

Act XCVI of 1993

on Voluntary Mutual Insurance Funds¹

In order to increase the stability of the social security system, the various components of the system must, as an essential step toward the development of the market economy, be restructured on the basis of solidarity, suitability, predictability and the principle of voluntary participation. Voluntary mutual insurance funds offer a new institutional form for self-support, while at the same time they generate additional capital that can be placed into long-term investments in the capital market. Setting up a network of voluntary mutual insurance funds in Hungary is an integral part of reforming the social insurance system.

In order to provide appropriate guidance for the introduction of these institutions to the Hungarian legal system, Parliament hereby adopts the following Act.

i)²

Chapter I

GENERAL PROVISIONS

Scope

Section 13

(1) This Act shall apply to

a) all fund organizations that are established on the basis of the decision of private individuals or by employees at the employer's initiative and that organize and provide social and health protection services that supplement, supersede or, in accordance with the conditions defined in a separate act, replace social insurance and other social benefits for their members or, by the right of the fund members, the close relatives thereof,

b)⁴ all organizations established by the funds in accordance with the provisions of this Act as well as the natural and legal persons - meaning the service provider defined under Paragraph d) of Subsection (2) of Section 2 - that provide services to such organizations in accordance with this Act, within the scope of activities performed for the funds,

c)⁵ the authority tasked for the financial supervision of funds (hereinafter referred to as "Authority"),

d) all natural persons who are members of any fund established in accordance with this Act.

(2) The provisions of this Act shall apply to persons who fall within the scope of treaties with the deviations set forth in such treaties.

1 Promulgated on 6 December 1993.

2 Paragraph i) contains no provisions.

3 Established by Section 194 of Act CXIII of 2000, effective as of 1 January 2001.

4 Established by Subsection (1) of Section 22/A of Act LXXXIV of 2001. Amended by Paragraph a) of Section 31 of Act CCXV of 2015.

5 Established: by Section 5 of Act CXLIII of 2013. In force: as of 1. 10. 2013.

(3)¹ In addition to the provisions of the Act on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations, the Act on Credit Institutions and Financial Enterprises (hereinafter referred to as "CIFE"), and the Act on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities, the provisions of this Act shall also apply to financial institutions, investment firms, investment fund managers and other organizations engaged in similar activities in regard to their providing asset and fund management services, and custodian services to voluntary mutual insurance funds.

(4)² This Act and the powers and jurisdiction of the Authority shall apply to the organizations specified in Paragraph *a*) of Subsection (1) as of the date of their inaugural meeting.

Definitions

Section 2

(1) For the purposes of this Act, social insurance and other social provisions (hereinafter referred to collectively as 'social security benefits') shall cover all of the social provisions that are cited by legal regulations as social welfare benefits, whether or not they are provided by the social security system.

(2) For the purposes of this Act

a)³ 'voluntary mutual insurance fund' (hereinafter referred to as 'fund') shall mean an association created by natural persons (hereinafter referred to as 'fund members') under the principle of independence, mutuality, solidarity and voluntary participation for funding services to supplement, supersede or replace social security benefits and benefits for health protection (hereinafter referred to as 'services'). The fund shall record the membership payments it receives from members in individual accounts and shall organize, finance and provide its services accordingly. Regulations concerning financial management and liability and entitlements related to fund activities are governed by this Act;

b) 'supplementary fund' shall mean a voluntary mutual insurance fund that supplements and/or supersedes social security benefits and arranges them according to its members' instructions;

c) 'recognized fund' shall mean any voluntary mutual insurance fund that arranges social security benefits in a particular social insurance and social sector and/or provides services to replace or supplement such benefits in accordance with the legal regulations contained in Subsection (1), and based on the authorization granted in specific other legislation;

1 Established by Section 1 of Act LIII of 2016, effective as of 1 July 2016.

2 Established: by paragraph (9) Section 21 of Act CXVI of 2006. In force: as of 01. 01. 2007.
Amended: by subparagraph *ja*) paragraph (1) Section 25 of Act LXXXIX of 2010. In force: as of 16. 09. 2010. Amended: by subparagraph *a*) Section 7 of Act CXLI of 2013. In force: as of 1. 10. 2013.

3 Established by Subsection (1) of Section 1 of Act XV of 1996, effective as of 13 April 1996.

d)¹ 'service provider' shall mean a natural or legal person that performs services under contract with a voluntary mutual insurance fund that constitute any phase of the fund's operations or that are intended to assist or promote the fund's services, or actually provide fund benefits, exclusive of health fund service providers. Service providers shall, in particular, mean the persons who (that) manage the above-specified fund's deposit portfolio or who (that) are contracted to handle the administrative duties of the fund's investment operations, bookkeeping and records or to recruit new members, and the persons who perform activities related to the organization of services to health funds, health and mutual aid funds. Any entities under contract with an above-specified service provider for performing services related to voluntary mutual insurance funds shall also be construed as service providers;

e)² 'health fund service provider' shall mean a healthcare provider defined in the Healthcare Act, who is under contract with a health fund, health and mutual aid fund or is owned or operated by a health fund, health and mutual aid fund, or a natural or legal person that actually provides health fund services under contract with the fund to the fund's members.

(3) For the purposes of this Act

a) 'bylaws' shall mean a document that stipulates membership conditions, the rights and obligations of members, the services provided by the fund, the fund's self-administration as well as the fund's financial management within the framework of statutory provisions. Any disputes between fund members and between fund members and the fund shall be settled as instructed by the fund's bylaws and in accordance with the legal regulations pertaining to the financial management and liability of funds. The provisions of the bylaws shall be binding on the fund's employees, employer members and even on any sponsors;

b)³ 'membership contribution' shall mean a regular cash contribution paid under commitment by fund members that is used to finance the fund's services and the operation of the fund; employers may, subject to the provisions laid down in this Act, undertake to partly or entirely assume these contributions under the title of employer's contribution. The minimum amount of membership contributions that is payable by all members (hereinafter referred to as 'compulsory membership fee') is stipulated in the bylaws;

c)⁴ 'compulsory membership fee' shall mean a payment of a specific sum designated in the bylaws as regularly payable by all fund members;

1 Established by paragraph (1) Section 167 of Act XCI of 2003. Amended by Paragraph a) of Section 30 of Act CCXV of 2015, Paragraph a) of Section 30, Paragraph b) of Section 31 of Act CCXV of 2015.

2 Established by paragraph (1) Section 167 of Act XCI of 2003. Amended by Paragraph b) of Section 30, Paragraph b) of Section 31 of Act CCXV of 2015.

3 Established by Subsection (2) of Section 1 of Act XV of 1996, effective as of 13 April 1996.

4 Enacted by Subsection (3) of Section 1 of Act XV of 1996, effective as of 13 April 1996.

d)¹ 'individual account' shall mean the fund register that serves as the basis for the fund's financial management and business and is kept by the fund for the fund members in accord with its accounting policy. In the course of the financial management of the fund, the individual account shall contain (in a fund that operates an accounting unit based records system, indicated in accounting unit and in forints) contain that part of the fund members' regular membership dues, their other deposits and the employer member's contribution that is credited to fund members as cover for services and admitted as members' claims against the fund in accordance with the provisions laid down in the bylaws. The fund shall perform its services by debiting the individual accounts from the service accounts adjusted for the activities specified in the bylaws. On the liquidation of the fund or final accounting, the individual account is the means for distributing among the members those of the fund's joint assets that are not encumbered with liabilities. Individual accounts may not be designated to cover any claim, with the exception of funds locked up by instruction of the member on his individual retirement account for the purpose of collateral security. The fund shall be permitted to encumber individual accounts solely by virtue of this Act or another legal regulation enacted under authorization conferred by this Act.

e)² 'beneficiary upon the member's death' shall mean a natural person to whom the fund member's individual account is transferred under the conditions defined by law upon the fund member's death;

f)³ 'membership certificate' shall mean a document issued by the fund that contains the data furnished on the application for membership and that is treated as a private document with full probative force.

g)⁴ 'fund payment allowance' shall mean the sum the tax authority has transferred to the credit of the private individual by instruction of the private individual under Section 44/A of Act CXVII of 1995 on Personal Income Tax.

h)⁵ 'electronic document' shall mean a document that meets the requirement set out in Act on the General Rules for Trust Services for Electronic Transactions;

i)⁶ 'use of electronic document' shall mean - if so permitted in the fund's bylaws - where the fund member is able to request that the fund provides all documents, statements and certificates in the form of electronic documents;

j)⁷ 'open fund' shall mean a fund that does not restrict the scope of potential fund members, with the exception of determining the territorial scope of territorial funds;

k)⁸ 'closed fund' shall mean a fund that restricts the scope of potential fund members on the basis of employment, profession, interest or other organizational principles existing at the time when the fund is established.

(4) For the purposes of this Act

a)⁹ 'close relative' shall mean the persons provided for in Point 1 of Subsection (1) of Section 8:1 of Act V of 2013 of the Civil Code (hereinafter referred to as "Civil Code"), and domestic partners;

b) 'availability' shall mean that only fund members and, where applicable their close relatives, are entitled to the services arranged and provided by the fund, according to the instructions laid down in the fund's bylaws;

1 Established by Subsection (1) of Section 245 of Act XLII of 2002, effective as of 1 January 2003. Amended: by paragraph (2) Section 320 of Act CI of 2004. In force: as of 1. 01. 2005. Amended: by Section 421 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

2 Enacted: by paragraph (2) Section 167 of Act XCI of 2003. In force: as of 01. 01. 2004.

3 Enacted: by paragraph (2) Section 167 of Act XCI of 2003. In force: as of 01. 01. 2004.

4 Enacted: by Section 147 of Act CXIX of 2005. In force: as of 01. 01. 2006.

5 Enacted by Section 326 of Act CLXXVIII of 2012. Amended by Paragraph a) of Section 18 of Act LIII of 2016.

6 Established by Subsection (1) of Section 2 of Act LIII of 2016. Amended by Paragraph a) of Section 6 of Act LXIX of 2022.

7 Enacted: by Section 326 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

8 Enacted: by Section 326 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

9 Established by Subsection (1) of Section 139 of Act CCLII of 2013, effective as of 15 March 2014.

c) 'waiting period' shall mean the period of time stipulated in the bylaws that a member is required to wait between the date of joining and the date on which he is allowed access to his individual account or services;

d) 'auxiliary business activity' shall mean the economic activities the fund performs in exchange for consideration that are related to the organization and provision of the services indicated as the fund's basic activities, with retroactive effect, above and beyond the fund's obligation to provide services.

e)¹ 'subcontracting' shall mean when the fund assigns any of its duties under contract to an entity (service provider) that is professionally engaged in those activities within the framework of business operations;

f)² 'outsourcing' shall mean the subcontracting of activities that involves the management and processing of data;

g)³

h)⁴

i)⁵ 'recruitment' shall mean activities carried out regularly on a commercial basis for the purpose of recruiting new members for the fund (hereinafter referred to as "fund membership"). This activity is carried out with a view to providing assistance for setting up new fund membership, the presentation and offering of fund products, disclosure of related information, carrying out the responsibilities set out in the Act on the Prevention and Combating of Money Laundering and Terrorist Financing in setting up new fund memberships, for accepting requests for making changes in the particulars of members - such as changes in personal data, switching between portfolios, changing the beneficiary, modification of membership contributions - as well as requests for payments, and forwarding such requests to the fund, covering - furthermore - the provision of assistance for requesting payments due to members stemming from fund membership.

(5) For the purposes of this Act, in the case of supplementary pension funds,

a)⁶ 'retirement age' shall mean the age of eligibility for old-age pension according to the Social Security Pension Benefits Act; it shall also mean the time from which the fund member receives old-age pension benefits, benefits provided before the legal age limit, service emoluments, dance artists' annuities, provisional minors' allowance, invalidity allowance, retirement or invalidity aid (old-age pension) provided under the government decree on benefits provided by the Hungarian Creative Art Foundation, increased old-age or occupational disability benefits or pre-pension job-seekers' allowance, or from which the fund member was placed on the reserve service roster prior to retirement as provided for in Act CCV of 2012 on the Legal Status of Soldiers and in the Act on the Service Relation of the Professional Staff Members of Law Enforcement Bodies and Organizations, and the Act on the Legal Status of the Personnel of the National Tax and Customs Authority Upon reaching retirement age, fund members shall be entitled to pension benefits regardless of the waiting period;

b) 'accumulation period' shall mean the period between the time of joining the pension fund and the time the amount of the pension plan benefit is determined under Paragraph c);

c)⁷ 'pension plan benefit (supplementary pension)' shall mean a pension benefit or any lump-sum cash payment or a combination of the two that is disbursed to a fund member from his individual account as chosen by the fund member, after he reaches retirement age, from the methods afforded in the bylaws;

1 Enacted: by paragraph (1) Section 169 of Act LXI of 2006. In force: as of 1. 01. 2007.

2 Enacted: by paragraph (1) Section 169 of Act LXI of 2006. In force: as of 1. 01. 2007.

3 Repealed by Section 11 of Act XXXIV of 2019, effective as of 26 April 2019.

4 Repealed by Section 11 of Act XXXIV of 2019, effective as of 26 April 2019.

5 Enacted by Subsection (1) of Section 1 of Act CCXV of 2015, effective as of 1 January 2016.

6 Established by Section 43 of Act CLXVII of 2011. Amended by Paragraphs a)-b) of Section 51 of Act XLIII of 2015, Section 4 of Act CLXIV of 2016, Paragraph a) of Section 7 of Act CLII of 2020.

7 Established by Subsection (4) of Section 1 of Act XV of 1996, effective as of 13 April 1996.

d)¹ 'valuation margin provision' means - in the case of assets that belong to the asset groups listed in the legal regulation governing the investment and management activities of voluntary mutual insurance funds - a provision created to cover the difference between the book value and the market value of such assets, including accumulated interest, as it is determined for the balance sheet date of the financial year or the last day of the quarter. The valuation margin shall be shown separately under the given asset groups and, under liabilities, as a provision made up of the valuation margin and appearing under operating, safety reserve (in connection with the funds that operate a system that provides optional investment portfolios, separately for each optional investment portfolio) and liquidity provisions;

e)² 'individual retirement account' shall mean an individual account maintained by the pension fund;

f)³ 'property development' shall mean all phases of construction, remodeling and renovation of a building or other edifice (hereinafter referred to collectively as "building structure"), meaning design, preparation and implementation;

g)⁴ 'property management' shall mean the management of real property under contract with the fund, including the marketing and leasing of space, drawing up proposals in connection with investment prospects, operation and maintenance, monitoring scheduled repair and renovation works, and drawing up propositions for retaining real estate properties;

h)⁵ 'operation of property' shall mean the day-to-day operation of real estate property on a fee or contract basis;

i)⁶ 'accounting unit' means a system designed to keep records of fund members' claims during the accumulation period, and contingencies, with a redemption value updated on a daily basis;

j)⁷ 'scheduled withdrawal' shall mean regular payments made to the member from the member's service account, the duration of which is not determined at the time of starting such payments.

(6)⁸ For the purposes of this Act, in connection with health funds:

a) 'individual health fund account' shall mean an individual account maintained by a health fund;

b) 'arrangement of services' shall mean the mediation of services provided by a health fund to its members through a service organization;

c)⁹ 'health services' shall mean the services specified in Paragraph e) of Section 3 of Act CLIV of 1997 on Health Care (hereinafter referred to as "HCA");

d)¹⁰ 'health care authority' shall mean the authority specified in Paragraph h) of Section 3 of the HCA;

e)¹¹ 'health service provider' shall mean the service provider specified in Paragraph f) of Section 3 of the HCA;

f)¹² 'institution delegated to issue quality certificates' shall mean the body delegated according to the specific other legislation on medical equipment;

g)¹³ 'financial support for the purchase of medicines and medical aids' shall mean:

1 Enacted by Subsection (2) of Section 245 of Act XLII of 2002, effective as of 1 January 2003. Established: by paragraph (1) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
2 Enacted: by paragraph (3) Section 167 of Act XCI of 2003. In force: as of 01. 01. 2004.
3 Enacted: by paragraph (2) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
4 Enacted: by paragraph (2) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
5 Enacted: by paragraph (2) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
6 Enacted: by paragraph (2) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
7 Enacted by Subsection (2) of Section 1 of Act CCXV of 2015, effective as of 1 January 2016.
8 Established: by paragraph (2) Section 169 of Act LXI of 2006. In force: as of 1. 06. 2007.
9 Established: by paragraph (3) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
10 Established: by paragraph (3) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
11 Enacted: by paragraph (3) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
12 Enacted: by paragraph (3) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.
13 Enacted: by paragraph (3) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

1. financial support provided for the purchase of medicinal products for human consumption (including homeopathic medicinal products and immunology preparations) offered directly to patients by authorization of the competent authority in accordance with the Act on Medicinal Products for Human Use;

2. financial support provided for the purchase of medicinal products for human consumption and immunology preparations through individual channels in accordance with the regulation on the prescription and dispensing of medicinal products for human use;

3. financial support provided for the purchase of a medicinal product prepared in a pharmacy in accordance with a medical prescription for an individual patient (magistral formula);

4. financial support provided for the purchase of medicinal substances defined in the Hungarian Pharmacopoeia and in the Formulae Normales, offered directly to the public;

5. financial support provided for the purchase of nutriments specified in the legal regulation on mother's milk substitutes and supplements;

6.1 financial support provided for the purchase of nutriments defined in the legislation on dietary supplements for special medicinal purposes, and gluten-free special foods registered by the government body in charge of the healthcare system;

7. financial support provided for the purchase or rental of medical aids which may be prescribed at a price with social security subsidy as specified in the legal regulation on the subsidized prescription and rental of medical aids and the rate and amount of the subsidy, for the non-subsidized portion, or for their purchase, rental or repair without claiming any subsidies;

8. financial support provided for the purchase of medical devices defined in the legal regulation on medical devices, which are offered directly to the public and certified by the institution delegated to issue quality certificates, or having a CE marking attached;

9.2 financial support provided for the purchase of baby-care products and medical supplies;

10. financial support provided for the purchase of medicinal water and medicinal mud;

11.3 other therapeutic preparations other than medicinal products, which fulfill the requirements set out in Decree No. 10/1987 (VIII. 19.) EüM on the Registration and Marketing of Therapeutic Substances and Preparations Not Classified as Medicinal Products;

12. home delivery of products listed under Points 1-11;

h)⁴ 'handicapped person' shall mean the persons defined in Paragraph a) of Section 4 of Act XXVI of 1998 on the Rights and Equal Opportunity of the Handicapped.

(7)⁵ For the purposes of this Act, in the case of mutual aid funds:

a)⁶ 'social risk' shall mean the risks related to the birth and schooling of a child, financial situation relating to health, unemployment, death, and the risks of damages relating to fire and natural forces by definition of the Act on the Business of Insurance;

b) 'periodic annuity' shall mean a regular service rendered in cash for the fund member in the cases and under the conditions defined in the bylaws for a definite period of time or, at the maximum, up to the termination of the event giving rise thereto;

1 Established by Section 327 of Act CLXXVIII of 2012. Amended by Paragraph a) of Section 123 of Act CXI of 2014.

2 Amended by Paragraph c) of Section 31 of Act CCXV of 2015.

3 Established by Subsection (2) of Section 2 of Act LIII of 2016, effective as of 1 July 2016.

4 Enacted: by paragraph (3) Section 248 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

5 Established: by paragraph (2) Section 169 of Act LXI of 2006. In force: as of 1. 01. 2007.

6 Amended by subparagraph v) paragraph (9) Section 36 of Act LXXI of 2007, Paragraph b) of Section 18 of Act LIII of 2016.

c)-d)¹

(8)² For the purposes of this Act, the sub-funds defined in or on the basis of Paragraph *b*) of Subsection (2) of Section 3 and Subsection (1) of Section 36 shall be construed as reserves.

