

Decree no. 1303/2011 (IX. 2.) of the Government**on the action plan on implementing the recommendations set out in Moneyval's country report**

The Government has accepted the action plan on implementing the recommendations set out in the country report on Hungary of the Council of Europe's Committee of Experts on the Evaluation of Money Laundering Measures and the Financing of Terrorism (Moneyval) and orders the implementation of the action plan set out in the annex hereto and requests the General Prosecutor, the chairman of the National Council of Justice, the president of the Hungarian Financial Supervisory Authority, the chairman of the Chamber of Hungarian Lawyers, the chairman of the National Chamber of Notaries Public and the chairman of the Chamber of Hungarian Auditors to participate in the execution of the action plan.

Responsible: the ministers as specified in the action plan

Deadline: the deadlines specified in the action plan

Viktor Orbán (signed)

Prime minister

Annex to Government Decree no. 1303/2011 (IX. 2.)

Action plan on the implementation of recommendations set out in the Moneyval country report

Number of measure	Hungarian measure corresponding to the recommendation in the Moneyval country report	Responsible	Due date	Remark
I. ACTION ITEMS CALLING FOR LAWMAKING				
A) Action items calling for the amendment of Act IV of 1978 on the Criminal Code (hereinafter HCC)				
I/A/1	Making legislative changes to the money laundering offence [HCC Articles 303; 303/A] to bring legislation into full compliance with the Vienna and Palermo Conventions	Minister of Public Administration and Justice (hereinafter: MPAJ)	30.06.2012	
I/A/2	Making legislative changes to the offence of terrorist acts [HCC Article 261] in order to incriminate the financing of an individual terrorist for any purpose and the collection and provision of funds for a terrorist organisation's day-to-day activities.	MPAJ	30.06.2012	
B) Action items calling for amendments to Act CXXXVI of 2007 on the Prevention and Combating of Money Laundering and Terrorist Financing (hereinafter: AML/CFT Act)				
I/B/1	Enactment of legal provisions to ensure that the sample rules issued by supervisory organs as specified in the AML/CFT Act are reviewed and brought up-to-date on a regular basis.	Minister for National Economy (hereinafter: MNE)	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.
I/B/2	Review and change of the definition of beneficial owner in legal provisions (AML/CFT Act, Section 3) and the related identification requirements (AML/CFT Act, Section 8) in order to establish full compliance with international requirements (FATF recommendations and the EU's anti-money laundering directive).	MNE	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.

I/B/3	Introduction of clear-cut legal provisions declaring that the reporting obligation also covers cases where a service provider is unable to perform customer due diligence measures for some reason; the reporting of predicate offences (including taxation-related ones); and the reporting of attempted (but not fulfilled) transactions (AML/CFT Act, Section 23)	MNE	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.
I/B/4	Introduction of clear legal provisions declaring that upon verifying the personal identity of a person acting on behalf of a customer, service providers are required to ascertain the representation rights of that person.	MNE	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.
I/B/5	Amendment of legal provisions regarding the risk-based approach (AML/CFT Act, Sections 7–9) in order to ensure that enhanced customer due diligence measures are required for high-risk customers, business relations and transaction orders beyond the currently required maximum customer identification data sets.	MNE	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.
I/B/6	Review and amendment of the definition of politically exposed person in laws (AML/CFT Act, Section 4) in order to establish full compliance with international requirements (FATF recommendations and the EU's anti-money laundering directive).	MNE	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.
I/B/7	Clarification of legal provisions on lawyers and notaries public (AML/CFT Act, Section 36) with a view to the scope of information subject to confidentiality rules and to international requirements.	MNE	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.
I/B/8	With regard to real estate service providers, introduction of legal provisions to clarify and customer due diligence measures have to be applied with respect to both the vendor and the purchaser of the property.	MNE	30.06.2012	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof.
C) Action items calling for amendments of Act CLXXX of 2007 on the implementation of financial and asset-related restrictive measures ordered by the European Union, and on respective amendments of other laws (hereinafter FRM Act)				
I/C	Introduction of legal provisions to ensure that the competence of supervisory authorities of service providers that are subject to the FRM Act is clarified regarding the execution of supervisory procedures and the imposing of administrative sanctions for failure to comply with the FRM Act.	MNE	30.06.2012	The FRM Act would be amended as needed under the framework of a comprehensive review thereof.

