regard to the extent to which the given fund has complied with legal provisions from the starting date of voluntary liquidation and whether it has fulfilled the Supervisory Authority's earlier instructions on time. Submission of the request itself does not mean an exemption from proposing liquidation proceedings against the fund.