(9)³ The organization, financing and provision of services to supplement, substitute or replace social security services and social services, as well as services for health protection under the conditions laid down in this Act, funded from membership payments kept on the members' individual accounts shall be treated as voluntary mutual insurance fund activities.

Principles of Operation

Section 3

(1) 'Self-administration' shall mean that all fundamental decisions related to the fund shall be made exclusively by fund members, where all members are vested with equal rights.

(2) 'Principle of closed-end financial management' shall mean that

a) the activity of the fund shall aim exclusively at organizing and providing the benefits set out in the bylaws;

b) the fund shall set up reserves for its financial operations and shall keep individual accounts for its members;

c) only the persons specified in Paragraph *b*) of Subsection (4) of Section 2 are entitled to the services of the fund;

d) if authorized in the bylaws, the fund may engage in financial commitments with legal entities and/or private persons up to the amount of the fund's assets and within the framework of statutory provisions;

e) the fund shall be liable for its debts with its own assets;

f) after the termination of membership or the liquidation of the fund, members shall claim the funds in their individual accounts in accordance with the provisions set out in the bylaws;

g) the fund shall, on the basis of the financial plan approved by the general meeting, organize, fund and perform its services from the membership contributions and other revenues, with regard to the unique features of the different types of funds.

(3) 'Mutuality' shall mean that fund members jointly accumulate the reserves required to provide benefits. The persons eligible to receive services shall have equal rights in respect of access. Each fund member has an ownership stake in the fund.

(4) 'Voluntary participation' shall mean that natural persons may, of their own free will, set up funds and may join and leave such funds in accordance with the provisions of the fund's bylaws.

(5) 'Independence' shall mean that funds are free to devise their scope of services and business policies within the framework of legal regulations.

(6) 'Solidarity' shall mean that the contributions payable by the fund members are established on the basis of standard principles, independent of the degree of individual risks and any settlement. The application for admission of a natural person who meets the criteria for membership cannot be rejected.

(7) 'Principle of association' shall mean that no discrimination is permitted on the grounds of religion, race, ethnic background, political affiliation, age or sex.

(8) 'Non-profit operation' shall mean that the fund may not disburse the profits of its operations as either dividends or profit-sharing and that it must use such profits in the interest of its basic activity.

1 Repealed: by Section 452 of Act CXXVI of 2007. No longer in force: as of 01. 01. 2008.

2 Numbering amended: by paragraph (4) Section 167 of Act XCI of 2003. In force: as of 01. 01. 2004.

3 Enacted: by paragraph (5) Section 167 of Act XCI of 2003. In force: as of 01. 01. 2004.

Protection of Denomination

Section 4¹

(1) The designations 'önkéntes kölcsönös biztosító pénztár' ('voluntary mutual insurance fund'), 'nyugdíjpénztár' ('pension fund'), 'önsegélyező pénztár' ('mutual aid fund') and 'egészségpénztár' ('health fund') or their equivalents in any other language may only be used by organizations established and operated in accordance with this Act, furthermore, by the interest representation body of funds, and by the branches set up by this body in its name.

(2) The name of a fund must contain the word 'pénztár' ('fund') complete with reference to the type of fund.

(3) Whether an organization is entitled to use in its corporate name any of the designations defined in Subsection (1) shall be decided upon by the court of jurisdiction by reference to the area of registration.

Fund Establishment

Section 5

(1) Funds may only be established by natural persons. At least 15 founding members are required for establishment.

(2)² The establishment of a fund is declared by the inaugural meeting. The inaugural meeting shall also have competence to approve the bylaws and the initial financial plan, to elect officers and the auditor, and to determine the remuneration of officers, and to decide how to finance the costs incurred in connection with the foundation process up to the date of the inaugural meeting.

(3) The minutes of the inaugural meeting shall be signed by the chairman elected by the general meeting and the secretary of the meeting and witnessed by two designated members. The attendance list drawn up at the general meeting shall be signed by the chairman of the general meeting and the secretary.

(4)³ The bylaws and any amendments thereto shall be executed in a document countersigned by an attorney or a bar association legal counsel.

Section 6

(1) The fund is a legal entity.

(2)⁴ A fund shall be registered by the general court (hereinafter referred to as "court") having jurisdiction over the place where the fund is established. The application for registration shall be submitted to the court in writing within thirty days of the inaugural meeting. The applicant shall enclose with the application the bylaws approved by the inaugural meeting, the minutes and the attendance sheet of the inaugural meeting as well as a certificate from an authorized payment service provider on the opening of the payment account after the date of submission of the application. The court shall decide on the registration of the fund in non-contentious proceedings and notify the competent public prosecutor and the Authority regarding its decision.

1 Established: by paragraph (1) Section 34 of Act XLVII of 2008. In force: as of 01. 09. 2008.

2 Amended: by subparagraph a) Section 210 of Act CXIX of 2005. In force: as of 01. 01. 2006.

3 Amended by Section 27 of Act CXXXVI of 2017.

4 Established: by paragraph (1) Section 48 of Act CLXIII of 2011. In force: as of 1. 01. 2012.

Amended: by subparagraph b) Section 7 of Act CXLIII of 2013. In force: as of 1. 10. 2013.

(3)¹ The fund shall enter into existence upon registration by the court, retroactive to the date of the inaugural meeting. Should the fund fail to be registered, legal disputes between the parties shall be settled in accordance with the provisions of the Civil Code.

Section 7

(1) Prior to court registration of the fund, the natural persons acting on behalf of the fund shall have joint and several liability for commitments undertaken on behalf of the fund. Restriction or exclusion of this liability with regard to any third party is void.

(2)² The liability prevailing in accordance with Subsection (1) for any commitments undertaken on behalf of the fund prior to registration shall terminate if the fund's general meeting subsequently approves such commitments. The general meeting may not validly decide thereon before the operating license (Section 60) becomes definitive.

(3) Where a fund acquires any right or assumes any obligation prior to registration, it may not allege the absence of registration.

Section 8³

(1) Public prosecutor's offices shall exercise judicial oversight of the funds in compliance with the relevant legislation. The public prosecutor may - if there is no other way to ensure the legality of operation - bring action in court.

(2) The functions of the agency tasked for the financial supervision of funds shall be carried out under Chapter VI by the Magyar Nemzeti Bank acting within its function as supervisory authority of the financial intermediary system.

Section 9

(1)⁴ The fund may commence the activities under Subsection (1) of Section 10 after obtaining the definitive operating license from the Commission. The procedural rules for licensing these activities are contained in Sections 60-64.

(2)⁵ The fund shall open a bank account at an authorized payment service provider within fifteen days of the inaugural meeting.

(3)⁶ Until the operating license becomes definitive, the fund may use the amount paid to its account under any title solely to cover expenses related to the organization of the fund. Once the fund has been established, other aspects of the fund's management and investments shall be governed by the provisions laid down in this Act.

(4)⁷

(5)⁸ If the provision specified in Subsection (1) is violated, persons acting on behalf of the fund shall have unlimited, joint and several liability for the damage caused. The Commission may fine such persons between HUF 5,000 and HUF 100,000 for commencing the activity without a license.

1 Amended by Subsection (3) of Section 139 of Act CCLII of 2013.

2 Amended by Paragraph a) of Section 58 of Act L of 2017.

3 Established: by Section 6 of Act CXLI of 2013. In force: as of 1. 10. 2013.

4 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000, Paragraph b) of Section 58 of Act L of 2017.

5 Amended: by Section 84 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

6 Established by Section 3 of Act XV of 1996. Amended by Paragraph c) of Section 58 of Act L of 2017.

7 Repealed by Subsection (1) of Section 16 of Act XV of 1996, effective as of 13 April 1996.

8 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

Regulatory Fee¹*Section 9/A²*

(1) Funds shall pay a supervision fee from their operating reserves.

(2)³ The supervision fee shall comprise the minimum charge calculated according to Subsections (3)-(5), plus the variable-rate fee calculated according to Subsection (6).

(3)⁴ The minimum charge is calculated by multiplying the unit base-rate with the index number specified in Subsection (4). The unit base-rate is seventy-five thousand forints.

(4) The index number for voluntary pension funds, mutual aid funds and health funds shall be two.

(5) By way of derogation from Subsection (4), the index number for voluntary pension fund, mutual aid funds and health funds whose safety reserve did not exceed fifty million forints at the end of the previous year shall be 0.5.

(6)⁵ The variable-rate fee payable by the funds shall be 0.3 ‰ of the market value of the funds' assets annually.

Types of Funds and Their Activities

Section 10

(1) A fund may provide the following services from the contributions it collects and manages subject to the conditions defined in the bylaws:

a) the pension plan benefits defined by Paragraph c) of Subsection (5) of Section 2 (pension fund);

b)⁶ providing support in connection with social risks, supplementary provisions provided on the basis of the social obligations prescribed by legal regulation, financial support for the purchase of medicines and medical aids (mutual aid fund);

c) organization and funding of programs serving the protection of health and the purchase of health care services (health fund);

d)⁷ organizing and financing health programs, buying healthcare services, and providing support in connection with social risks, supplementary provisions provided on the basis of the social obligations prescribed by legal regulation, financial support for subsidizing the purchase of medicines and medical aids (mutual aid fund).

1 Enacted by Section 75 of Act CXXIV of 1996, effective as of 15 February 1997.

2 Established: by paragraph (1) Section 17 of Act XLIX of 2007. In force: as of 1. 10. 2007.

3 Amended: by subparagraph jc) paragraph (1) Section 25 of Act LXXXIX of 2010. In force: as of 16. 09. 2010.

4 Established by Subsection (1) of Section 1 of Act CXVIII of 2019, effective as of 18 January 2020.

5 Established by Subsection (2) of Section 1 of Act CXVIII of 2019, effective as of 18 January 2020.

6 Established: by paragraph (1) Section 42 of Act CXV of 2006. In force: as of 01. 01. 2007.

Amended: by subparagraph a) paragraph (3) Section 3 of Act IX of 2008. In force: as of 01. 04. 2008.

7 Enacted by Subsection (1) of Section 2 of Act CCXV of 2015, effective as of 1 January 2016.


(2)¹ Pension funds shall be authorized to provide pension benefits only, and mutual aid funds shall be allowed to provide mutual aid services exclusively. Of the services enumerated under Paragraph *b*) of Subsection (1), a health fund may engage in subsidizing medicinal products and medical aids, supplementing part or all of the income of a fund member lost due to incapacity for work on account of sickness, as well as providing support to the survivors of a deceased fund member (hereinafter referred to collectively as “mutual health care aid”). Health and mutual aid funds may inter alia carry out mutual aid and health fund services, and may provide mutual health care aid, with the proviso that the special regulations applicable to supplementary mutual aid funds and supplementary health funds may not be disregarded in carrying out said functions. Health and mutual aid funds are established either by way of foundation or merger or in a way where an existing duly authorized health fund or mutual aid fund decides to modify its bylaws and expands to provide services of the other fund type without having to apply for authorization for that purpose. Where a health and mutual aid fund is established by way of amending its bylaws, or by expansion of the line of services, it shall continue to maintain access to health fund and/or mutual aid fund services, as well as the line of services offered before the amendment of its bylaws.

(3) The services under Subsection (1) may be provided to nonresidents subject to the provisions of foreign exchange regulations.

Membership

Section 11

(1)² Any person who is over the age of 16, agrees to abide by the provisions of the bylaws and agrees to pay membership dues shall be eligible for fund membership.

 (2)³ Membership, the obligation to pay membership contributions and the waiting period shall commence upon the fund's acceptance of the membership application. The fund shall verify acceptance of a membership application by endorsing it. The endorsement shall be affixed within thirty days of submission; a copy of this or the membership document shall be given to the fund member in printed form, or in the form of an electronic document when so requested by the fund member. The fund, if it maintains a website, shall inform the member through the membership application or the membership document that the bylaws is available on the fund's website. At the member's request, or if the fund does not have a website the bylaws shall be made available also in printed form, free of charge.

(3)⁴ Prior to the date when the operating permit becomes definitive, the fund cannot accept any membership contributions and may not accept new members other than the founding members. The obligation to pay membership contributions and the waiting period shall commence on the day after the operating permit becomes definitive. After the operating permit has become definitive, the fund shall provide within thirty days its bylaws and the membership documents in printed form, or in the form of an electronic document when so requested by the fund member, to the founding members.

1 Established by Section 3 of Act LIII of 2016, effective as of 1 July 2016.

2 Established: by Section 35 of Act XXVII of 2004. In force: as of 1. 05. 2004.

3 Established by Section 3 of Act LXIX of 2022, effective as of 1 January 2023.

4 Established by Section 328 of Act CLXXVIII of 2012. Amended by Paragraphs a), d), e) of Section 58 of Act L of 2017.

(4)¹ The bylaws may contain provisions to prescribe - by way of derogation from what is contained in Subsection (2) - that membership shall commence upon payment of the first month's dues. In this case, if the membership fee for the first month is not received, the prospective member in question shall be advised according to the procedural rules fixed in the bylaws of the consequences of his default. If payment is not received by the extended deadline, the person's data may be canceled from the records.

Section 11/A²

(1)³ Recruiting new members for a fund may be performed by natural or legal persons (hereinafter referred to collectively as "recruiter") under contract concluded with the fund. The recruiter may employ a subcontractor subject to the same liability as for carrying out his own work and activities. The provisions governing the activities of recruiters shall also apply to subcontractors, with the exception that a subcontractor may not employ another subcontractor. The contract between the recruiter and its subcontractor shall be annexed to the contract concluded with the fund. The recruiter shall perform its activities in due observation of the fund's rules. If the contract between the fund and the recruiter covers the acceptance of requests for making changes in the particulars of members - affecting fund membership - as well as requests for payments, and forwarding such requests to the fund, and the provision of assistance for requesting payments due to members stemming from their fund membership, the time limits for compliance with the aforementioned members' requests shall begin on the date when the requests are received by the recruiter.

(2)⁴ The contract for recruiting members shall specify the remuneration for recruitment services, the terms and conditions under which the remuneration is payable, and for its reversal, and the liability for any damage caused in connection with recruitment operations. The fund shall draw up a program for the training and supervision of recruiters, and shall lay down the related rules.

(3)⁵ Any remuneration provided for recruitment services shall be paid from the fund's operating reserves, with the proviso that - with regard to transferring members, and new members who at the time of admission hold membership in another fund of the same type - the total amount of such remuneration may not exceed the sum from the membership contributions paid for the first twelve months after admission allocated to the operating reserve. No additional remuneration or payment can be made for recruitment. Remuneration provided for recruitment of new members admitted to any type of fund, who did not hold membership in any other fund of the same type at the time of admission, may not exceed 20 per cent of the membership contribution agreed to be paid for the first twelve months after admission.

(3a)⁶ Recruitment may be remunerated for two years from the date of membership registration; reversal may effected for a period of three years from the date of membership registration. For the purposes of this Section mutual aid funds, health funds and health and mutual aid funds shall be recognized as funds of the same type.

(4) In the course of recruiting members for any voluntary mutual insurance fund, it is forbidden to employ any method

a) whereby any advantage is promised to the detriment of other persons in exchange for having the prospective member pursue others to join the same fund or engage in recruiting new members, or

1 Enacted: by Section 168 of Act XCI of 2003. In force: as of 01. 01. 2004.

2 Enacted by Subsection (5) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

3 Established by Section 3 of Act CCXV of 2015, effective as of 1 January 2016.

4 Established: by Section 329 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

5 Established by Subsection (1) of Section 4 of Act LIII of 2016, effective as of 1 July 2016.

6 Enacted by Subsection (2) of Section 4 of Act LIII of 2016, effective as of 1 July 2016.

b) that involves an investment on the part of the prospective member or the prospective recruiter that is to be recovered in part or in full from other persons targeted to join the same fund or engage in recruiting new members.

(5)¹ New members solicited by a recruiter shall supply a statement to the recruiter before admitted into or transferred to the new fund (voluntary pension fund, voluntary health fund, mutual aid fund, health and mutual aid fund) if currently holding membership in a fund of the same type, that is to say in a voluntary pension fund, voluntary health fund, mutual aid fund, health and mutual aid fund. The recruiter shall submit to the fund the member's statement attached to the membership application. The fund shall remunerate the recruiter as provided for in Subsection (3) based on the member's statement above-specified.

Section 11/B²

(1) Recruiters must utilize any personal data obtained in the course of recruiting operations solely for the purpose of achieving membership for the natural person to whom it pertains.

(2) Unless prescribed by law to the contrary, recruiters must observe confidentiality indefinitely with regard to any and all fund and business secrets to which they have access.

Section 12

(1)³ An employer member is a natural or legal person that, under contract concluded with the fund, undertakes to pay part or all of its employee's membership contributions (employer's contribution).

➡(2)⁴ The employer undertaking the commitment to pay the employer's contribution may not exclude from the employer's contribution any employee who has been in employment (including public service, civil service, public education employment, healthcare service, government service relationship, service relationship with the tax and customs authority, State service relationship, service legal relationship, service relationship of administrative staff of law enforcement bodies, or legal relationship of army civilian personnel) for at least 6 months. An employer may commit to pay contributions for its employees in all three types of funds at the same time.

(3)⁵ The rate of the employer's contribution - subject to the exceptions set out in Subsection (4) - shall be identical in respect of each employee who is a fund member; that is, it shall be the same amount or the same percentage of the employee's earnings without prejudice to the fund selected by the employee. The employer shall be permitted to determine its contribution under different principles for each type of fund. Where contribution is determined as a percentage of wages, the employer may define the lowest and highest amount of contribution.

1 Established by Subsection (3) of Section 4 of Act LIII of 2016, effective as of 1 July 2016.

2 Enacted by Subsection (5) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

3 Established by Section 5 of Act XV of 1996. Amended by Paragraph d) of Section 31 of Act CCXV of 2015.

4 Established by Section 15 of Act LXIV of 2016. Amended by Section 16 of Act CXV of 2018, Paragraph b) of Section 7 of Act CLII of 2020, Section 183 of Act XCIX of 2021, Subsection (3) of Section 180 of Act LII of 2023.

5 Established by Subsection (1) of Section 247 of Act XLII of 2002, effective as of 1 January 2003. Amended: by subparagraph a) Section 210 of Act CXIX of 2005. In force: as of 01. 01. 2006.

(4)¹ Employers shall be allowed to deviate - upwards consistent with age - from the rate of the employer's contribution referred to in Subsection (3), applying the same rate to each age group, in respect of those of its employees who will reach retirement age within 15 years. The employer's contribution to employees over the retirement age may not exceed the employer's contribution provided to employees below retirement age.

(5)² The contract concluded between an employer and the fund shall govern

- a) the rate of the employer's contribution and the schedule of payments;
- b) the possibility and conditions of suspending the employer's contribution;
- c) any collateral obligations guaranteeing payment of the employer's contribution.

(6)³ The contract between an employer member and the fund as well as any amendments thereto shall become valid once approved by the general meeting, unless the bylaws provide otherwise.

(7)⁴ All funds shall keep up-to-date records of contracts on employers' contributions. The records shall contain all of the data in the contracts that are essential for the fund's operations, such as the data on employer members, the amounts of contributions, the terms of contracts and any amendments thereto.

(8)⁵ If a member makes a written request of the employer, the employer may suspend or terminate payment of the employer's contribution, in full or in part, that has been undertaken for the benefit of the applying member. In all other cases, the employer may suspend or terminate payment of the employer's contribution only in respect of all of its employees who are fund members. No deviation from this provision shall be considered valid.

(9)⁶ By way of derogation from Subsection (8), the employer may suspend payment of contributions for periods in which the member's employment is suspended or there are no wages due. The criteria for such suspension shall be determined in an identical manner for all of the employer's employees who are fund members.