II. ACTION ITEMS CALLING FOR A REVIEW				
A) Preparation of reports				
II/A/1	Based on available data of criminal records, identification and statistical analysis of autonomous money laundering cases (where there has been no conviction for the underlying offence) to enable more effective detection, indictment and more standardised convictions.		31.03.2012	The Government requests the General Prosecutor to carry out this action item.
II/A/2	Based on available data of criminal records, identification and statistical analysis of third party laundering (where money laundering is committed by a different person from that who committed the predicate offence) in order to improve the effectiveness of investigation and indictments.		31.03.2012	The Government requests the General Prosecutor to carry out this action item.
II/A/3	Preparation of a risk assessment regarding money laundering and terrorism financing.	MNE	31.03.2012	
II/A/4	In respect of financial service providers, broader application of sanctions with regard to identified breaches of legal provisions aiming to prevent money laundering and terrorism financing (including higher fines and withdrawal of licenses)		31.03.2012	The Government requests the president of the Hungarian Financial Supervisory Authority to carry out this action item.
II/A/5	Review the reasons for the significant decrease in reports from lawyers and notaries and the regulations and practices concerning indirect reports from lawyers and notaries.	MNE [President of the National Tax and Customs Administration (hereinafter: NTCA)]	31.03.2012	
B) Action items aimed at the potential amendment of the HCC and the related legal provisions (review)				
II/B/1	Review the extension of criminalization of self-laundering to ensure that it covers all punishable conduct set out in the Vienna and Palermo Conventions.	MPAJ	31.12.2011	
II/B/2	Review the need for adding the definition of "funds" as used in international conventions to the HCC.	MPAJ	31.12.2011.	
II/B/3	Review potential amendments of penal measures applicable against legal entities in respect of cases of terrorism financing to enable more effective investigation and prosecution.	MPAJ	31.12.2011	

II/B/4	Review current HCC provisions to find out if they fully comply with the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation signed in Montreal on 23 September 1971.	MPAJ	31.12.2011	
II/B/5	Regarding the fulfilment of mutual legal assistance requests, central authorities should examine, within the scope of their responsibilities: – the implementation of a system that enables them to monitor the quality and speed of executing requests; – the application of prohibition regarding dual criminality	MPAJ	31.12.2011	The Government requests the General Prosecutor to carry out this action item
II/B/6	Regarding the fulfilment of mutual legal assistance requests: – review the grounds for refusal, as to clarify its applicability; – review the possibility of setting clear time limits for the central authorities to evaluate and forward the mutual legal assistance requests for execution.	MPAJ	31.12.2011	
II/B/7	Review the potential adoption of provisions on sharing assets originating from criminal acts with third (non-EU) countries (asset sharing).	MPAJ	31.12.2011	
C) Action items aimed at the potential amendment of the AML/CFT Act and the related sector-specific legal provisions (review)				
II/C/1	Review interrelations between Act LXIII of 1992 on the Protection of Personal Data and the Disclosure of Data of Public Interest and customer due diligence measures required by the AML/CFT Act, and the potential amendment of legal provisions.	MNE	31.12.2011	
II/C/2	Review the possibility of enabling competent authorities to extend (at their own discretion) the mandatory data retention periods set out in laws.	MNE	31.12.2011	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof in H1 2012.
II/C/3	Review the scope of record keeping requirements and data retention periods as per the AML/CFT Act and Act C of 2000 on Accounting to assess the level of harmony between the two Acts.	MNE	31.12.2011	
II/C/4	Setting mandatory requirements for service providers on the retention of business correspondence.	MNE	31.12.2011	

II/C/5	<p>Regarding supervisory activities and applicable measures, examination of the following:</p> <ul style="list-style-type: none"> – introduction of legal provisions that prevent criminals from becoming members of the supervisory board of investment firms and from holding a qualifying interest in investment fund companies; – extension of “fit & proper” requirements to the senior management of all financial institutions; – enabling the application of penalties imposed under Act CXII of 1996 on Credit Institutions and Financial Enterprises (hereinafter CIFE Act) also to members of senior management; Extend the range of sanctions available for institutions covered by Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers (hereinafter the Investment Act). 	MNE	31.12.2011	
II/C/6	<p>In respect of designated non-financial businesses (DNFBPs), examination of the following:</p> <ul style="list-style-type: none"> – introduction of legal provisions to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs, and to conduct enhanced ongoing monitoring on such customers; – introduction of legal provisions to prevent the misuse of technological developments in money laundering or terrorist financing schemes; – review of legal provisions on customer due diligence measures carried out by another service provider in order to ensure that the service provider can obtain immediately the necessary information from the third party; – introduction of legal provisions that require service providers to pay special attention to all complex and unusual transactions and to set forth their findings in writing and to keep such findings for at least five years. 	MNE	31.12.2011	The AML/CFT Act would be amended as needed under the framework of a comprehensive review thereof in H1 2012.