(10)⁷ In connection with temporary agency work, the temporary-work agency shall be liable to pay employer's contribution - taking into account the provisions set out in Subsections (2)-(4) - based on the circumstances existing at the user enterprise. This provision shall apply as of the one hundred and eighty-fourth day of employment at the user enterprise with respect to any worker who is engaged with a temporary-work agency in an employment relationship established for an indefinite duration, and who is receiving pay in the absence of any assignment to a user enterprise.

Section 12/A⁸

(1)⁹ A fund may enter into a sponsorship agreement with an employer member or sponsor on the basis of which to provide services in accordance with Subsections (2)-(6) to fund members who are employees of such employer, and to members specified in the sponsorship agreement (hereinafter referred to as "target-specific service").

1 Enacted: by Section 148 of Act CXIX of 2005. In force: as of 01. 01. 2006.

2 Numbering amended: by Section 148 of Act CXIX of 2005. In force: as of 01. 01. 2006.

3 Numbering amended: by Section 148 of Act CXIX of 2005. In force: as of 01. 01. 2006.

4 Established by Section 197 of Act CXIII of 2000, effective as of 1 January 2001. Numbering amended: by Section 148 of Act CXIX of 2005. In force: as of 01. 01. 2006.

5 Amended: by paragraph (2) Section 320 of Act CI of 2004. In force: as of 1. 01. 2005. Numbering amended: by Section 148 of Act CXIX of 2005. In force: as of 01. 01. 2006.

6 Established: by Section 172 of Act LXI of 2006. In force: as of 22. 07. 2006.

7 Established: by paragraph (1) Section 31 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

8 Enacted: by Section 330 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

9 Amended by Paragraphs c)-d) of Section 30 of Act CCXV of 2015.

(2)¹ The target-specific services provided may include the services specified in the fund's bylaws (benefit regulations), from which the employer, or the sponsor has the right to choose the ones he wishes to finance in the form of target-specific services.

(3)² Target-specific services shall be made available to all employees of the employer holding membership in that fund, to members specified in the sponsorship agreement, and to their relatives according to the bylaws.

(4)³ The agreement between the fund and the employer member or sponsor shall specify the following in connection with target-specific services:

a) the type of services to be provided;

b) the amount the employer or sponsor is required to pay to the fund to cover the provision of such services, showing separately the sum allocated directly for the services and the sum intended to cover operating expenses, and the rules for the allocation of funds remaining after the agreement ceases to exist;

c) the method, the terms and conditions and the deadlines for the provision of services;

d) the framework of collaboration for the successful provisions of services;

e) the rules of accounting the provision of services;

f) the procedure for the assessment of the effectiveness of the provision of services.

(5)⁴ The funds provided by the employer member or sponsor directly for the provision of target-specific services shall be placed into the safety reserve, specifically into accounts opened for each employer member, sponsor and for each target-specific service contract separately (target-specific service reserve), and may be allocated for the objectives specified in the contract. The sums remaining in these accounts after the contract is fulfilled may not be distributed among the individual accounts of fund members.

(6)⁵ The funds provided by the employer member or sponsor for target-specific services shall be recognized as donation in whole.

Section 13

(1)⁶ Members shall notify the fund in the manner specified in the bylaws of the amount of contribution they agree to pay, and they shall pay this amount by the due date stipulated. The amount of membership contribution may not be less than the compulsory membership fee.

(2) The part of the membership contributions to be used for services as well as any other amounts credited for the members shall be recorded in the individual accounts in accordance with the accounting and management regulations pertaining to funds.

(3)⁷ Neither the fund member's creditors nor the creditors of third parties may lay any claim on the amounts in the , with the exception of the funds locked up by the member's instructions on his individual account for the purpose of pledging it in accordance with Subsection (7) of Section 47 as collateral security in a contract concluded with a credit institution under the CIFE.

1 Amended by Paragraph e) of Section 30 of Act CCXV of 2015.

2 Amended by Paragraph f) of Section 30 of Act CCXV of 2015.

3 Amended by Paragraph g) of Section 30 of Act CCXV of 2015.

4 Amended by Paragraph h) of Section 30 of Act CCXV of 2015.

5 Amended by Paragraph j) of Section 30 of Act CCXV of 2015.

6 Established by Section 6 of Act XV of 1996, effective as of 13 April 1996.

7 Amended: by paragraph (2) Section 320 of Act CI of 2004. In force: as of 1. 01. 2005.

(4)¹ Fund members, employer members and sponsors shall - in accordance with the rules of publication laid down in the bylaws - be notified annually of the fund's financial management and situation, including any fines imposed by the Authority. The information supplied to fund members shall also contain a statement of balance of the individual accounts. Upon request, fund members shall, at any time during the year, be supplied a statement of balance of their individual accounts in the manner defined in the bylaws, where - if provided in writing - members are required to cover the fund's actual and justified expenses directly in advance in accordance with the fund's bylaws. At the fund members' request, the statement of balance of their individual accounts may be provided in the form of electronic documents as well.

(5) The bylaws shall provide for settlement with departing members as well as for the distribution of the assets of a fund terminating without a successor by taking into consideration the individual accounts as well as the fund's rules on the creation of reserves and cost accounting.

Section 14²

(1)³ The procedures to be applied in the case of a member's default in the payment of membership dues and the regulations governing such member's rights for this period shall be laid down in the bylaws, with the proviso that the bylaws shall not permit any suspension of the payment of membership dues.

(2) The bylaws shall also stipulate the services to which a fund member is entitled in the period in which no membership dues are paid.

(3)⁴ As of the date of non-payment of membership contributions the fund - having regard to Subsections (4)-(9) - shall be entitled to reduce the return made from investing the funds in the defaulting member's individual account - as consistent with the current compulsory membership fee prorated to cover the operating and liquidity reserves, but not exceeding the yielded return - and credit it to the operating and liquidity reserve (hereinafter referred to as "earnings withheld due to non-payment of membership contribution"). The fund may withhold earnings due to non-payment of membership contribution after the due date stipulated in the fund's bylaws - following the deadline for the settlement of delinquent membership dues if the bylaws so provides - (hereinafter referred to as "date of non-payment of membership contributions") in accordance with Subsections (4)-(9), retroactively for the period for which the membership contribution had not been paid.

(4)⁵ The fund shall withhold earnings due to non-payment of membership contribution in the same frequency as membership contributions are paid according to the bylaws, quarterly, half-yearly or yearly (hereinafter referred to as "frequency of withholding"), on the understanding that in a given financial year the frequency of withholding shall be consistent throughout. If membership contributions are paid on a monthly basis, the fund shall have the option to choose either of the above-specified frequencies, save where Subsection (9) applies.

(5)⁶ The decision for changing the frequency of withholding shall be adopted by the general meeting of the fund in the year preceding the financial year. The fund shall amend its bylaws showing the amended frequency of withholding.

1 Established: by Section 331 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

2 Established by Section 248 of Act XLII of 2002, effective as of 1 January 2003.

3 Established by Section 5 of Act LIII of 2016, effective as of 1 July 2016.

4 Established by Subsection (1) of Section 4 of Act CCXV of 2015, effective as of 1 January 2016.

5 Enacted by Subsection (2) of Section 4 of Act CCXV of 2015, effective as of 1 January 2016.

6 Enacted by Subsection (2) of Section 4 of Act CCXV of 2015, effective as of 1 January 2016.

(6)¹ The amount of earnings withheld due to non-payment of membership contribution may not exceed the amount of yield earned over the period - quarterly, half-yearly, yearly - corresponding to the frequency of withholding (hereinafter referred to as "reference period"), and the amount corresponding to 5 per cent of the minimum wage in effect on the first day of the reference year for the period corresponding to the selected frequency of withholding equal to the share of the membership fee applicable to the operating and liquidity reserves. If the amount of yield earned during the reference quarter, half-year or year remains below the amount that may be withheld under Subsection (3), the fund shall not be entitled to recover the difference from the yield earned during the previous quarter, half-year or year. If earnings are withheld due to non-payment of membership contribution half-yearly, it shall be deducted from the earnings credited to the member's individual account after the earnings for the second and fourth quarter is credited. If the fund is unable to withhold any sum due to non-payment of membership contribution from the yield earned during the reference quarter, half-year or year, the fund may withhold the sum of the unpaid membership contribution limited to the earnings of one calendar year following the reference period. In making a withholding from earnings due to non-payment of membership contribution, it shall be first implemented for the reference period, followed by withholdings outstanding for the previous period.

(7)² The fund shall execute the withholding of earnings due to non-payment of membership contribution immediately after the yield is credited for the reference period, but not before the date of non-payment of membership contributions.

(8)³ The fund shall be entitled to withhold earnings for the entire reference period due to non-payment of membership contribution up to the standard contribution amount yet unpaid for the operating and liquidity reserves, also if the member affected paid only a part of the membership contribution due for the reference period.

(9)⁴ In the case of any fund that operates an accounting unit based records system, Subsections (4)-(8) shall apply mutatis mutandis with the proviso that such funds are entitled to withhold earnings due to non-payment of membership contribution on a monthly basis.

Section 15⁵

(1) Fund membership shall terminate

- a) upon the member's death;
- b) when the member closes the account;
- c) if the member fails to pay membership dues for a period in excess of the period defined in the bylaws and the bylaws do not permit subsequent settlement of delinquent membership dues or the member fails to exercise such option;
- d) when the member transfers to another fund.
- e)⁶ by way of expulsion.

(2) Upon the termination of membership, accounts must be settled with the member or his beneficiary.

(3)⁷ The fund may expel a member when permitted in the bylaws, if the member in question is no longer able to satisfy the membership requirements laid down in the bylaws and if the member failed to request transfer to another fund upon receipt of written notice to do so.

1 Established by Section 6 of Act XXXIX of 2023, effective as of 1 September 2023.

2 Enacted by Subsection (2) of Section 4 of Act CCXV of 2015, effective as of 1 January 2016.

3 Enacted by Subsection (2) of Section 4 of Act CCXV of 2015, effective as of 1 January 2016.

4 Enacted by Subsection (2) of Section 4 of Act CCXV of 2015, effective as of 1 January 2016.

5 Established by Section 249 of Act XLII of 2002, effective as of 1 January 2003.

6 Enacted: by paragraph (1) Section 173 of Act LXI of 2006. In force: as of 1. 01. 2007.

7 Established: by paragraph (2) Section 173 of Act LXI of 2006. In force: as of 1. 01. 2007.

(4)¹ A fund member shall be permitted to transfer to a fund of the same type with the following exceptions:

a) in the case specified in Subsection (3) of Section 47;

b) a member of a health fund, mutual aid fund, health and mutual aid fund may transfer to a pension fund upon reaching the retirement age specified in Paragraph a) of Subsection (5) of Section 2;

c) a member of a health fund and mutual aid fund may transfer to a health and mutual aid fund, a member of a health and mutual aid fund may transfer to a health fund and a mutual aid fund as well.

(4a)² The transferring fund shall inform the member in writing within eight days of receipt of the transfer request provided for in Paragraph b) of Subsection (4) about the duration of fund membership for claiming tax free pension benefits pursuant to Act CXVII of 1995 on Personal Income Tax (hereinafter referred to as "PIA"), that may be of relevance if the member holds membership in the receiving fund for a period shorter than the duration prescribed in the PIA. If the member confirms his/her transfer request within thirty days, upon receipt and in the understanding of that information, the fund shall comply.

(4b)³ The time limit for the member's transfer shall begin on the day next of the expiry of the thirty-day time limit.

(5)⁴ The bylaws shall provide for the legal consequences of terminating membership as well as for the procedure to be followed.

Section 16

(1) Fund members shall have the right to vote and, unless this Act or the bylaws provide otherwise, to be elected to the bodies of the fund.

(2) Fund members are entitled to have access, in the manner defined in the bylaws, to the documents and books of the fund (other than the minutes taken of closed meetings and the draft resolutions discussed there); they are also entitled to request information on the operation of the fund. Fund members may not use the information so obtained in a manner that violates the fund's interests, nor may they use the personal data of fund members in a manner that violates their personality rights.

(3) Fund members may use the services of the fund on the basis of the provisions of the bylaws.

Section 16/A⁵

(1)⁶ The individual account of a member shall not constitute part of his estate upon his death. A fund member may designate in the application for membership, in a public document or a private document with full probative force a natural person as his beneficiary in case of his death (beneficiary upon the member's death).

👉(2)⁷ Designation of a beneficiary shall be effective upon the fund's approval retroactively as of the date when filed. The fund shall notify the member by handing over or delivering the membership certificate within fifteen days of gaining knowledge about the designation of beneficiary in the form of an electronic document or, if that is not possible, in printed form. The membership certificate shall include, in addition to the member's particulars, the name or names of the beneficiary or beneficiaries designated, their particulars, percentage of entitlement, and the date when designated.

1 Established by Subsection (1) of Section 6 of Act LIII of 2016, effective as of 1 July 2016.

2 Enacted by Subsection (2) of Section 6 of Act LIII of 2016, effective as of 1 July 2016.

3 Enacted by Subsection (2) of Section 6 of Act LIII of 2016, effective as of 1 July 2016.

4 Numbering amended: by paragraph (2) Section 173 of Act LXI of 2006. In force: as of 1. 01. 2007.

5 Enacted: by Section 169 of Act XCI of 2003. In force: as of 01. 01. 2004.

6 Amended: by paragraph (2) Section 320 of Act CI of 2004. In force: as of 1. 01. 2005. Amended: by subparagraph a) Section 209 of Act CXIX of 2005. In force: as of 01. 01. 2006.

7 Established by Subsection (2) of Section 7 of Act CIX of 2023, effective as of 1 January 2024.

(3) Where a member has designated more than one beneficiary without further instructions, the designated beneficiaries shall be entitled to equal shares of the account.

(4) Members may designate new beneficiaries at any time in the manner specified in Subsection (1).

(5) A beneficiary designation shall be terminated if

a) the member has withdrawn his designation or has designated another person as a replacement,

b) the beneficiary dies before the member,

c) the beneficiary is found guilty by a court of law for the murder of the member. In this case the beneficiary may not receive any part of the member's individual account.

(6) If there are more than one beneficiaries and one of them dies, the share of the deceased beneficiary shall be divided among the remaining beneficiaries in accordance with their respective percentage of entitlement.

(7)¹ If a fund member did not designate any beneficiary or if designation was terminated under Subsection (5), the member's lawful heir shall be considered the beneficiary based on his share of inheritance. For legal purposes the heir shall be treated the same as the beneficiary. If the member does not have a natural person heir in accordance with the regulations on intestate succession, the amount available on the individual account shall devolve upon the fund and it shall be credited to the fund's safety reserves (individual accounts and benefit reserves) consistent with the account balances at the time of crediting.

(8)² The beneficiary or beneficiaries shall become the sole owners of a member's individual account in the event of his death. The fund shall accommodate the beneficiary's decision made according to Subsection (9) within three working days upon the beneficiary providing proof of his eligibility to check against the document held by the fund on the designation of the beneficiary.

(9) The beneficiary, upon providing proof of eligibility, shall declare in writing whether he will

a) collect his share in the full amount,

b) leave it, in accordance with the bylaws, in the pension fund in his own name with or without the continuation of the payment of the membership due,

c) have it transferred to another fund of the same type.

(10)³ If the beneficiary exercises the option referred to in Paragraph b) of Subsection (9), his waiting period shall include the waiting period of the deceased fund member as well.

(11)⁴ If the beneficiary fails to communicate his choice as required in Subsection (9) at the fund's written request within 30 days of receipt of the written request, it shall be treated as if the beneficiary had decided to collect his share in full, and the fund shall place the sum in question - less any charges and other payables - to the beneficiary's benefit in district court deposit by the 50th day following the quarter under review at the district court in whose jurisdiction the beneficiary's residence is located.

(12)⁵ Withholding under Subsection (3) of Section 14 may be applied also if the beneficiary leaves the sum to which he is entitled under Paragraph b) of Subsection (9) in the fund without the continuation of the payment of membership contribution.

1 Established by paragraph (1) Section 150 of Act CXIX of 2005. Amended by Paragraph k) of Section 30 of Act CCXV of 2015.

2 Amended: by subparagraph b) Section 71 of Act XXVII of 2004. In force: as of 1. 05. 2004.

3 Enacted: by Section 249 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

4 Established: by paragraph (2) Section 150 of Act CXIX of 2005. In force: as of 01. 01. 2006. Numbering amended: by Section 249 of Act CXXVI of 2007. In force: as of 01. 01. 2008. Amended: by subparagraph a) Section 14 of Act CCXI of 2012. In force: as of 1. 01. 2013.

5 Enacted: by Section 333 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

Legal Status of Sponsors

Section 17

(1)¹ Natural persons or legal entities - not including the tax authority as regards the transfer of fund payment allowances - who (that) perform services in cash or in kind occasionally or on a regular basis for the benefit of the fund (hereinafter referred to as 'donations'), without stipulating a consideration, shall qualify as sponsors of the fund.

(2)² Sponsors are entitled to determine the purpose for which and the manner in which their donations, or the sum paid for target-specific service under Section 12/A may be used by the fund; however, donations may only be granted for the entire fund membership, to the credit of the service reserves specified in Subsection (1) of Section 50 or for a group of members defined in the bylaws.

(3)³ A fund's bylaws may contain provisions requiring that maximum three per cent of donations are credited to the operating reserves.

Bylaws

Section 18

(1) The bylaws shall contain:

- a) the name of the fund;
- b) the fund's registered office and satellite locations;
- c) the range of services provided by the fund and the conditions under which they are provided, the waiting period prescribed for specific services or for all services;
- d) definition of the membership group, the conditions of membership, and the rights of members in the fund's bodies;
- e) rights and obligations of fund members and their close relatives, beneficiaries and heirs who are entitled to the services;
- f)⁴ conditions for and legal consequences of the termination of membership and procedures to be followed;
- g)⁵ the ratios and principles for distributing fund proceeds among the reserves, the amount of compulsory membership fee and the regulations pertaining to the payment of membership dues;
- h)⁶ the legal ramifications of failure to pay membership dues and the procedural order thereof;
- i) time available for settling any membership dues in arrears, the legal ramifications of terminating membership due to non-payment of contributions and the procedure to be followed;
- j) the rules for the management and investment of fund assets;
- k) basic principles for the appropriation of any profits;
- l) the principles for distributing assets should the fund be terminated;
- m) the organizational structure of the fund and the operation of the various bodies;
- n) the manner in which the fund is represented, the manner and extent of transferring powers and duties;

1 Amended: by subparagraph a) Section 210 of Act CXIX of 2005. In force: as of 01. 01. 2006.


2 Amended by subparagraph a) Section 254 of Act LXI of 2006, Paragraph l) of Section 30 of Act CCXV of 2015.

3 Enacted: by Section 250 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

4 Established by Section 250 of Act XLII of 2002, effective as of 1 January 2003.

5 Established by Section 250 of Act XLII of 2002, effective as of 1 January 2003.

6 Established by Section 250 of Act XLII of 2002, effective as of 1 January 2003.

- o) the manner of calling the general meeting;
- p)¹ the functions of the general meeting (or the partial general meeting or delegates' meeting, if any) and the rules for electing delegates, if applicable, as well as the rules for consultation and decision-making by means of electronic communications equipment or any other electronic means of identification;
- r) definition of the cases in which a qualified majority is required for passing resolutions;
- s) the manner in which the resolutions of the general meeting are to be published;
- t)² the principles for requesting electronic documents, if the fund provides electronic documents at the members' request;
- u)³ all that is assigned to the fund's bylaws by an act or a decree enacted under authorization conferred by an act, or that which is deemed to be necessary by the general meeting.
- (2)⁴ Membership criteria shall be determined in compliance with the principles of association [Subsection (7) of Section 3].
- (3)⁵ The amended bylaws shall be sent to the court and the Commission within 30 days of the date of the general meeting, and the amendments therein shall be indicated.
-  (4)⁶ A fund that maintains a website shall publish its bylaws on its website.

Prohibiting Discrimination on Grounds of Sex⁷

Section 18/A⁸

Chapter II

RULES RELATING TO THE ORGANIZATION AND OPERATION OF FUNDS

Organizational Structure of Funds

Section 19

- (1) The bodies of the fund are:
- a) general meeting and, in the cases defined in the bylaws, the delegates' meeting or partial general meeting;
- b) the board of directors;
- c) the supervisory board.
- (2) The bylaws may prescribe the establishment of expert committees.
- (3) The board of directors and the supervisory board shall be composed of an odd number of members between 3 and 7 persons. The number of board members may be increased by the bylaws consistent with the fund's membership.

1 Established by Subsection (1) of Section 4 of Act LXIX of 2022, effective as of 1 January 2023.

2 Established by Subsection (1) of Section 7 of Act LIII of 2016, effective as of 1 July 2016.

3 Enacted by Subsection (2) of Section 7 of Act LIII of 2016, effective as of 1 July 2016.

4 Established by Subsection (2) of Section 7 of Act XV of 1996, effective as of 13 April 1996.

5 Established by Subsection (2) of Section 7 of Act XV of 1996, effective as of 13 April 1996. Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

6 Enacted by Subsection (2) of Section 4 of Act LXIX of 2022, effective as of 1 January 2023.

7 Enacted: by paragraph (1) Section 1 of Act CXXXVII of 2007. In force: as of 01. 12. 2007.

8 Repealed: by subparagraph a) paragraph (1) Section 153 of Act CLI of 2012. No longer in force: as of 21. 12. 2012.

(4)¹ Members of the board of directors and the supervisory board (hereinafter referred to as “executive officers”) shall be elected by secret ballot for a maximum term of five years. The appointment of an executive officer shall take effect when accepted by the person appointed. The chairmen of the board of directors and the supervisory board shall be elected from among the members of the board of directors and the supervisory board, respectively, by secret ballot. The persons nominated for the office of chairman of the board of directors and the supervisory board must have a degree in higher education.

(5) Unless provided in the bylaws to the contrary, the board of directors may employ a managing director to perform the day-to-day responsibilities. The managing director shall be invited to the meetings of the board of directors, except when matters affecting his person are discussed. The managing director shall attend the meetings of the board of directors in an advisory capacity.

Section 20

(1)² The executive officers and the managing director (deputy managing director) are obligated, in accordance with the regulations pertaining to them, to proceed with the care and assiduousness that can be expected of persons in such positions and with regard for the interests of the fund and its members. For any breach of obligations, the executive officers and the managing director (deputy managing director) shall be held liable in accordance with the provisions of the Civil Code pertaining to executive officers for damages caused in their such capacity, irrespective of whether their employment is current or prior.

(2)³ Requirements pertaining to executive officers:

a) the following persons may not be elected members of the board of directors:

aa) any person who is not a fund member and who is under 18 years of age,

ab) any person who has a prior criminal record,

ac)⁴ any person who has no prior criminal record, who has, however, been found guilty by a final court verdict:

1. for any infringement of certain provisions of Act IV of 1978 on the Criminal Code in force until 30 June 2013, specifically, misuse of classified information, false accusation, misleading of authorities, perjury, subornation of perjury, suppressing extenuating circumstances, harboring a criminal or complicity under Title III of Chapter XV, for any crime against the integrity of public life under Title VII of Chapter XV, for any crime against international justice, participation in a criminal organization and private justice under Title VIII of Chapter XV, any crime against public confidence under Title III of Chapter XVI, any economic crime under Chapter XVII, or for any crime against property under Chapter XVIII,

2. for any infringement of certain provisions of Act C of 2012 on the Criminal Code, specifically, misuse of classified information, false accusation, misleading of authorities, perjury, subornation of perjury, suppressing extenuating circumstances, harboring a criminal or complicity, for any crime of corruption or for participation in a criminal organization under Chapter XXVII, any crime against public confidence under Chapter XXXIII, or for any crime under Chapters XXXV-XLIII,

covering the time period until the processing of the pertinent data is ordered by Act XLVII of 2009 on the Penal Register, on the Register of Judgments Delivered by the Courts of Member States of the European Union Against Hungarian Nationals, and on the Register of Biometric Data Related to Criminal Prosecution and Law Enforcement;

1 Established by Subsection (6) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002. Amended: by paragraph (2) Section 320 of Act CI of 2004. In force: as of 1. 01. 2005.

2 Established by Subsection (1) of Section 5 of Act CCXV of 2015, effective as of 1 January 2016.

3 Established: by paragraph (1) Section 28 of Act CXLIX of 2009. In force: as of 1. 01. 2010.

4 Established: by Section 257 of Act CCXXIII of 2012. In force: as of 1. 07. 2013.

ad)¹ any person who is implicated in a criminal proceeding for the commission of either of the crimes specified under Subparagraph *ac*), and

ae) any person who is restrained by court order from exercising the profession required for holding an executive office in the economic operator or business association;

b) fund members and representatives of the employer(s) may be elected members of the supervisory board, provided that they are not subject to any of the disqualifying factors under Paragraph *a*);

c) the persons defined below cannot be elected as executive officers or to the office of managing director (deputy managing director) in a fund:

ca) any person who has been an executive officer in a voluntary mutual insurance fund, a private pension fund, an insurance company, a financial institution or an investment firm that, in the past five years, became insolvent, had its operating permit withdrawn by the Authority for unlawful conduct, or was liquidated by order of the court,

cb)² any person who has seriously or repeatedly violated the provisions of legislation governing the functions of the Authority or the provisions of other legislation issued by authorization conferred by the said legislation, and upon whom therefore the Authority or another authority has imposed the highest penalty applicable or who had been found guilty by a criminal court within the preceding five years.

(3) The members of the board of directors and the supervisory board may, if permitted by the bylaws, receive remuneration in accordance with the resolution of the general meeting.

(4)³ The fund's managing director, employees, and members of its board of directors as well as the close relatives of these persons may not be members of the supervisory board.

(5) *a*) Any additional rules on conflict of interests relating to the members of the board of directors and the supervisory board as well as the managing directors shall be defined in the bylaws;

b)⁴ the managing director may not accept any consideration for his activity related to the fund other than his salary and the benefits approved by the board of directors.

(6)⁵ Any fund member who is employed by the fund cannot be elected to sit on the board of directors or the monitoring committee. Executive officers and the managing director (deputy managing director) of the fund may not serve as a proxy in the general meeting and may not attend delegates' meetings as a delegate.

(7)⁶ Members of the board of directors, the supervisory board and other bodies shall be subject to joint and several liability for the decisions of the respective bodies. No responsibility shall be held by a person who objected to a certain resolution or measure and submitted this objection to the board of directors and the supervisory board in writing or, if a member of the board of directors or the supervisory board, to the general meeting within 8 days of the day on which the decision in question was adopted or on which he gained knowledge thereof.

(8)⁷ The executive officers and directors of funds in charge of investments, and those of their employees engaged in the decision-making and implementation process in connection with investments may not be in the employment of:

a) a custodian,

b) a service provider involved in the implementation of investment-related decisions, such as an investment service provider, real estate appraiser or real estate broker, who is engaged in a field directly associated with portfolio management.

1 Amended by Section 30 of Act CXCVII of 2017.

2 Amended: by subparagraph c) Section 7 of Act CXLIII of 2013. In force: as of 1. 10. 2013.

3 Amended by Paragraph a) of Subsection (4) of Section 139 of Act CCLII of 2013.

4 Amended by Paragraph c) of Section 18 of Act LIII of 2016.

5 Established by Subsection (2) of Section 5 of Act CCXV of 2015, effective as of 1 January 2016.

6 Enacted by Subsection (2) of Section 251 of Act XLII of 2002, effective as of 1 January 2003.

7 Enacted: by Section 251 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

Section 20/A¹

(1)² Funds shall notify the Commission of any changes that concern their name, registered office, the ratio of division of revenues among the reserves, executive officers or the managing director (deputy managing director), within fifteen days from the effective date of the change.

(2)³ At the time of foundation, and subsequently when any changes take place concerning the fund's executive officers or the managing director (deputy managing director), or the employees the fund is required to employ and other representatives - including if re-elected or re-appointed - the fund shall supply, in due observation of what is contained in Subsection (3):

a)⁴ in the case of non-Hungarian citizens, a document that qualifies - under the national law of the non-Hungarian citizen - as an official instrument provided for in the Act on the Penal Register, on the Register of Judgments Delivered by the Courts of Member States of the European Union Against Hungarian Nationals, and on the Register of Biometric Data Related to Criminal Prosecution and Law Enforcement, to verify the absence of the disqualifying factors under Subsection (2) of Section 20;

b) a statement by the person affected that he is not exposed to any conflicts of interest as prescribed by the relevant legislation;

c) a certified copy of the document in proof of the credentials or experience prescribed by law; and

d) for executive officers, a statement of acceptance of the appointment.

(3) Where the executive officers or the managing director (deputy managing director), or the employees the fund is required to employ and other representatives are re-elected or re-appointed no proof is required to be resubmitted for the credentials referred to in Paragraph c) of Subsection (2).

Section 20/B⁵

(1)⁶ Persons nominated to the board of directors or to the monitoring committee shall produce official documentary evidence to the general meeting in advance to verify that they are not barred from filling an executive office under the conditions set out, respectively, in Paragraph a) of Subsection (2) of Section 20 or Paragraph b) of Subsection (2) of Section 20. If there is no possibility to produce, as substantiated, the evidence required in advance, the person elected to sit on the board of directors or the monitoring committee shall produce - within thirty days after the date of election, by way of the means specified in Paragraph a) of Subsection (2) of Section 20/A in the case of non-Hungarian citizens - official documentary evidence to the Fund and to the Authority to verify that they are not barred from filling an executive office under the conditions set out in Paragraph a) of Subsection (2) of Section 20 for members of the board of directors or in Paragraph b) of Subsection (2) of Section 20 for members of the monitoring committee. Until such time of verification, persons elected to sit on the board of directors or the monitoring committee may not participate in board decisions.

(2) During the time of occupying the executive office, the general meeting shall have powers to request - indicating also the legal ramifications of non-compliance:

a) members of the board of directors,

b) members of the supervisory board,

1 Established: by Section 151 of Act CXIX of 2005. In force: as of 01. 01. 2006.

2 Amended: by subparagraph a) Section 254 of Act LXI of 2006. In force: as of 1. 01. 2007.

Amended: by paragraph (1) Section 352 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

3 Established: by paragraph (2) Section 28 of Act CXLIX of 2009. In force: as of 1. 01. 2010.

4 Established by Subsection (1) of Section 57 of Act L of 2017, effective as of 1 January 2018.

5 Enacted: by paragraph (3) Section 28 of Act CXLIX of 2009. In force: as of 1. 01. 2010.

6 Established by Section 6 of Act CCXV of 2015. Amended by Paragraph f) of Section 58 of Act L of 2017.

to verify that they are not barred from filling an executive office under the conditions set out, respectively, in Paragraph *a*) of Subsection (2) of Section 20 or Paragraph *b*) of Subsection (2) of Section 20.

(3) If upon the request made according to Subsection (2) the executive officer verifies that he is not barred from filling the executive office, the general meeting shall reimburse the administrative service fee he has paid for the procedure to obtain the official certificate for such verification.


(4) The general meeting shall process the executive officer's personal data obtained under Subsection (1) until the decision concerning the appointment of the executive officer is adopted, the personal data obtained under Subsection (2) until the expiry of the term in executive office.

(5) Where the person nominated for executive office fails to verify upon the general meeting's request, within fifteen working days of this request - or if this is not possible for reasons beyond his control, immediately when the said reason is eliminated - that he is not disqualified from accepting the executive officer position, such person may not be appointed to hold an executive office.

Powers and Duties of the General Meeting

Section 21

(1) The fund's supreme body shall be the general meeting composed of all the members or, as defined in the bylaws, the body elected by the members directly or indirectly (delegates' meeting). In addition to the rules of competence and procedure, the bylaws may also provide for holding partial general meetings.

 (2)¹ The general meeting shall convene once a year for the purpose of approval of the annual account and the financial plan. The manner in which the general meeting, delegates' meeting - including meetings for electing delegates and section meetings - is called shall be provided for in the bylaws. The general meeting shall be scheduled allowing at least fifteen days from the date on which the public notice is published or when the invitations are sent. At the time of sending the invitation, the fund shall post the invitation on its website as well, where available. The notice for calling the general meeting shall contain the place and date, and the agenda of the general meeting, as well as the place and date where the documents related to the agenda can be reviewed. The general meeting (or the partial general meeting or delegates' meeting, if any) may also be held through electronic communications equipment or other electronic means with facilities for identification.

(3)² In addition to what is defined in Subsection (2), the general meeting shall be convened if ordered by the court or if the Commission, the supervisory board or at least ten per cent of the fund members calls for a general meeting in writing, listing the causes and purposes; or if the board of directors deems it necessary. The bylaws may call for the convocation of the general meeting in other cases as well. Convocation of the general meeting is the responsibility of the board of directors. If the board of directors fails to have the general meeting convened, the initiating parties may appeal to the court.

(4)³ The representative of the Commission shall also be invited to the general meeting. The representative of the Commission shall attend the general meeting in an advisory capacity.

1 Established by Section 5 of Act LXIX of 2022, effective as of 1 January 2023.

2 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

3 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

(5)¹ The general meeting shall address matters that fall under the exclusive jurisdiction of the general meeting as specified in Subsection (1) of Section 23 of this Act but are not specified in the agenda (announcement) only if all of the members are attending or represented by proxy and said members or proxies agree unanimously to address the matter in question.

Section 22

(1)² The general meeting shall have a quorum if at least half of the fund members are present or represented. At the general meeting, members may also be represented by proxy. The authorization shall be incorporated in an authentic instrument or in a private deed representing conclusive evidence. Where delegates' meetings are held, the number of votes held by a delegate shall correspond to the number of members he represents. When a delegate is detained, he may only be replaced by a substitute delegate elected under the same rules; no other person may replace a delegate. Fund members may attend delegates' meetings in an advisory capacity.

(2)³ If the general meeting does not have a quorum, the reconvened general meeting called in due observance of Subsection (2) of Section 21 shall, regardless of the number of those present, be deemed to have a quorum in respect of the items on the original agenda. If expressly indicated in the invitation (announcement) of the original general meeting, the repeated session may reconvene on the same day.

(3) Each fund member shall have one vote at the general meeting.

(4) The general meeting shall adopt its resolutions with a simple majority of the votes of the attending members, unless an act or the bylaws provide otherwise.

(5) A two-thirds majority of the votes of those present is required in the cases described under Paragraphs *a*), *d*), *i*) and *j*) of Subsection (1) of Section 23.

Section 23

(1) The following items fall under the exclusive authority of the general meeting:

a)⁴ approval and amendment of the bylaws;

b) election and removal of the members and the chairman of the board of directors as well as determination of their remuneration;

c) election and removal of the members and chairman of the supervisory board as well as determination of their remuneration;

d) approval of the annual report of the board of directors, approval of the balance-sheet, decision on the utilization of profits or the settlement of any deficit in the individual sub-funds;

e)⁵ approval of the fund's financial plan;

f) approval of contracts concluded with any employer member within the scope defined in the bylaws;

g)⁶ approval of contracts concluded prior to the operating license becomes definitive;

h)⁷ validation of claims for damages against members of the board of directors and the supervisory board and persons acting on behalf of the fund before the operating license becomes definitive as well as representation of the fund in legal proceedings initiated against persons entitled to represent the fund;

i) resolution on joining or leaving any interest representation body;

1 Enacted by Subsection (8) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

2 Established: by Section 335 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

3 Established by Subsection (2) of Section 252 of Act XLII of 2002, effective as of 1 January 2003.

4 Established by Section 8 of Act XV of 1996, effective as of 13 April 1996.

5 Amended by Paragraph e) of Section 31 of Act CCXV of 2015.

6 Amended by Paragraph a) of Section 58 of Act L of 2017.

7 Módosította: 2017. évi L. törvény 58. § a).

j) resolutions on termination, demerger, or merger of the fund with another fund;
k)¹ election and removal of the auditor, whether an auditing firm or a natural person;

l)² resolutions on any issue that is assigned to the jurisdiction of the general meeting by this Act or any other legal regulation.

(2)³ An attendance list and minutes shall be drawn up at the general meeting. The minutes shall contain the essential points of the comments and the resolutions passed. A copy of the reports of the board of directors and the supervisory board shall be attached to the minutes. A copy of the minutes and the attached documents shall be submitted to the Commission within thirty days of the general meeting. The provisions of Subsection (3) of Section 5 shall apply to the attendance list and the minutes.

Section 23/A⁴

Fund members, delegates and the Commission may, within 90 days following adoption of a resolution, lodge appeals against any resolution of the general meeting with the general court that has territorial jurisdiction over the fund's registered office.

Powers and Duties of the Board of Directors

Section 24

(1) The board of directors is the managing body of the fund.

(2) The board of directors ensures implementation of resolutions passed at the general meeting, ensures that the fund's books are kept in accordance with the rules, decides on the fund's business policy and ensures the smooth operation of the fund.

(3)⁵ The board of directors shall exercise employer's rights in exercising the entitlement to establish and terminate employment relationships and to determine benefits in respect of the managing director and, if the fund employs no managing director, the employees of the fund. Employer's rights not delegated under the board of directors shall be exercised, in the absence of a managing director or if the managing director is detained, by the chair of the board of directors.

(4)⁶ The board of directors shall convene at the intervals stipulated in the bylaws but no less frequently than once every three months. A board meeting shall also be held during this period if ordered by resolution of the general meeting or by the Commission, or if the managing director or one-third of the members of the supervisory board or the board of directors requests such a meeting. If a board meeting is not called in spite of a request by the managing director or one-third of the members of the supervisory board or the board of directors, the requesting parties shall be entitled to call the board meeting. The requesting parties shall notify the Commission of the failure of calling the board meeting.

1 Enacted: by paragraph (1) Section 152 of Act CXIX of 2005. In force: as of 01. 01. 2006.

2 Numbering amended: by paragraph (1) Section 152 of Act CXIX of 2005. In force: as of 01. 01. 2006.

3 Amended: by paragraph (2) Section 152 of Act CXIX of 2005. In force: as of 01. 01. 2006.

4 Enacted by Subsection (9) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002. Amended: by Section 81 of Act CCI of 2011. In force: as of 1. 01. 2012.

5 Established by Section 8 of Act LIII of 2016, effective as of 1 July 2016.

6 Established: by Section 170 of Act XCI of 2003. In force: as of 01. 01. 2004.

➡(5)¹ The board of directors may adopt valid decisions without a meeting over the telephone or electronic mail (e-mail) if the percentage of votes of the members of the board of directors prescribed in the bylaws is recorded in a private document with full probative force and sent to the registered office of the fund within the timeframe specified in the bylaws, or within 8 days at most.

(6)² The meeting shall have a quorum if at least fifty per cent of the members are present.

(7)³ The board of directors shall pass its resolutions by a simple majority vote of the members present unless otherwise stipulated in the bylaws. In the event of a tie vote, the chairman shall cast the deciding vote.

(8)⁴ Minutes shall be drawn up at the meetings of the board of directors. The minutes shall contain the names of the persons present, the essential points of comments made at the meetings and the resolutions passed. A copy of each written report shall be attached to the minutes.