II/C/7	Review of Act XXXIV of 1991 on Gambling Operations (hereinafter Gambling Act) and the related legal provisions to consider the possibility of limiting game room prizes at EUR 3,000 and eliminating the issuance of certificates of winning.	MNE	31.12.2011	The Gambling Act could be amended as necessary as part of the elaboration of a comprehensive gambling strategy and under the comprehensive review of the related legal provisions.
II/C/8	With regard to auditors, accountants and tax advisors, clarification that the provisions regarding politically exposed persons also have to be applied by these service providers in cases where such politically exposed persons are beneficial owners of a legal entity.	MNE	2012. 06. 30	The amendment of model rules as necessary would take place parallel to the comprehensive review of the AML/CFT Act.
D) Action items related to the execution of financial or asset-related restrictive measures (review)				
II/D/1	Review the procedure of the domestic coordination and dissemination of sanction resolutions (lists)	Minster of Foreign Affairs (Hereinafter: MFA)	31.12.2011	
II/D/2	Examination of the possibility of establishing the legal background for the freezing of funds and assets held by EU internals in compliance with international legal commitments.	MNE	31.12.2011	The potential amendment of the FRM Act would take place under a comprehensive review thereof in H1 2012, under the primary responsibility of the MNE.
II/D/3	Examination of the elaboration of a national procedure for delisting.	MFA	31.12.2011	
II/D/4	Review of the provisions on delisting set out in the FRM Act, with a special focus on procedural deadlines.	MNE	31.12.2011	The potential amendment of the FRM Act would take place under a comprehensive review thereof in H1 2012, under the primary responsibility of the MNE.
E) Action items related to the operation of the Financial Information Unit (hereinafter FIU) (review)				
II/E/1	Examination of the possibility of enabling the FIU to suspend transaction orders in its authoritative capacity.	MNE (NTCA)	31.12.2011	The potential amendment of the AML/CFT Act and the related legal provisions would take place under the comprehensive review of said act in H1 2012, under the primary responsibility of the MNE, subject to the fulfilment of legal and professional preconditions.

II/E/2	Review of the timeframe set out in legal provisions for suspension by service (in order to extend said timeframe).	MNE	31.12.2011	The potential amendment of the AML/CFT Act and the FRM act would take place under the comprehensive review thereof in H1 2012, under the primary responsibility of the MNE.
II/E/3	Examination of legal provisions to grant the FIU direct (or, in a reasonable timeframe, indirect) access to all information obtained by law enforcement authorities (including (including data and information collected in confidential intelligence gathering).	MNE (NTCA)	31.12.2011	The potential amendment of the AML/CFT Act and the related legal provisions would take place under the comprehensive review of said act in H1 2012, under the primary responsibility of the MNE.
II/E/4	Examination of the potential introduction of timeframes to ensure that the FIU has indirect access, on a timely basis, to the relevant financial, administrative and law enforcement information required for the proper execution of its functions (including the analysis of reports).	MNE (NTCA)	31.12.2011	The potential amendment of the AML/CFT Act and the related legal provisions would take place under the comprehensive review of said act in H1 2012, under the primary responsibility of the MNE.
II/E/5	In order to improve the quality of forwarded information, the FIU should step up efforts to analyse and assess reports, also as to increase the volume of forwarded data on basic money laundering scenarios and organized crime.	MNE (NTCA)	31.12.2011	The potential amendment of the AML/CFT Act and the related legal provisions would take place under the comprehensive review of said act in H1 2012, under the primary responsibility of the MNE.
II/E/6	Introduction of legal provisions to establish the operational independence and autonomy of the FIU.	MNE (NTCA)	31.12.2011	

II/E/7	Review of the electronic reporting system's operation to improve efficiency, including the potential implementation of alternative reporting options.	MNE (NTCA)	31.12.2011	
II/E/8	Measures to be taken by competent authorities to ensure that feedback is given to the FIU on disseminated reports.	MNE (NTCA), Minister of Internal Affairs (hereinafter: MIA) (National Chief of Police)	31.12.2011	

F) Action items regarding the control of cross-border transportation of cash (review)				
II/F/1	Review of relevant legal provisions in order to give administrative authority to the Hungarian Customs and Finance Guard to stop/restrain cash.	MNE	31.12.2011	After the review of relevant legal provisions, said provisions could be amended in H1 2012, provided legal and professional preconditions are fulfilled.
II/F/2	Examination of the possible introduction of effective, proportionate and dissuasive sanctions for non-compliance with the obligation to declare.	MIA	31.12.2011	After the review of the system of sanctions, the related legal provisions would be amended as needed in H1 2012.
II/F/3	Taking more effective measures to heighten the awareness of arriving and departing travellers of their obligation to declare.	MNE (NTCA)	31.03.2012	
G) Action items regarding the non-profit sector (review)				
II/G/1	Conduct a comprehensive review of the entire non-profit sector in order to establish standardised and transparent regulations.	MNE	31.03.2012	After the comprehensive review of the non-profit sector, the related legal provisions will be amended as needed in H2 2012 in accordance with the mandates and responsibilities of the ministries concerned.