Section 25

It is the responsibility of the board of directors to draw up and present to the general meeting the fund's

a)⁵ financial plan and

b) balance sheet and annual report.

Section 26

(1) The fund shall be represented by

a) the chairman of the board of directors on his own;

b) two members of the board of directors, other than the chairman, collectively;

c) two employees of the fund vested with the right of representation, collectively.

d)⁶ a board member appointed by the board of directors jointly with the managing director, if the fund employs one.

(2) The board of directors may delegate its powers and duties to the managing director without diminishing its liability. The bylaws shall provide for the manner and extent of the delegation of powers and duties.

Powers and Duties of the Supervisory Board

Section 27

(1) The fund shall elect a supervisory board from among its members.

(2)⁷ The supervisory board shall regularly control and monitor the fund's finances, accounting system and management as well as the balance between the fund's solvency, revenues and expenses, assets and commitments in order to ensure compliance with statutory provisions, the fund's financial plan and for the implementation of the provisions laid down in its bylaws and internal regulations.

(3) The supervisory board shall submit its report to the general meeting annually. The supervisory board may request an extraordinary meeting of the board of directors if this is deemed necessary on the basis of the findings of the inspection.

1 Enacted by Section 170 of Act XCI of 2003. Amended by Paragraph b) of Section 8 of Act CIX of 2023.

2 Numbering amended: by Section 170 of Act XCI of 2003. In force: as of 01. 01. 2004.

3 Numbering amended: by Section 170 of Act XCI of 2003. In force: as of 01. 01. 2004.

4 Numbering amended: by Section 170 of Act XCI of 2003. In force: as of 01. 01. 2004.

5 Amended by Paragraph f) of Section 31 of Act CCXV of 2015.

6 Enacted: by Section 171 of Act XCI of 2003. In force: as of 01. 01. 2004.

7 Established: by paragraph (1) Section 174 of Act LXI of 2006. In force: as of 1. 01. 2007.

(4) The supervisory board shall examine the reports submitted to the general meeting and the fund's annual report. The general meeting may not pass final resolutions in matters that fall within the purview of the supervisory board without the report of the supervisory board.

(5)¹ The supervisory board shall draw up a control plan each year with a view to discharging the duties referred to in Subsection (2) and shall provide for its implementation.

(6)² The supervisory board's report shall *inter alia* contain the checks and controls conducted since the last report, and the findings thereof. Funds shall submit a copy of the minutes and the attached documents to the Authority within thirty days of the general meeting. The provisions of Subsection (3) of Section 5 shall apply to the attendance list and the minutes.

Powers and Duties of the Managing Director

Section 28

(1)³ The fund's managing director (acting managing director) shall be a person in an employment relationship with the fund. The provisions of Act I of 2012 on the Labor Code shall apply to the employment of the managing director subject to the exceptions contained in this Act.

(2)⁴ The person employed as managing director (acting managing director) shall:

a)⁵ have no prior criminal record, shall not be restrained by court order from practicing his profession required for holding an executive office in the economic operator or business association, and shall not be subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20;

b) have a higher education degree;

c) have a minimum of three years experience working at an economic organization, administration agency or budgetary institution in activities that may be useful in fund operations.

(3)⁶ The fund shall notify the Commission concerning the employment of its managing director inside the time limit specified in Section 20/A. At the fund's request, the Commission may grant an exemption from the requirements contained in Paragraphs *b*) and *c*) of Subsection (2).

(4) The managing director shall be responsible for the implementation of the resolutions of the general meeting and the board of directors and for the profitable and continuous operation of the fund, and he shall exercise employer's rights over the fund's employees.

(5) If a resolution or directive of the board of directors violates the law, the managing director may turn to the supervisory board and may request the convocation of the general meeting.

Special Regulations Pertaining to Funds Operating With Employer Members⁷

1 Enacted: by paragraph (2) Section 174 of Act LXI of 2006. In force: as of 1. 01. 2007.

2 Enacted: by Section 336 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

3 Amended by Subsection (2) of Section 324 of Act XLII of 2002. Amended: by paragraph (2) Section 31 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

4 Preface amended by Subsection (2) of Section 324 of Act XLII of 2002.

5 Established: by paragraph (4) Section 28 of Act CXLIX of 2009. In force: as of 1. 01. 2010.

6 Established: by Section 153 of Act CXIX of 2005. In force: as of 01. 01. 2006.

7 Correction published in Official Hungarian Gazette (1994/3).


Section 29

(1) Employer members shall be entitled to attend the general meeting in an advisory capacity.

(2)¹ If the employer member's contribution reaches or exceeds 50 per cent of the fund's revenue from membership contributions in a given calendar year, the employer member shall be entitled to delegate one member to sit on the monitoring committee for a period of five years after that calendar year. The delegated member shall meet the requirements applicable to members of the monitoring committee. The member delegated by the employer member to sit on the monitoring committee shall acquire that office upon accepting the delegation. The employer member shall have authority to recall the monitoring committee member it has delegated and to delegate a replacement within thirty days from the date of recall. In the monitoring committee members elected by the general meeting and members delegated by the employer member shall have the same rights and obligations.

(3) If a natural person fund member is also an employer, the rules on conflicts of interests relating to his rights shall be laid down in the bylaws.

*Complaint Handling²**Section 29/A³*

 (1)⁴ The fund shall provide facilities for fund members to submit any complaint they may have relating to the fund's conduct, activity or any alleged infringement orally (in person, by telephone) or in writing (delivered in person or by others, by post or by electronic mail).

(2) The fund shall receive:

a) oral complaints in all premises open to the fund members, during the regular business hours, or failing this at the fund's main offices workdays between 8:00 hours and 16:00 hours;

b) oral complaints made by telephone on at least one workday of the week between 8:00 hours and 20:00 hours;

c) electronically, with alternate facilities made available on demand at all times, in the event of any malfunction.

(3)⁵ Where complaints are handled by telephone, the fund shall have in place means to receive calls and to deal with the complaint within a reasonable period of time. The fund shall take measures that can be expected within reason to ensure that a live client service operator comes on line within five minutes after the connection for the call made to the fund is established.

(4)⁶ Where complaints are handled by telephone, the fund shall record the conversation between the fund and the fund member, and shall retain this recording for a period of five years. The fund member shall be informed of this before the opening of the telephone conversation. At the fund member's request the audio recording shall be replayed, and a certified report on the audio recording shall be made available to the fund member free of charge.

1 Established by Section 9 of Act LIII of 2016, effective as of 1 July 2016.

2 Established: by Section 3 of Act CXLVIII of 2009. In force: as of 1. 01. 2010.

3 Established: by Section 3 of Act CXLVIII of 2009. In force: as of 1. 01. 2010.

4 Amended by Paragraph c) of Section 8 of Act CIX of 2023.

5 Established by Section 10 of Act LIII of 2016, effective as of 1 January 2017.

6 Amended by Paragraph d) of Section 18 of Act LIII of 2016.

(5) Subject to the exception set out in Subsection (6), the fund shall investigate oral complaints without delay and, if possible, take action to remedy the situation. If the fund member is in disagreement with the way the complaint is handled, the fund shall write up a report on the complaint, indicating also its position, and shall give a copy of this report to the fund member if the complaint is made orally in person, or shall send it to the fund member if the complaint is communicated by telephone - together with what is contained in Subsection (7) -, and shall proceed in other respects in accordance with the provisions on written complaints.

(6) If the complaint cannot be investigated immediately, the fund shall write up a report on the complaint, and shall give a copy of this report to the fund member if the complaint is made orally in person, or shall send it to the fund member if the complaint is communicated by telephone - together with what is contained in Subsection (7) -, and shall proceed in other respects in accordance with the provisions on written complaints.

(7) The fund shall communicate its position relating to the written complaint - with explanation - to the fund member within thirty days of receipt of the complaint.

(8)¹ Where a complaint is rejected, the fund shall inform the fund member affected of his right to initiate the proceedings of the Authority for the protection of consumers' interests for any violation of consumer regulations under the Act CXXXIX of 2013 on the National Bank of Hungary (hereinafter referred to as "MNB Act"), or to bring action in the court of law in connection with any dispute relating to the conclusion, validity, legal aspects and termination of contracts, and cases of breach of contract and the related legal ramifications, or may seek remedy at the Financial Arbitration Board. The fund shall furnish the registered address, phone number and internet address, and the mailing address of the Financial Arbitration Board.

(9)² The fund shall retain the complaint and the reply provided therefor for a period of five years, and shall make them available to the Authority when so requested.

👉(10)³ Funds are required to draw up effective and transparent procedures for the reasonable and prompt handling of complaints received from fund members, and to keep records in accordance with Subsection (11) (hereinafter referred to as "complaints handling policy"). The fund shall inform fund members in the complaint handling policy concerning the place for handling complaints, and shall indicate its mailing address, electronic mail address, telephone number.

(11) Funds shall maintain records on the complaints received from fund members, and the actions and measures taken for the handling and resolution of such complaints.

(12) The records referred to in Subsection (11) shall contain:

- a) a description of the complaint, and an indication of the underlying event or fact;
- b) the date and time of submission of the complaint;
- c) a description of the measures proposed for the handling and resolution of the complaint, and the reason or reasons if rejected;
- d) the time limit for taking the measures indicated in Paragraph c) and the person appointed to implement it; and
- e) the date and time of response to the complaint.

(13) The fund shall display the complaint handling policy in premises open to the fund members, or failing this it may be posted at its main offices and on its website.

(14)⁴ Funds shall not be authorized to charge the costs of investigating complaints to the consumers.

1 Established by paragraph (1) Section 123 of Act CLVIII of 2010. Amended by subparagraph e) Section 7 of Act CXLIII of 2013, Paragraph e) of Section 18 of Act LIII of 2016.

2 Amended by Paragraph f) of Section 18 of Act LIII of 2016.

3 Amended by Paragraph d) of Section 8 of Act CIX of 2023.

4 Enacted: by paragraph (2) Section 123 of Act CLVIII of 2010. In force: as of 1. 01. 2011.

(15)¹ Funds shall designate a consumer protection officer for handling consumer affairs, and shall notify the Authority in writing within fifteen days of this officer, including any subsequent changes in his person.

Business Activities of Funds

Section 30

(1) Within the framework of Sections 3 and 10 of this Act, funds are entitled to engage in business activities in the interest of improving the financial conditions relating to the organization, funding and performance of its services. Such business activities shall include

- a) the activity defined in Subsection (1) of Section 10;
- b) the investment and management of the fund's assets, and
- c) auxiliary business activities.

(2) The fund may not undertake any commitment to third parties that encumbers the safety reserves, with the exception of investments and the performance of services.

(3) The fund's assets may only be invested in the interest of the fund's members. The fund may only use the revenues obtained from business activities for funding its services, maintaining and improving the quality of services and covering the costs of business operations. No revenues shall be paid out as dividends or profit-sharing.

(4) The revenue obtained from the activities defined in Paragraphs a) and b) of Subsection (1) shall not be treated as business revenue.

(5)²

Section 31

(1)³ A fund may only perform auxiliary business activities with the permission of the Commission.

(2)⁴ The Commission may also prescribe reporting obligations separately in connection with the fund's auxiliary business activities.

(3)⁵ The licensing procedure related to auxiliary business activities shall be established by the Commission.

(4) The fund shall terminate some or all of its auxiliary business activities or shall outsource such activities to a business association that has legal personality if the revenue from the fund's auxiliary business activities exceeds 20 per cent of the fund's total revenue in any tax year.

Section 32

(1) If the fund has any assets at the time it commences operations, such assets shall be distributed among the sub-funds by decision of the inaugural general meeting. When distributing the initial assets, the provisions contained in Section 17 shall apply.

(2) The non-cash part of the initial assets must be registered free from encumbrances and at the market value established by a property surveyor.

1 Enacted: by paragraph (2) Section 123 of Act CLVIII of 2010. In force: as of 1. 01. 2011.

2 Repealed: by Section 452 of Act CXXVI of 2007. No longer in force: as of 01. 01. 2008.

3 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

4 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

5 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

Section 33¹

Funds shall execute all transactions through an account operated by an authorized payment service provider. A fund may have only one account. In the event of any change in a fund's payment account, the fund may keep the previous account for a period of six months after the new account is opened, however, the balance on the previous account shall be transferred to the new one at the end of each day. Apart from receiving payments and transferring such payments to the new account, and from crediting interest, no other transactions may be conducted on the previous account.

Section 33/A²

(1) Contracts with service providers and any amendment thereof shall be deemed valid only if made in writing.

(2)³

Section 33/B⁴

Mutual aid funds and health funds may introduce fund membership cards and settle accounts for services through a card payment and settlement system.

*Financial Plan of the Fund**Section 34⁵*

(1) A fund's financial plan for three years shall be presented to, and approved by, the general meeting each year.

(2) The financing plan shall contain sufficient facilities to permit fund members to make an informed assessment of the feasibility of the fund's financial objectives and the fund's viability.

(3) The financial plan shall offer sufficient information in appropriate detail concerning the factors that have a substantial impact on its revenue and expenditures, in particular the projected number of members, revenue from membership dues (employers' contributions), donations, operating costs and service expenses, and the projected yield of investments.

(4) The amount of operating costs as well as of the expenditures made to purchase and renovate material assets shall be established by the general meeting in harmony with the fund's overall financial situation.

(5) The financial plan shall cover the first year broken down at least quarterly, and the second and third years in their entirety, and they shall be supplemented with the long-term assumptions used in calculations.

(6) The financial plan shall cover a term of three calendar years starting in the year following the year when the adopting general meeting was held.

Section 35

1 Established: by Section 337 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

2 Enacted by Subsection (10) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

3 Repealed: by Section 187 of Act CXXXI of 2006. No longer in force: as of 01. 01. 2007.

4 Enacted: by Section 253 of Act CI of 2004. In force: as of 1. 01. 2005.

5 Established by Section 8 of Act CCXV of 2015, effective as of 1 January 2016.

(1)¹ The Commission shall examine the fund's financial plan in the course of its authorization procedure and during its general inspection.

(2) The Commission may compel a fund to revise its financial plan if it fails to fulfill its function, if it does not contain the requirements laid down in Subsection (3) of Section 34 or if it fails to comply with the provisions of the fund's bylaws. The fund shall revise its financial plan within the prescribed period with due regard to the findings of the Commission.

Management and Reporting Rules of Funds

Section 36

(1) The fund shall create safety, operational and liquidity reserves from its revenue, and it shall use them in accordance with the provisions of the law. Individual and service accounts shall be managed separately within the safety reserve. Funds may create additional funds in accordance with this Act and the legal regulation governing the accountancy of funds, as appropriate for the service structure of the type of fund in question.

(2) The safety reserve is used for the funding of services, the operating reserve is used for covering operating costs and the liquidity reserve is used for the collection of surplus liquid assets and, as a general reserve for the other two reserves, for ensuring the fund's solvency.

(3)² The fund's revenues shall be placed in the management reserves defined in Subsection (1) as follows:

a)³ with the proviso that bylaws may not provide for different ratios for the division of membership contributions based on whether it is paid by the member or by the member's employer, the membership contributions paid by members, the contributions paid by the employer member (employer members), the proceeds from the sale of assets and other contributions paid by members shall be put into the safety, operating and liquidity reserves in accordance with the operation of the fund and in the manner stipulated in the bylaws,

b) the proceeds from investments shall be put into the reserve from which the investment was made; however, the fund's board of directors may so decide that the proceeds from invested reserves may be credited to the safety reserves (individual accounts and benefit reserves combined),

c) sums received from regular sponsors and other grants shall be put into the reserve as instructed by the given sponsor or, in the absence of such instruction, to the liquidity reserve,

d) earnings from auxiliary business activities and other income shall be put into the operating reserve,

e)⁴ the individual funds brought by new members and their fund payment allowances shall be put into the safety reserve.

(4)⁵ Expenditures may be performed as follows:

a) service expenditures from the safety reserve;

b) operating costs, including the purchase, establishment and renovation of tangible assets, from the operating reserve;

c) amounts refunded to members shall be covered from the safety reserve;

1 Established by Section 254 of Act XLII of 2002, effective as of 1 January 2003.

2 Established by Section 255 of Act XLII of 2002, effective as of 1 January 2003.

3 Established by Section 9 of Act CCXV of 2015, effective as of 1 January 2016.

4 Amended: by subparagraph a) Section 210 of Act CXIX of 2005. In force: as of 01. 01. 2006.

5 Preface amended by Subsection (1) of Section 324 of Act XLII of 2002.

d)¹ the pro-rata costs of investments shall be charged to the reserve to which they pertain, including the interest accumulated in the purchase price of interest-bearing securities registered among investments or current assets. Other expenditures on investments shall be financed from the operating reserve. The principle of gross accounting shall be applied to the manner in which revenue and expenditure pertaining to investments are recorded. Proceeds realized on investments made from the safety reserve shall include the sum transferred from the operating reserve and shown under lease charges in connection with the real estate property purchased from the safety reserve, where the fund's offices are located.

(5) The general meeting shall have powers to decide on the manner of utilizing the portion of the liquidity and operating reserves that is above the prescribed level. The part of the service accounts, which constitute a part of the safety reserve, that exceeds the prescribed level shall not be utilized outside the safety reserve.

(6)² The fund may - within the framework of outsourcing - entrust a professional operator (service provider) to manage the records of their financial affairs and the administration of their operations.

(7) Funds may not issue bills of exchange or debt securities and may not apply for credit or loans that will encumber the safety reserve. The detailed rules of borrowing shall be decreed by the Government on the basis of the authorization contained in Section 78.

(8) With the exception set out in Subsection (9), funds may not extend credit, accept bills of exchange or undertake financial guarantees or suretyship.

(9) A pension fund may extend loans to its members in accordance with the fund's bylaws and the legal regulation governing the investments of funds.

(10)³ Pension funds may lend their own securities. Securities lending operations shall be governed by the provisions of the CMA on securities lending and securities borrowing subject to the exceptions set out in this Act.

(11)⁴ When lending securities pension funds must demand proper collateral. If the market value of the asset pledged in security drops below the market value of the securities to which it pertains to an extent specified in Subsection (13), the borrower must provide additional security to keep the level of collateral consistent with the market value of the securities borrowed.

(12)⁵ In the event of the borrower's failure to supply additional security, the pension fund shall be entitled to cancel the agreement effective immediately and to enforce any claim it may have from the assets pledged in security.

(13)⁶ The value of the security must be at least the market value of the securities borrowed.

Section 37

(1) In order to reduce risks and prevent unilateral dependence, the fund shall in all cases divide its investments according to the types of investment instruments and - with the exception of outsourcing - investment service providers.

1 Enacted by Subsection (1) of Section 125 of Act LXXXII of 1997, effective as of 1 September 1997. Amended: by Section 252 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

2 Established: by Section 175 of Act LXI of 2006. In force: as of 1. 01. 2007.

3 Enacted: by Section 177 of Act CLXXXVI of 2005. In force: as of 01. 01. 2006.

4 Enacted: by Section 177 of Act CLXXXVI of 2005. In force: as of 01. 01. 2006.

5 Enacted: by Section 177 of Act CLXXXVI of 2005. In force: as of 01. 01. 2006.

6 Enacted: by Section 177 of Act CLXXXVI of 2005. In force: as of 01. 01. 2006.

(2)¹ The rules concerning security and the general provisions relating to the diversification of investments by risk and the composition of portfolios shall be decreed by the Government in harmony with the development and structural changes of the capital market, with the proviso that investments into, and acquisitions of a share in, a private limited company is permitted only if the bank is established in Hungary, with the exception of ownership interest in satellite branches, or in an organization that is engaged in managing the fund's assets, including investments, property development, operation of property, property management, or providing administration, records management and providing pension benefit services.

(3) The definition of the security rules and general provisions relating to fund investments and any changes therein may not jeopardize the continuous solvency of funds, may not unreasonably restrict the financial independence of funds, and may not prevent the services defined in a fund's bylaws from being performed.

(4)²

(5)³ With the exception of satellite branches, and any share - acquired as charged to the fund's operating reserve - in an organization that is engaged in managing the fund's assets, including investments, property development, operation of property, property management, or providing administration, records management and providing pension benefit services, the fund may not acquire - whether through the investment of the fund's assets or through donations - any direct ownership interest in an enterprise that lasts for a period of more than one year and represents more than ten per cent of the company's subscribed or equity capital. The Commission shall be notified of the temporary acquisition of any such interest within fifteen days of the date on which the interest is acquired.

(6) A fund may invest a total of 10 per cent of its assets in the capital of its employer member(s) or in their holdings where the share of the employer member(s) is in excess of 10 per cent.

(7)⁴

Section 38

(1)⁵ The fund may either handle its investment operations on its own or may contract the services of a service provider within the framework of outsourcing.

(2)⁶ In connection with the outsourcing of investment operations, the external organization entrusted with the management of the fund's assets may only be an investment firm, a financial institution or an investment fund management organization:

a) that is properly authorized by the Commission; or

b) that is established in another Member State of the European Union, authorized to provide management services to pension funds and provides cross-border services according to specific other legislation or provides services by way of a Hungarian branch.

(3)⁷ If a fund outsources its investment portfolio, the fund shall ensure that the information required for the control of investment regulations are continuously available to the Commission.

1 Established by Section 7 of Act XXXIX of 2023, effective as of 1 September 2023.

2 Repealed: by subparagraph a) Section 253 of Act LXI of 2006. No longer in force: as of 1. 01. 2007.

3 Established: by Section 150 of Act LXXXI of 2008. In force: as of 01. 01. 2009.

4 Repealed by Subsection (1) of Section 324 of Act XLII of 2002, effective as of 1 January 2003.

5 Enacted: by Section 176 of Act LXI of 2006. In force: as of 1. 01. 2007.

6 Enacted by Section 176 of Act LXI of 2006. Amended by Paragraph g) of Section 31 of Act CCXV of 2015.

7 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000. Numbering amended: by Section 176 of Act LXI of 2006. In force: as of 1. 01. 2007.

(4)¹ The contract for outsourcing the fund's investment portfolio must contain provisions to stipulate the composition of investments for the diversification of risks as well as for compliance with investment regulations.

(5)² Where a fund manages its own assets and performs investing activities, in part or in whole, and according to the opening balance sheet for the year the fund's safety and liquidity reserves exceed one hundred million forints combined, asset management and investment activities shall be entrusted to a person (hereinafter referred to as "investment manager"):

a) who has no prior criminal record,

b) who has not been restrained by court order from practicing the profession requiring a degree in law, public administration, economics, finance or auditing,

c) who is not subject to any of the disqualifying factors under Subparagraphs *ac)* and *ad)* of Paragraph *a)* of Subsection (2) of Section 20, and

d) who has certified securities investor's credentials, a degree of higher education in the relevant field and at least three years experience in asset and portfolio management, or investment services for funds.

(6)³ If before the merger each of the funds held privately offered shares of a bank established in Hungary as provided for in the relevant government decree, where the issuer of such shares complies with the requirement provided for in the Act on the Capital Market to provide information to the funds about the securities offered, by way of derogation from Subsection (5) of Section 37 the 10 per cent limit relating to the percentage of the share held in the bank in the case of investment made a private limited company shall not apply with regard to the successor fund.

Section 38/A⁴

(1) Sales contracts concerning real properties shall be considered valid only if countersigned by the fund manager. The fund manager's capacity only extends to the legal aspects of transactions. The custodian is neither required nor entitled to evaluate the fund's decision from the point of view of business considerations.

(2) The fund must purchase comprehensive insurance coverage for all of the (insurable) properties it owns.

(3)⁵ The fund may utilize the properties it owns only by lease, resale, or development. If the fund purchased a real estate property for its offices financed from its operating reserve, the fund shall show at least the minimum lease charge specified by the real estate appraiser under income (yield) from the property and transfer this sum from the operating reserve to the safety reserve on a quarterly basis.

(4) The fund may lease properties to third parties for business operations; however, the fund itself shall not engage in any gainful activities or in business operations if such entails any risk above and beyond the risk inherent in investment operations.

(5) The leasing, sale and development of real properties (hereinafter referred to as "real estate operations") shall comprise a part of a fund's investment operations. The outsourcing of investment operations shall not involve the passing of decisions concerning ownership and the utilization of properties; such decisions must be made by the fund itself.

1 Numbering amended: by Section 176 of Act LXI of 2006. In force: as of 1. 01. 2007.

2 Established by Subsection (1) of Section 11 of Act LIII of 2016, effective as of 1 July 2016.

3 Enacted by Subsection (2) of Section 11 of Act LIII of 2016, effective as of 1 July 2016.

4 Enacted: by Section 173 of Act XCI of 2003. In force: as of 01. 01. 2004.

5 Amended: by paragraph (1) Section 253 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

(6)¹ The fund shall employ a real estate appraiser if its investment portfolio includes any real estate property. The real estate appraiser contracted shall be a person who has no prior criminal record, has not been restrained by court order from practicing the profession requiring a university or college degree in agriculture, engineering, economics or law (hereinafter referred to as "restraint from exercising the real estate appraiser profession"), and who is not subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20. If the fund is engaged in property development activities and the cost of a particular project exceeds five million forints, the fund shall employ a building inspector to supervise and monitor the quality of construction works and to function as its on-site representative. The building inspector shall proceed in accordance with the provisions of the legislation on the activities of building inspectors.

(7)² The real estate appraiser may be employed for a maximum term of five years, which may not be extended. The same real estate appraiser may be appointed once again to the same fund after two years following the end of the previous term.

(8)³ Real estate appraisal services may be performed by an organization duly authorized to perform such activity, if it employs at least one person who meets the requirements set out in Subsection (6) under contract of employment or on the basis of membership. In that case the provisions set out in Subsection (7) shall apply to the real estate appraiser firm and also to the person it employs.

Section 38/B⁴

(1) Where a fund manages its own assets in accordance with Subsection (5) of Section 38 and if employs a real estate appraiser under Subsection (6) of Section 38/A, the supervisor of asset management activities and the real estate appraiser shall produce official documentary evidence to verify that he has no prior criminal record and that he is not restrained by court order from exercising the profession of real estate appraiser, and that he is not subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20.

(2) The fund shall be authorized to process the personal data obtained under Subsection (1) until the time the decision in connection with entering into an employment relationship with the supervisor of asset management activities and the real estate appraiser is adopted, and - if yes - until the said employment is terminated.

(3)⁵ Within twenty-one days of the time of employment of the real estate appraiser, the fund shall notify the Authority concerning the real estate appraiser for approval.

(4) The Authority shall check in the course of a regulatory inspection as to whether the real estate appraiser has no prior criminal record and that he is not restrained by court order from exercising the profession of real estate appraiser, and that he is not subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20. The Authority shall have powers to request information from the penal register. The data request shall be limited to the information necessary to determine as to whether the real estate appraiser has no prior criminal record and that he is not restrained by court order from exercising the profession of real estate appraiser, and that he is not subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20.

(5) The Authority shall process the real estate appraiser's personal data:

1 Established: by paragraph (6) Section 28 of Act CXLIX of 2009. In force: as of 1. 01. 2010.

2 Enacted by Section 11 of Act CCXV of 2015, effective as of 1 January 2016.

3 Enacted by Section 11 of Act CCXV of 2015, effective as of 1 January 2016.

4 Enacted: by paragraph (7) Section 28 of Act CXLIX of 2009. In force: as of 1. 01. 2010.

5 Established by Subsection (2) of Section 57 of Act L of 2017, effective as of 1 January 2018.

a)¹ obtained under Subsection (3) for a maximum period of five years from the time of termination of the real estate appraiser's legal relationship,

b) obtained under Subsection (4) for the duration of the regulatory inspection or until the time of delivery of the fund's notice to the Authority under Subsection (6) concerning the termination of the real estate appraiser's contract.

(6)² If the Authority finds in the course of the regulatory inspection conducted under Subsection (4) that the real estate appraiser has a prior or recent criminal record or that he is restrained by court order from exercising the profession of real estate appraiser, or that he is subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20, it shall forthwith notify the fund thereof and request the fund to terminate the real estate appraiser's contract within twenty-one days from the time of receipt of notice, and to notify the Authority thereof.

(7) The fund shall have the right during the period of managing its own assets to request the supervisor of asset management activities - indicating also the legal ramifications of non-compliance - to verify that he has no prior criminal record and that he is not restrained by court order from practicing the profession of asset manager, and that he is not subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20.

(8) If upon the request made according to Subsection (1) the supervisor of asset management activities verifies that he has no prior criminal record, he has not been restrained by court order from practicing the profession of asset manager, and that he is not subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20, the fund shall reimburse the administrative service fee he has paid for the procedure to obtain the official certificate for such verification.

(9) The fund shall be authorized to process the personal data of the supervisor of asset management activities obtained under Subsections (7) and (8) until the time his employment relationship with the fund is terminated.

(10)³ Where the supervisor of asset management activities fails to produce official documentary evidence upon the fund's notice referred to in Subsection (7) within the prescribed deadline of twenty-one days - or if this is not possible for reasons beyond his control, immediately when the said reason is eliminated - to verify that he has no prior criminal record, that he is not restrained by court order from practicing the profession of asset manager, and that he is not subject to any of the disqualifying factors under Subparagraphs *ac*) and *ad*) of Paragraph *a*) of Subsection (2) of Section 20, he may not function as the supervisor of asset management activities.

Section 39⁴

(1) If the report shows losses that cannot be covered from the liquidity reserve, the board of directors shall make a proposal for the general meeting concerning the elimination of losses. Prior to making the proposal, the board of directors shall inform the Commission and the Association of Funds on the losses and its stabilization plan.

(2) If the contacted agencies do not consider the board of directors' proposal for eliminating losses to be professionally sound, they shall have the right to table different recommendations. In justified cases, the Commission and the Association of Funds may, in accordance with Section 69, propose to the general meeting that the fund be placed under the temporary administration of the government.

Section 40

1 Established by Subsection (3) of Section 57 of Act L of 2017, effective as of 1 January 2018.

2 Amended: by paragraph (16) Section 2 of Act CLII of 2010. In force: as of 1. 01. 2011.

3 Amended: by paragraph (16) Section 2 of Act CLII of 2010. In force: as of 1. 01. 2011.


4 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

(1) The rules governing fund reporting obligations and the bookkeeping obligations that underlie the report shall be decreed by the Government on the basis of this Act and with regard to the provisions contained in the Act on Accounting.


(2)¹ The fund's financial report certified by a chartered accountant shall be presented to the general meeting by the last day of the fifth month following the end of the financial year.

(3)² Any fund that provides pension benefits, and any mutual aid funds engaged in providing collective services shall be required to prepare an actuarial report signed by an actuary as part of the annual report, and it shall do so with the frequency and contents decreed by the Government.

(4)³ In the interest of controlling the fund's liquidity situation, the Commission shall be entitled to make inquiries at funds any time during the year.

 (5)⁴ The fund that operates a website shall publish its annual report, together with the audit certificate or qualified audit certificate from the independent auditor, on its website each year by 30 June of the following year.

(6)⁵ Funds shall publish the balance sheet, profit and loss account and notes on the accounts that form part of their annual accounts by way of the means operated by the Authority, by 30 June of the following year, together with the auditor's endorsement.

 (7)⁶ The fund that operates a website shall publish any changes in its bylaws, showing separately the changes in the ratio of division of revenues among the reserves, on its official website within two working days of the relevant decision, with changes highlighted.

(8)⁷ The fund that operates an accounting unit based records system shall publish the redemption values of the accounting units (if the fund operates an optional investment portfolio system, showing separately for each optional portfolio) on its official website on a daily basis. The fund's website shall contain an indication that information is available on the Commission's website for comparison concerning the redemption values of its accounting units. Simultaneously with the aforesaid publication, the fund shall also notify the redemption values of its accounting units to have them published on the Commission's website.

(9)⁸ The fund's website shall contain and provide functions for searching and downloading the redemption values of its accounting units at any time.

(10)⁹ The commercial communication of a fund may not contain any information that is misleading, and any description of the fund's performance shall contain conservative estimates and prudent and professionally founded projections, particularly in terms of expected returns, and it shall be indicated that these are not binding requirements and that the fulfillment thereof is not guaranteed. In connection with the past performance of the fund, only data and facts specified in this Act may be made public. When presenting the fund's performance, any changes in the official consumer price index (inflation rate) during the same period shall also be indicated.

Business and Fund Secrets¹⁰

1 Established: by paragraph (1) Section 380 of Act CLVI of 2011. In force: as of 1. 01. 2012.

2 Amended: by subparagraph a) Section 254 of Act LXI of 2006. In force: as of 1. 01. 2007.

3 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

4 Enacted: by Section 254 of Act CI of 2004. In force: as of 1. 01. 2005. Amended: by subparagraph a) Section 210 of Act CXIX of 2005. In force: as of 01. 01. 2006.

5 Established: by Section 341 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

6 Enacted: by Section 254 of Act CXXVI of 2007. In force: as of 01. 01. 2008. Amended: by Section 251 of Act LXXXI of 2008. In force: as of 01. 01. 2009.

7 Enacted: by Section 254 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

8 Enacted: by Section 254 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

9 Enacted: by paragraph (2) Section 34 of Act XLVII of 2008. In force: as of 01. 09. 2008.

10 Enacted by Subsection (11) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

Section 40/A¹

(1)² For the purposes of this Act, 'business secret' shall have the same meaning as defined in Subsection (1) of Section 1 of Act LIV of 2018 on the Protection of Business Secrets.

(2)³ Any fact, information or datum regarding fund members and employer members that are at the disposal of the fund or the fund's service provider obtained in the course of their activities and pertain to the identity, particulars, financial standing, business activities, financial management, ownership and business relations of fund members, their beneficiaries, heirs and close relatives as well as to the balance in their individual accounts at the fund or that pertain to the identity, particulars, financial standing, business activities, financial management, ownership and business relations of employer members shall be handled strictly confidentially. Funds shall be authorized to process business and fund secrets only to the extent required for the fund's activities.

(3)⁴ Any information that is declared by specific other legislation to be information of public interest or public information and as such is rendered subject to disclosure may not be withheld on the grounds of being treated as a business secret.

(4)⁵

(5)⁶ Members of the fund's board of directors and supervisory board, employees of the fund, including persons, organizations and the employees thereof who are employed on the basis of commission shall maintain confidentiality with regard to the business and fund secrets disclosed to them in connection with the operation of the fund without any limitation in time, even after such information becomes obsolete.

(6)⁷ The confidentiality requirement specified in Subsection (5) shall apply to persons and organizations that have obtained information regarded as business or fund secrets.

(7)⁸ The Commission may, in compliance with the rules on business secrets, provide information appropriate for the identification of individual funds to:

a) the Central Statistical Office for statistical purposes,

b)⁹ the minister in charge of public finances, the minister responsible for the central budget at the macro-economy level and the minister responsible for economic development for purposes of planning economic and budget policies,

c)¹⁰

(8)¹¹ The Commission shall supply the Office of Economic Competition, acting in its official capacity, with data that can be used to identify funds.

Section 40/B¹²

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- 1 Enacted by Subsection (11) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.
 - 2 Established by Subsection (2) of Section 139 of Act CCLII of 2013. Amended by Section 18 of Act LIV of 2018.
 - 3 Established: by Section 174 of Act XCI of 2003. In force: as of 01. 01. 2004.
 - 4 Enacted: by Section 23 of Act XXIV of 2003. In force: as of 09. 06. 2003.
 - 5 Repealed by Paragraph b) of Subsection (4) of Section 139 of Act CCLII of 2013, effective as of 15 March 2014.
 - 6 Numbering amended: by Section 23 of Act XXIV of 2003. In force: as of 09. 06. 2003.
 - 7 Amended: by paragraph (2) Section 226 of Act XCI of 2003. In force: as of 01. 01. 2004.
 - 8 Numbering amended: by Section 23 of Act XXIV of 2003. In force: as of 09. 06. 2003.
 - 9 Amended by subparagraph m) paragraph (2) Section 168 of Act CIX of 2006, Section 6 of Act IV of 2022.
 - 10 Repealed: by point 2 paragraph (2) Section 352 of Act CLXXVIII of 2012. No longer in force: as of 30. 11. 2012.
 - 11 Numbering amended: by Section 23 of Act XXIV of 2003. In force: as of 09. 06. 2003.
 - 12 Enacted by Subsection (11) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

(1)¹ The requirement of confidentiality concerning fund secrets and business secrets shall not apply to

- a) the Commission,
- b) the State Audit Office,

c)² the competent public prosecutor's office delegated to exercise judicial oversight of the funds,

d)³ public prosecutor's offices, investigating authorities involved in pending criminal proceedings, and - in connection with fund secrets - the body conducting preliminary proceedings,

e) organizations authorized to conduct covert investigation operations under the conditions specified in specific other legislation,

f) notaries public involved in the execution of wills or the child custody service acting in an official capacity,

g) the national security agency, acting within the scope of its responsibility as defined in law, upon special permission from the general director,

h)⁴ the court, within the framework of bankruptcy and liquidation proceedings, in criminal cases and civil actions as well as in municipal government debt consolidation procedures,

i)⁵ the service provider keeping the books on financial management, the auditor auditing the books of the fund, to the extent required for such records, the outsourcing service provider to the extent required for carrying out the outsourced activities,

j)⁶ the tax authorities for the purpose of proceedings to inspect compliance with tax liabilities and to enforce the executable document issued for the execution of such debts, as well as in connection with fund payment allowances,

k) the Economic Competition Office,

l)⁷ the body in charge of the implementation of restrictive measures imposed by the European Union and the UN Security Council relating to liquid assets and other financial interests, if the conditions prescribed in specific other legislation are provided for.

m)⁸ the Commissioner for Fundamental Rights,

n)⁹ the principal creditor involved in debt consolidation procedures of natural persons, the Családi Csődvédelmi Szolgálat (*Family Bankruptcy Protection Service*), the family administrator and the courts

when acting in an official capacity, if the above organizations made any data request or written inquiry to the fund.

(2) No fund secrets may be disclosed to third parties unless

a) the fund member or his duly authorized representative gives written authorization in a public document, or a private document with full probative value, specifying precisely which data are to be disclosed,

b) the law grants an exemption from the obligation to maintain confidentiality regarding fund secrets.

(3) Persons who possess business or fund secrets may not use them to gain direct or indirect advantage for themselves or for any other person; nor may business or fund secrets be used to cause any detriment to the fund or the fund members.

1 Established: by Section 175 of Act XCI of 2003. Amended by Paragraph b) of Section 29 of Act CXCVII of 2017.

2 Established: by paragraph (3) Section 48 of Act CLXIII of 2011. In force: as of 1. 01. 2012.

3 Amended by Paragraph a) of Section 29 of Act CXCVII of 2017.

4 Established: by paragraph (1) Section 156 of Act CXCVIII of 2011. In force: as of 1. 01. 2012.

5 Amended by paragraph (2) Section 320 of Act CI of 2004, Section 10 of Act XXXIV of 2019.

6 Amended: by subparagraph a) Section 210 of Act CXIX of 2005. In force: as of 01. 01. 2006.

7 Enacted by Section 11 of Act CLXXX of 2007. Amended by Subsection (1) of Section 22 of Act LII of 2017.

8 Enacted: by Section 3 of Act CLXXXVI of 2012. In force: as of 1. 12. 2012. Amended: by paragraph (1) Section 23 of Act CLXXXIII of 2013. In force: as of 19. 11. 2013.