II/G/2	Examination of the possible introduction of legal provisions on the following: – mandatory maintenance of information on the purposes, activities and the identity of person(s) who own, control or direct the activities of non-profit organizations (NPOs); – introduction and application of effective oversight activities and appropriate measures (sanctions)	MNE	31.03.2012	After the comprehensive review of the non-profit sector, the related legal provisions will be amended as needed in H2 2012 in accordance with the mandates and responsibilities of the ministries concerned.
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H) Statistics (review)				
II/H/1	In relation to the execution of Special Recommendation IX, maintenance of detailed statistics on the following: – sanctions applied upon non-compliance with the obligation to declare, – criminal investigations initiated for physical cross-border transportation of cash that was suspected to be related to money laundering and terrorism financing, and on – information exchange with foreign partner authorities.	MNE (NTCA)	31.12.2011	In accordance with the specified criteria, the collection, sorting and making available of statistical data will be initiated and related legal provisions will be amended as needed in H1 2012.
II/H/2	Maintenance of detailed statistics by institutions concerned on all mutual legal assistance and extradition requests in the scope of their responsibility - including requests relating to freezing, seizing and confiscation - that are made or received, relating to money laundering, the predicate offences and the financing of terrorism, including the nature of the request, whether it was granted or refused and the time required to respond.	MPAJ, MIA	31.12.2011	In accordance with the specified criteria, the collection, sorting and making available of statistical data will be initiated and related legal provisions will be amended as needed in H1 2012. The Government requests the General Attorney and the chairman of the National Council of Justice to execute this action item.
II/H/3	Maintenance of detailed statistics on investigations, prosecutions and convictions relating to the predicate offence of money laundering and on the amounts restrained or confiscated in each instance.	MIA, MPAJ, MNE (NTCA)	31.12.2011	In accordance with the specified criteria, the collection, sorting and making available of statistical data will be initiated and related legal provisions will be amended as needed in H1 2012. The Government requests the General Attorney and the chairman of the National Council of Justice to execute this action item.

II/H/4	Maintenance of detailed statistics on suspicious transaction reports (including details of predicate offences, attempted transactions and the outcome of reports disseminated to law enforcement agencies).	MIA, MPAJ, MNE (NTCA)	31.12.2011	In accordance with the specified criteria, the collection, sorting and making available of statistical data will be initiated and related legal provisions will be amended as needed in H1 2012. The Government requests the General Attorney and the chairman of the National Council of Justice to execute this action item.
II/H/5	Implementation of procedures by competent authorities to centrally record and monitor all international requests for cooperation (outside the scope of mutual legal assistance and extradition) on matters related to money laundering and the financing of terrorism in the case of respect of applications that are not considered.	MNE (NTCA), MIA (Director General of the Counter Terrorism Centre, National Chief of Police)	31.12.2011	
III. TRAINING, CONSULTATION				
III/1	Provision of technical training to law enforcement authorities on the way in which money laundering cases should be efficiently investigated and prosecuted.	MNE (NTCA), MIA (National Chief of Police)	ongoing	The Government requests the General Attorney to participate in the execution of this action item.
III/2	Provision of more guidance to service providers (especially non-banking financial service providers and non-financial providers) on the execution of financial and asset-related restrictive measures by supervisory authorities pursuant to international requirements.	MNE (NTCA, Director General of the Hungarian Trade Licensing Office)	ongoing	The Government requests the chairman of the Chamber of Hungarian Auditors, the chairman of the Chamber of Hungarian Lawyers and the chairman of the National Chamber of Notaries Public to execute this task in respect of service providers supervised by them pursuant to the AML/CFT Act.
III/3	In relation to the implementation of Special Recommendation IX, provision of a special training programme to employees of the Hungarian Customs and Finance Guard.	MNE (NTCA)	ongoing	

III/4	Intensified efforts on the part of the FIU and its supervisory organs to draw the attention of and provide guidance to service providers in order to increase the number of suspicious transaction reports.	MNE (NTCA, Director General of the Hungarian Trade Licensing Office)	ongoing	The Government requests the chairman of the Chamber of Hungarian Auditors, the chairman of the Chamber of Hungarian Lawyers and the chairman of the National Chamber of Notaries Public to execute this task in respect of service providers supervised by them pursuant to the AML/CFT Act.
III/5	Intensified efforts to draw the attention of and provide guidance to real estate service providers to make the application of customer due diligence measures more effective.	MNE (NTCA)	ongoing	
III/6	Intensified efforts to draw the attention of and provide guidance to dealers in goods accepting cash payments above HUF 3.6 million to make their application of customer due diligence measures more effective.	MNE (Director General of the Hungarian Trade Licensing Office)	ongoing	