9 Enacted by Section 109 of Act CV of 2015, effective as of 1 September 2015.

(4)¹ Upon receipt of a data request made in accordance with Subsection (3) of Section 69 of Act XXXIV of 1994 on the Police, Subsection (3) of Section 58 of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal or Subsection (3) of Section 262 of Act XC of 2017 on the Code of Criminal Procedure, funds shall comply with such requests for data, considered fund secrets, from their records even without the public prosecutor's approval.

(5)-(7)²

(8)³ Furthermore, the requirement of confidentiality concerning fund secrets and trade secrets shall not apply:

a) to the fund's compliance with the obligation of reporting prescribed in the Act on the Prevention and Combating of Money Laundering and Terrorist Financing (hereinafter referred to as "MLT");

b) when the authority that functions as a financial intelligence unit makes a written request for information - that is considered a fund secret or a trade secret - from a fund, acting within its powers conferred under the MLT or in order to fulfill the written requests made by a foreign financial intelligence unit.

Protection of Information Systems⁴

Section 40/C⁵

(1) Funds are required to set up a regulatory regime concerning the security of their information systems used for their activities, and to provide adequate protection for the information system consistent with existing security risks, including risks stemming from criminal activities. The regulatory regime shall contain provisions concerning requirements of information technology, the assessment and handling of security risks in the fields of planning, purchasing, operations and control.

(2) Funds shall review and update the security risk assessment profile of the information system whenever necessary, or at least every other year.

(3) The organizational and operating rules shall be drawn up in light of the security risks inherent in the use of information technology, as well as the rules governing responsibilities, records and the disclosure of information, and the control procedures and regulations integrated into the system.

(4) Funds shall install an information technology control system to monitor the information system for security considerations, and shall keep this system operational at all times.

(5) Based on the findings of the security risk analysis, the following utilities shall be installed as consistent with the existing security risks:

a) clear identification of major system constituents (tools, processes, persons) and keeping logs and records accordingly;

b) self-protect function of the information technology security system, checks and procedures to ensure the closure and complexity of the protection of critical components;

c) frequently monitored user administration system operating in a regulated, managed environment (access levels, special entitlements and authorizations, powers and responsibilities, entry log, extraordinary events);

1 Established by Section 28 of Act CXCVII of 2017, effective as of 1 July 2018.

2 Repealed: by subparagraph a) paragraph (1) Section 58 of Act CXXXV of 2007. No longer in force: as of 01. 12. 2007.

3 Established: by Section 25 of Act LII of 2013. In force: as of 1. 07. 2013.

4 Enacted: by Section 255 of Act CI of 2004. In force: as of 1. 01. 2005.

5 Enacted: by Section 255 of Act CI of 2004. In force: as of 1. 01. 2005. Shall apply as of 1 January 2006.

d) a security platform designed to keep logs of processes which are deemed critical for the operation of the information system and that is capable to process and evaluate these log entries regularly (and automatically, if possible), or is capable of managing irregular events;

e) modules to ensure the confidentiality, integrity and authenticity of data transfer, and financial transactions transacted exclusively by electronic means;

f) modules for handling data carriers in a regulated and safe environment;

g) virus protection consistent with the security risks inherent in the system.

(6) Based on their security risk assessment profile, funds shall implement protection measures to best accommodate their activities and to keep their records safe and current, and shall have adopted the following:

a) instructions and specifications for using their information system, and plans for future improvements;

b) all such documents which enable the users to operate the information system designed to support business operations, whether directly or indirectly, independent of the status of the supplier or developer of the system (whether existing or defunct);

c) an information system that is necessary to provide services and equipment kept in reserve to ensure that services can be provided without any interruption, or in the absence of such equipment, solutions used in their stead to ensure the continuity of activities and/or services;

d) an information system that allows running applications to be safely separated from the environment used for development and testing, as well as proper management and monitoring of upgrades and changes;

e) the software modules of the information system (applications, data, operating system and their environment) with backup and save features (type of backups, saving mode, reload and restore tests, procedure), to allow the system to be restored within the restoration time limit deemed critical in terms of the services provided. These backup files must be stored in a fireproof location separately according to risk factors, and the protection of access in the same levels as the source files must be provided for;

f) a data storage system capable of frequent retrieval of records specified by law to provide sufficient facilities to ensure that archived materials are stored for the period defined by legal regulation, or for at least five years following termination of the membership of the member to whom it pertains, and that they can be retrieved and restored at any time, containing safeguards to prevent the stored contents from being manipulated or corrupted;

g) an emergency response plan for extraordinary events which are capable of causing any interruption in services.

(7) Funds shall have available at all times:

a) operating instructions and models for the inspection of the structure and operation of the information system they have developed themselves or that was developed by others on a contract basis;

b) the syntactical rules and storage structure of data in the information system they have developed themselves or that was developed by others on a contract basis;

c) the scheme of classification of information system components into security categories defined by the fund;

d) a description of the order of access to data;

e) the documents for the appointment of the data manager and the system host;

f) proof of purchase of the software used;

g) complex and updated records of administration and business software tools comprising the information system.

(8) All software shall comprise an integrated system:

a) that is capable of keeping records of the data and information required for regular operations and as prescribed by law;

b) that is designed for the use of checking stored data and information;

c) that has facilities for logic protection consistent with security risks and for preventing tampering.

(9) The internal regulations of the fund shall contain provisions concerning the knowledge required in the field of information technology for filling certain positions.

Outsourcing¹

Section 40/D²

(1)³ Funds shall be authorized to outsource the operations connected to their regular activities as well as those mandatory activities prescribed by law that involve the management and processing of data. The outsourcing service provider shall be authorized to process data in accordance with the provisions contained in Section 40/B.

(2) The outsourcing service provider must satisfy - to the degree corresponding to the risk - the personnel, material and security requirements concerning the outsourced activities that are prescribed by law for funds.

(3) The outsourcing contract concerning records shall contain the following:

a) demonstration of observance of the rules on data protection;

b) the outsourcing contractor's consent for the control of the outsourced activities by the fund's department of internal control or its external auditor, and for on-site and off-site inspection performed by the Commission;

c) the outsourcing service provider's responsibility for the enforcement of regulations on data protection and data security and for performing the activity at an appropriate level, and a clause for immediate cancellation of the contract by the fund in the event of the outsourcing service provider's repeated or serious violation of the contract;

d) the detailed requirements for the quality of performance of the activities that is expected of the outsourcing service provider;

e) the rules of exchange of data between the fund and the outsourcing service provider.

(4) Funds must have an action plan drafted and adopted to manage extraordinary situations arising from performing activities that differ from those stipulated in the contract on outsourcing activities. The organization contracted to keep records shall make a full backup of all files on a quarterly basis and shall provide a copy of it to the fund.

(5) At least once a year, the fund's supervisory board must inspect the performance of the outsourced activity and ascertain that it is in compliance with the provisions of the contract.

(6) The fund is responsible to ascertain that the outsourcing service provider is performing the activity in compliance with the legal regulations and with the utmost care that may be expected from persons providing such services. If the outsourced activity is performed in violation of the law or in breach of the contract, the fund shall take action as deemed necessary and shall immediately notify the Commission accordingly.

(7) The Commission may prohibit the outsourcing of an activity on the basis of the fund's notification referred to in Subsection (6) or of any shortcomings that are uncovered during the on-site control, or may order the fund to switch to another service provider.

1 Enacted: by Section 255 of Act CI of 2004. In force: as of 1. 01. 2005.

2 Enacted: by Section 255 of Act CI of 2004. In force: as of 1. 01. 2005. Shall apply as of 1 January 2006.

3 Established: by Section 178 of Act LXI of 2006. In force: as of 1. 01. 2007.

(8) Any outsourcing service provider that performs services for several funds at one time must, in due observation of the provisions on data protection, separately handle the facts, data and information of which it thereby gains knowledge.

(9) The outsourcing service provider may employ a subcontractor if the subcontractor satisfies the requirements set out in Subsection (2) and if their contract - which must be approved by the fund - contains facilities that permit the Commission, the fund's supervisory board and auditor to oversee the outsourced activities.

(10) Neither the executive officer of the fund nor his close relative shall be permitted to hold any ownership share or voting right in the outsourcing service provider, nor may the executive officer of the fund or his close relative be contracted to perform outsourced activities. Members of the fund's supervisory board may not perform any work for the outsourcing service provider whether under contract of employment or otherwise.

(11) Funds must indicate the outsourced activities in the bylaws.

(12)¹ The organization or person contracted to operate the information system used by the service provider that maintains the fund's registers and records shall be permitted to obtain access to data stored in the information system only to the extent necessary for the operation of the information system.

Chapter III

TRANSFORMATION AND TERMINATION OF FUNDS²

Common Rules of Transformation³

Section 4⁴

(1)⁵ The merger (fusion, amalgamation) or demerger (division, separation) of funds shall be regarded as transformation.

(2)⁶ The merger or demerger of funds shall be governed by the regulations pertaining to the foundation of funds with the following exceptions:

a) successors shall continue to perform pending payment obligations even before they are officially registered and before they receive the operating license;

*b)*⁷ the successor fund shall submit its application for an operating license, with all of the appendices pertaining to all of the affected funds attached, to the Authority within 30 days of the date of the second general meeting or, if they are held on different dates, of the most recent general meeting by the funds concerned;

c) the application for an operating license shall contain the following attachments:

ca) statement of intent to transform and the minutes of the second general meetings, including motions and attendance sheets,

*cb)*⁸ a statement regarding compliance with the conditions stipulated in Section 40/C and Section 64, and proof of compliance with any requirement when so requested by the Authority,

1 Established: by Section 155 of Act CXIX of 2005. In force: as of 01. 01. 2006.

2 Established by Section 200 of Act CXIII of 2000, effective as of 1 January 2001.

3 Established by Section 200 of Act CXIII of 2000, effective as of 1 January 2001.

4 Established by Section 200 of Act CXIII of 2000, effective as of 1 January 2001.

5 Amended by paragraph (2) Section 226 of Act XCI of 2003, Paragraph h) of Section 31 of Act CCXV of 2015.

6 Established by Section 256 of Act XLII of 2002, effective as of 1 January 2003.

7 Amended: by point 3 paragraph (2) Section 352 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

8 Established by Section 12 of Act CCXV of 2015, effective as of 1 January 2016.

- cc) the bylaws of the successor fund,
 - cd) a draft statement of holdings, endorsed by an auditor, for both the predecessor and successor as well as a document containing the current state of assets and liabilities;
 - d)¹ the Commission shall investigate the fund applying for an operating license and make its decision whether to grant the operating license on the basis of the attached documents and on the findings of the investigation;
 - e)² the court shall register the transformation when the respective operating license(s) becomes definitive by removing the predecessor(s) from the register and registering the successor(s).
- (3) Unless otherwise prescribed by law, when a fund is transformed in accordance with this Chapter, it shall not result in any additional tax or duty liability.
- (4) Funds in liquidation may not be transformed.

Section 42³

- (1)⁴ The transformation of a fund shall be resolved on two occasions by the fund's general meeting subject to a two-thirds majority vote.
- (2)⁵ The first action of the fund's general meeting shall be to discuss the proposition presented by the board of directors and the supervisory board to determine whether the members of the fund agree with the transformation (first session). The first session shall address the method of transformation, its reasons, goals and consequences, particularly the cost projections and the potential to sustain membership. If there is consent concerning the transformation, the closing date of the draft transformation balance sheet and the method of transformation shall be determined and the funds involved shall be named.
- (3) If the general meeting of the fund approves the transformation, the board of directors of the fund shall prepare - for the date determined by the general meeting - drafts of the predecessor fund's transformation balance sheet and inventory of assets as well as drafts of the successor fund's (opening) balance sheet and inventory of assets and drafts of the fund's bylaws and any amendments to the bylaws.
- (4) Drafts of the transformation balance sheet shall be prepared with the same breakdown prescribed for the annual report's balance sheet in the legal regulations on accounting. The balance sheet in the predecessor fund's annual report can be accepted in place of the draft transformation balance sheet if it was closed no more than six months prior to the date of the second resolution on transformation.
- (5) The predecessor fund may revalue the assets and liabilities shown on the balance sheet in the annual report prepared in accordance with the legal regulations on accounting.
- (6) The detailed provisions pertaining to revaluation and the preparation of drafts of the transformation balance sheet and inventory of assets are contained in the legal regulations on accounting.
- (7) The draft transformation balance sheets and the draft inventory of assets shall be checked by the fund's auditor and the supervisory board. The draft transformation balance sheets and the draft inventory of assets prepared for the transformation shall be checked by an auditor other than that of the predecessor fund. The auditor who reviewed the drafts of the transformation balance sheet prepared for the transformation shall not be appointed as auditor of the successor fund within three years of the date on which the fund is registered by the court.

1 Amended: by subparagraph a) Section 253 of Act LXI of 2006. In force: as of 1. 01. 2007.

2 Amended by Paragraph d) of Section 58 of Act L of 2017.

3 Established by and the preceding subtitle repealed by Section 200 and Paragraph b) of Subsection (2) of Section 281 of Act CXIII of 2000, effective as of 1 January 2001.

4 Established by Subsection (1) of Section 257 of Act XLII of 2002, effective as of 1 January 2003.

5 Established by Subsection (1) of Section 257 of Act XLII of 2002, effective as of 1 January 2003.

(8)¹ Once the drafts specified in Subsection (3) have been prepared, the general meeting (second session) shall decide whether or not to approve them within no more than six months of the closing date on the drafts of the transformation balance sheet.

(9) Employers that are forced to join another fund on account of the transformation must, within 30 days of the date of the general meeting that resolves to approve the draft transformation balance sheet, be notified of the transformation and given the necessary information and prerequisites for joining another fund. Employers shall be notified by the fund they intend to join.

(10) As regards the final transformation balance sheet, it shall be completed in accordance with the provisions laid down in the legal regulations on accounting and in accordance with the relevant regulations pertaining to the draft transformation balance sheet.

(11)² Date of transformation means the time when the successor fund's bylaws enters into force, that is fixed by the second general meeting upon the approval of the bylaws. The date of transformation shall not be earlier than the date of the second general meeting, and may not be later than the thirtieth day thereafter.

Section 42/A³

(1) The fund established upon transformation shall submit an application for registration to the court within 30 days following receipt of the Commission's resolution of authorization. The application shall contain the following attachments:

- a) a statement of intent to transform and the minutes of the general meetings, and the minutes and attendance sheets of the second general meetings,
- b) the Commission's resolution of authorization,
- c) the amended bylaws (in a consolidated structure with the amendments indicated),
- d) the list of persons authorized to represent the successor or a statement that the list remains unchanged.

(2)⁴ The court shall adopt a decision concerning the registration of transformation or on requesting additional information within eight days of receiving the application. The court shall make available a copy of its ruling on registration to the Authority and send it to the competent public prosecutor's office by service of process. Transformation shall become operative upon court registration with retroactive effect to the date of transformation. The court's ruling shall indicate the date of transformation.

Section 42/B⁵

(1) Transformation shall be aborted if

- a) the general meeting reverses its decision on transformation before approval of the draft statements referred to in Subsection (3) of Section 42,
- b) the application for an operating license is rejected by the Commission,
- c)⁶ the application for registration is rejected by the court.

(2) If transformation is aborted, all of the funds involved must, within 30 days of the date on which such information is obtained, effect compliance with the personnel and material requirements stipulated by this Act and all other conditions prescribed by law, and they shall take whatever measures and execute whatever contractual relationships are necessary for prudent operation.

1 Established by Subsection (2) of Section 257 of Act XLII of 2002, effective as of 1 January 2003.

2 Enacted: by Section 255 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

3 Enacted by Section 258 of Act XLII of 2002, effective as of 1 January 2003.

4 Established: by paragraph (4) Section 48 of Act CLXIII of 2011. In force: as of 1. 01. 2012.

5 Enacted by Section 258 of Act XLII of 2002, effective as of 1 January 2003.

6 Amended by Section 19 of Act CXXX of 2017.

The Merger of Funds¹

*Section 43*²

(1)³ Two or more funds may merge if the general meetings of the funds concerned so decide. A pension fund may merge with another pension fund only.

(2) In the case of an acquisition, the rights and responsibilities of the acquired fund shall be transferred to the acquiring fund, as the general legal successor.

(3) In the case of an acquisition, the bylaws of the acquiring fund shall be amended.

(4) In the case of acquisition, the acquiring fund may not revalue the assets and liabilities shown in the balance sheet of the annual report defined in the legal regulation on accounting.

(5) In the case of consolidation, the merging funds shall cease to exist and the rights and responsibilities thereof shall be transferred to the new fund, as legal successor, upon approval of the new fund's bylaws.

Demerger of Funds⁴

*Section 44*⁵

(1)⁶ A fund may demerge into several funds if the general meeting so decides and if the new funds approve their respective bylaws. The resolution on the demerger shall also regulate the matter of succession and the distribution of the fund's assets and liabilities. Funds shall obtain a written statement from all of their members in which they declare the fund of which they wish to be a member. If, following a written request from the fund, a member fails to provide such statement by the prescribed deadline, his membership shall be transferred to the fund selected under the principles designated in the transformation plan.

(2) Demerger may take place in the form of division or separation.

(3) Division means when the predecessor fund is terminated and at least two new funds are created.

(4) Separation means that the fund from which the separation occurs survives and at least one new fund is created.

(5) In the case of separation, the surviving fund may not revalue the assets and liabilities shown in the balance sheet of the annual report defined in the legal regulation on accounting.

Mergers and Divisions to Form Mixed-Activity Funds⁷

*Sections 44/A-44/B*⁸

1 Established by Section 201 of Act CXIII of 2000, effective as of 1 January 2001.

2 Established by Section 201 of Act CXIII of 2000, effective as of 1 January 2001.

3 Established by Section 13 of Act CCXV of 2015, effective as of 1 January 2016.

4 Enacted by Section 202 of Act CXIII of 2000, effective as of 1 January 2001.

5 Established by Section 202 of Act CXIII of 2000, effective as of 1 January 2001.

6 The last two sentences enacted by Subsection (13) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

7 Enacted: by Section 176 of Act XCI of 2003. In force: as of 01. 01. 2004.

8 Repealed by Paragraph i) of Section 31 of Act CCXV of 2015, effective as of 1 January 2016.

Termination of Funds¹*Section 45*²

(1) With the exception of liquidation, a fund can terminate its corporate existence only after a voluntary dissolution process.

(2)³ Subject to the exceptions laid down in this Act, the liquidation of a fund shall be accomplished in compliance with the provisions of Act XLIX of 1991 on Bankruptcy Proceedings and Liquidation Proceedings, whereas the voluntary and involuntary dissolution, and the involuntary de-registration of funds shall be governed by Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings (hereinafter referred to as "CRA").

*Section 45/A*⁴

(1)⁵ The decision of the fund's supreme body on the opening of dissolution proceedings shall be notified to the competent court within thirty days from the date of the decision. On the day of the opening of the dissolution procedure the mandate of monitoring committee members shall not be terminated. The court shall adopt a ruling on the registration of the receiver and on excluding members of the board of directors from the register, and shall publish this ruling in the form of a notice in the Cégközlöny (*Company Gazette*) according to Subsection (2) of Section 102 of the CRA. The Authority shall supervise the dissolution process. The fund shall submit an application to the Authority for the closure of its activities within thirty days from the date when the decision of the fund's supreme body regarding the issues provided for in Subsection (1) of Section 111 of the CRA had been adopted. The court shall remove the fund from the register once the Authority's resolution closing the fund's activities becomes definitive.

(2)⁶ In the event of dissolution of a fund, the fund membership and mandate of monitoring committee members shall terminate simultaneously with the termination of the fund.

(3)⁷ The intention to terminate a fund shall be reported to the Authority. When a fund is terminated without succession (with the exception of liquidation), the Authority may, if the general meeting so resolves, appoint a receiver. The receiver's costs and expenses shall be borne by the fund.

(4) Members of a fund that is terminated without succession may:

a) transfer their share when switching to another fund, in which case this amount shall be credited to the fund member's account in this other fund, or

b) withdraw their entire share. When a fund member is in the accumulation period, such payment shall not be construed as a fund service.

(5) Once the decision of dissolution has been made, the fund may not admit any new members and shall be required to conclude the dissolution procedure.

1 Enacted by Section 203 of Act CXIII of 2000, effective as of 1 January 2001.

2 Established by Section 203 of Act CXIII of 2000, effective as of 1 January 2001.

3 Established: by Section 179 of Act LXI of 2006. In force: as of 1. 01. 2007. Amended: by subparagraph c) Section 230 of Act LXXXI of 2008. In force: as of 01. 01. 2009. Amended: by paragraph (2) Section 163 of Act CXCVII of 2011. In force: as of 1. 03. 2012.

4 Established: by Section 151 of Act LXXXI of 2008. In force: as of 01. 01. 2009.

5 Established by Subsection (1) of Section 14 of Act CCXV of 2015. Amended by Paragraph d) of Section 58 of Act L of 2017.

6 Established by Subsection (1) of Section 14 of Act CCXV of 2015, effective as of 1 January 2016.

7 Established by Subsection (1) of Section 14 of Act CCXV of 2015, effective as of 1 January 2016.

(6)¹ Where a transfer or withdrawal, is requested after the day of the opening of the dissolution procedure, the members' assets shall be transferred, paid in accordance with Subsection (10) after the dissolution procedure has been completed.

(7)² The receiver shall dispatch a notice to all fund members concerning the dissolution of the fund within thirty days of the day of the opening of the dissolution procedure and shall request the members to file the statement referred to in Subsection (4) within fifteen days. The claims of any member who fails to comply within the deadline specified or before the general meeting closing the dissolution procedure shall be placed in court deposit at the district court of jurisdiction by reference to the place where the fund is established. In this case, the costs of placing said claims in court deposit shall be advanced from the member's claims.

(8) The dissolution procedure shall be carried out within one year of the date of the decision thereon. Upon the fund's request, the Commission may grant a one-time extension not exceeding one year.

(9) If the final statement of accounts is not approved and the dissolution procedure is not concluded by the deadline specified in Subsection (8), the Commission shall be empowered to move for having the fund liquidated by the court.

(10)³ The fund shall carry out the transfers and payments referred to in Subsection (4) within fifteen days upon the approval of the proposal for the distribution of assets. Once the transfers and/or payments are executed, the membership of members - other than members of the monitoring committee - shall be terminated. Assets remaining upon the conclusion of the dissolution procedure shall be disbursed - in accordance with Subsection (5) of Section 13 as provided for in the bylaws - within fifteen days of being removed from the register.

Section 45/B⁴

(1)⁵ A voluntary mutual insurance fund shall be terminated by liquidation if it is insolvent or if liquidation is requested by the Commission under Section 69/A. A fund shall be regarded insolvent if it fails to fulfill its due and acknowledged commitments within sixty days and services undertaken for the benefit of its members within ninety days of the due date. The court shall order the liquidation of a voluntary mutual insurance fund upon request by the Commission without having to declare the fund insolvent.

(2) Voluntary mutual insurance funds shall not be adjudicated in bankruptcy proceedings.

(3)⁶ The court shall appoint the non-profit business association established by the Authority for the liquidation of organizations covered under Section 39 of the MNB Act as the liquidator of a fund.

(4)⁷ The court shall decide on the petitions filed for liquidation within eight days of receipt. Court orders for liquidation may be executed irrespective of appeal. In the case of liquidation proceedings initiated by the Commission, the starting date of liquidation shall be the date of the liquidation order.

(5) From the starting date of liquidation

a) only the liquidator may take measures,

b) no new member may be admitted and pending payments shall be suspended,

c) membership contributions may not be collected.

1 Established by Subsection (1) of Section 12 of Act LIII of 2016, effective as of 1 July 2016.

2 Amended: by subparagraph b) Section 14 of Act CCXI of 2012. In force: as of 1. 01. 2013.

3 Established by Subsection (2) of Section 12 of Act LIII of 2016, effective as of 1 July 2016.

4 Enacted by Section 203 of Act CXIII of 2000, effective as of 1 January 2001.

5 Enacted by Subsection (17) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

6 Established: by paragraph (3) Section 123 of Act CLVIII of 2010. In force: as of 1. 01. 2011.

Amended: by subparagraph f) Section 7 of Act CXLI of 2013. In force: as of 1. 10. 2013.

7 The last sentence enacted by Subsection (18) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

(6) Upon commencement of liquidation proceedings, the Commission shall withdraw the fund's operating license.

(7) On the starting date of liquidation proceedings, the list of assets belonging to the fund's reserves shall be closed forthwith and conveyed to the liquidator.

(8) During the liquidation procedure, the assets referred to in Subsection (7) shall be handled separately and can be utilized to meet other liabilities only after satisfying the claims of fund members, their relatives and beneficiaries that are payable from the safety reserve.

(9) Membership-related liabilities shall be satisfied after the costs and expenses of the liquidation procedure.

(10)¹ In the case of liquidation of a fund, suspension of the proceedings is not allowed.

Chapter IV

DETAILED RULES APPLYING TO THE TYPES OF SUPPLEMENTARY FUNDS

Rules Applying to Supplementary Pension Funds


Section 46

(1) In addition to what is contained in Section 18, pension fund bylaws shall contain the following:

- a) stipulation of a compulsory waiting period for at least 10 years;
- b) rules of member loans;
- c) in accordance with the fund's services, rules for transferring fund members to another fund and rules for admitting new members transferring from other funds;
- d)² the settlement procedure with a fund member after the waiting period but within the accumulation period.

(2) In addition to what is contained in Sections 34 and 35, the pension fund's financial plan shall contain the short- and long-term yield projections in respect of the fund's investments.

(3)³ If, in spite of being properly notified by the fund, a fund member fails to repay a member loan [Paragraph b) of Subsection (1)] in accordance with the terms and conditions laid down in the bylaws, the fund may deduct the overdue amount along with the related expenses from the retirement account of the member in question inside a period of 180 days from the date of maturity of the loan. Such overdue amount shall be regarded as the member's taxable income, and it shall not qualify as a fund service. On the basis of the certificate issued when the person's retirement account was debited, this amount shall be subject to tax prepayments pursuant to the Personal Income Tax Act.

 (4)⁴ At the fund member's request, payment of the tax advance prescribed under Subsection (3) may be made debited to the individual retirement account as well.

Section 47

1 Enacted: by paragraph (4) Section 123 of Act CLVIII of 2010. In force: as of 1. 01. 2011.

2 Enacted by Section 259 of Act XLII of 2002, effective as of 1 January 2003.

3 Established by Section 177 of Act XCI of 2003. Amended by subparagraph a) Section 210 of Act CXIX of 2005, Point 4 of Section 41 of Act LII of 2018.

4 Enacted by Subsection (6) of Section 7 of Act CIX of 2023, effective as of 1 January 2024.

(1)¹ Fund members may have access to the amounts registered in their individual retirement accounts at the end of the waiting period and may have access to pension benefits after reaching the retirement age.

(2)² In contrast to the provisions of Subsection (1) of Section 15, membership may only be terminated before the end of the waiting period if the member transfers to another fund or if the fund itself is terminated.

(3)³ Before the end of the waiting period, a fund member may transfer to a health or mutual aid fund, or a health and mutual aid fund if he has at least a fifty per cent disability or suffered health impairment to a rate of at least forty per cent, if no improvement in his condition can be expected for at least one year and if he is able to produce verification from a competent authority.

(4)⁴ Following the waiting period and within the accumulation period, the fund member shall, with respect to access to his individual retirement account, have the option to

a) continue membership in the fund under the same conditions,

b) continue membership in the fund and, once every three years, withdraw all or part of the funds in his individual retirement account before reaching retirement age,

c) close his account and terminate membership,

d) leave the funds in his individual retirement account without paying additional membership dues.

(5)⁵ Upon reaching retirement age, the fund member shall declare in writing whether he will

a) request pension payments in one lump sum or in the form of annuity without paying further membership contributions, or

b) make a lump sum withdrawal from his individual retirement account and request payments in the form of annuity from the remaining part without paying further membership contributions, or

c) continue paying membership contributions and not request pension payments, or

d) leave the funds accumulated in his individual retirement account and stop paying the membership contributions, or

e) withdraw a specific amount from his individual retirement account or request payments in the form of annuity and shall continue paying membership contributions, or

f) withdraw a specific amount from his individual retirement account or request payments in the form of annuity and shall stop paying further membership contributions,

with the proviso that the fund shall make available all of the options provided for in Paragraphs a)-f) for its members.

(5a)⁶ If the member exercises the option under Paragraph e) or f) of Subsection (5), a new statement may be made after one year at the earliest.

(6)⁷ The membership of a fund member who has selected the services defined in Paragraphs a), b), c) or f) of Subsection (5) shall terminate once the fund has fulfilled all of its service obligations to the member in question.

(6a)⁸ If the fund member wishes to receive pension payments in whole or in part in the form of annuity, the fund shall have the option to satisfy the obligation to provide annuity benefits either by providing annuity from its own resources or by purchasing a life annuity contract from an insurance company. The fund is required to provide annuity from its own resources.

1 Established: by Section 178 of Act XCI of 2003. In force: as of 01. 01. 2004.

2 Established by Section 260 of Act XLII of 2002, effective as of 1 January 2003.

3 Established by Section 260 of Act XLII of 2002. Amended by Section 421 of Act CXXVI of 2007, Paragraph g) of Section 18 of Act LIII of 2016.

4 Established: by Section 178 of Act XCI of 2003. In force: as of 01. 01. 2004.

5 Established by Subsection (1) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

6 Enacted by Section 13 of Act LIII of 2016, effective as of 1 July 2016.

7 Established by Subsection (1) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

8 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

(6b)¹ According to the bylaws, annuity from the fund's own resources is provided either

a) for a specific term, in the form of a fixed annuity taking into account the earnings from and costs of investments, or

b) in the form of scheduled withdrawal recalculated each year taking into account the earnings from and costs of investments, with the proviso that in the case of scheduled withdrawal fund members shall have the right to suspend payments of annuity temporarily.

(6c)² Own annuity may be provided monthly, quarterly or half-yearly, at least two of which shall be provided for in the bylaws and/or in the pension plan policy. Own annuity shall be provided for a minimum term of five years.

(6d)³ Life annuity purchased from an insurance company is a contract where premium is paid upon the annuitant reaching retirement age in return for a stream of payments for the rest of the annuitant's life. In the insurance contract the fund functions as contracting party.

(6e)⁴ Upon receipt of a member's request for pension benefits in the form of annuity (hereinafter referred to as "member's request"), within thirty days the fund shall disclose to the member,

a) if the request is for own annuity:

aa) the amount of the first payment,

ab) the estimated duration thereof in the case of annuity under Paragraph b) of Subsection (6b), and

ac) the frequency of payment;

b) if the request is for life annuity purchased from an insurance company, the amount of such annuity (hereinafter referred to as "information").

(6f)⁵ Upon receipt of the fund member's reply to the information provided under Subsection (6e), the fund shall begin - within thirty days from the date of receipt of said reply - to either make payments of own annuity, or to enter into the insurance contract with a view to paying the life annuity purchased from the insurance company within that same period of time, as instructed by the fund member. If the fund member's reply is not received within sixty days of receipt of the fund's information conveyed under Subsection (6e), the information shall be deemed to have been accepted.

(6g)⁶ Relying on the fund's information the fund member shall be entitled to submit a revised request derogating from the previous one (hereinafter referred to as "revised member's request") to the fund. Subsections (6e) and (6f) shall also apply to revised member's requests, with the proviso that the fund shall be entitled to recover the cost - defined in the bylaws - thereof from the fund member's individual account. The cost of preparing a revised member's request may not exceed 2,000 forints.

(6h)⁷ In the event of the fund member's death while receiving own annuity payments, the sum remaining on the service account shall accrue to the beneficiary, or the heir in the absence thereof.

(6i)⁸ The obligation to provide annuity benefits shall not apply to any fund that has 1,000 members or less on 31 December of the previous year.

(6j)⁹ If a fund mentioned in Subsection (6i) wishes to provide annuity from its own resources or to purchase life annuity contracts from an insurance company, it may do so as provided for in Subsections (5)-(6h)."

1 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

2 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

3 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

4 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

5 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

6 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

7 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

8 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015. Amended by Paragraph h) of Section 18 of Act LIII of 2016.

9 Enacted by Subsection (2) of Section 15 of Act CCXV of 2015, effective as of 1 January 2016.

(7)¹ Any fund member - following the waiting period or after reaching retirement age - may pledge not more than 50 per cent of the balance on his individual account as collateral security in a contract concluded with a credit institution under the CIFE, if at the same time authorizing the fund to make an entry in his individual retirement account as locked-up by the member's instruction. The lock-up shall take effect simultaneously with the statement issued by the fund concerning the lock-up executed by the member's instruction in the form of an entry on the member's individual retirement account. The lock-up may be lifted only if so instructed by the member, or by the beneficiary in the event of the member's death, or by the holder of the collateral security if the conditions set out in the loan contract are satisfied if able to provide proof of the elimination of the claim for which it was pledged. For other aspects locking up funds by the member's instructions the provisions on liens on claims or rights shall apply. If the credit institution lodges any claim against the member's locked-up funds it shall be treated as if the member had made a withdrawal from his individual retirement account.

(8)² If the pension fund also provides the services defined in the Act on Private Pensions and Private Pension Funds, members of the board of directors and the supervisory board may also be private individuals who are not fund members.

(9)³ Pension funds that also provide the services defined in the Act on Private Pensions and Private Pension Funds shall have one current account for each of the two activities.

Section 47/A⁴

(1)⁵ In the event a member fails to pay the membership contribution inside the waiting period but beyond the duration specified in the bylaws (date of default), the period after the date of default shall be included in the waiting period and membership may be terminated as of the last day of the waiting period.

(2)⁶

Section 47/B⁷

(1)⁸ In the case of transfer from one fund to another, including the case defined in Paragraph *a*) of Subsection (4) of Section 45/A, or in the event it proves necessary, for any reason, to total the waiting periods that elapsed during membership in various pension funds, the waiting periods that elapsed during the particular memberships are to be added up with the understanding that the waiting periods that elapsed simultaneously during concurrent memberships shall be counted only once.

(2)⁹

1 Established: by paragraph (2) Section 256 of Act CI of 2004. In force: as of 1. 01. 2005. Amended: by paragraph (22) Section 122 of Act CXXXV of 2004. In force: as of 1. 01. 2005.

2 Enacted by Subsection (3) of Section 125 of Act LXXXII of 1997. Numbering amended by Section 260 of Act XLII of 2002.

3 Enacted by Subsection (4) of Section 125 of Act LXXXII of 1997. Numbering amended by Section 260 of Act XLII of 2002.

4 Enacted by Section 205 of Act CXIII of 2000, effective as of 1 January 2001.

5 Established by Section 261 of Act XLII of 2002, effective as of 1 January 2003.

6 Repealed: by subparagraph a) Section 209 of Act CXIX of 2005. No longer in force: as of 01. 01. 2006.

7 Enacted by Subsection (19) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

8 Numbering amended by Section 262 of Act XLII of 2002. Amended by Paragraph i) of Section 18 of Act LIII of 2016.

9 Repealed: by subparagraph a) Section 253 of Act LXI of 2006. No longer in force: as of 1. 01. 2007.

(3)¹ In the case of transfer from one fund to another, the transferring fund shall inform the receiving fund of the account balance of the member affected, broken down according to principal and interest, on payments received after 31 December 2007 with the transaction date indicated, and on any funds tied up in the member's account, showing the amount and the beneficiary. The receiving fund shall notify the beneficiary of the collateral security of having transferred the tied-up funds to the individual account and shall simultaneously make out a statement of transfer.

Section 48²

The fund shall effect the payments referred to in Subsections (4)-(5) of Section 47 by way of delivery of cash payment made from current account, or - at the beneficiary's request - by way of transfer to any payment account in Hungary or abroad as indicated. If permitted by the fund's bylaws, payments may be effected from the fund's cash reserves as well.

Section 49³

(1) The pension fund shall credit to the safety reserve at least ninety per cent of the payments made by a member or employer member up to 10,000 forints per annum, and ninety-four per cent of the sum above this amount limit. Funds may derogate from this provision in connection with the first two payments following the date of admission of a new member subject to the provisions laid down in specific other legislation.

(2) The annual fee payable for asset management services as contracted, exclusive of trading expenses (commissions), may not exceed 0.8 per cent of the mathematical average of the daily gross market values of the assets (or any part thereof) entrusted for management. Any clause of the contract stipulating a higher fee shall be null and void.

(3) If the pension fund manages all or part of its own assets, the annualized pro-rata costs of investments the fund manages by itself may not exceed 0.8 per cent of the mathematical average of the daily gross market values of the assets (or any part thereof) the fund manages by itself.

(4) The funds which are not required to evaluate their assets on a daily basis may use, instead of the mathematical average of the daily gross market values, the mathematical average of the market values existing at the beginning and at the end of the year.

(5) The provisions of Subsections (2)-(4) shall not apply to funds that were registered during the current year or during the preceding three calendar years.

Section 49/A⁴

(1) The market value of the fund's assets shall be determined on each working day. The valuation shall also be prepared for the closing day of the quarter if it does not fall on a working day. The fund manager shall conduct the valuation of assets.

1 Established: by Section 152 of Act LXXXI of 2008. In force: as of 01. 01. 2009.

2 Established: by Section 256 of Act CXXVI of 2007. In force: as of 01. 01. 2008. Amended: by Section 84 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

3 Established: by Section 257 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

4 Established: by Section 258 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

(2) By way of derogation from Subsection (1), market valuation of the fund's assets shall be performed quarterly during the period when the fund operates without an optional investment portfolio system, up to the time at which the market value of the fund's investments remains below one billion forints, as shown in the quarterly report. Daily valuation shall commence on the first day of the third quarter following the accounting date of the quarter during which the above-specified amount limit was achieved.

(3) The purpose of evaluating assets is to provide a true and fair view of the assets in the fund's portfolio, and the rights based thereupon, through a prudent and individual valuation system in due consideration of the market valuation.

(4) The proceeds on the investment of assets from the safety reserve (including the difference resulting from the valuation of assets at market value) shall be credited to the individual retirement accounts of the fund members and the benefit reserve.

(5) In the accumulation period, the sum received by multiplying the quantity of accounting units of members as shown on all their individual accounts with the applicable redemption value shall equal the balances on their individual accounts, and the members' assets on account, as shown under the safety reserve.

(6) The redemption value of the accounting units shall be determined on each business day and for the last day of the month by the custodian. Evaluation shall be carried out on or before the second business day following the valuation reference day.

(7) Funds shall be able to use the redemption values determined by the aforesaid evaluation as of the fourth business day following the valuation day.

(8) The fund may suspend transactions with accounting units, if the net asset value of the portfolios cannot be reliably determined, due only to unavoidable external reasons and if it is in the members' best interest, under extraordinary circumstances, of which the Commission must be notified without delay.

Investment Portfolios Available to Fund Members¹

Section 49/B

(1)² Pension funds may operate a system providing investment portfolios that can be chosen by the fund's members (hereinafter referred to as the "optional investment portfolio scheme"). It offers the fund's members the opportunity in the accumulation period to take whatever amount they choose from their individual retirement accounts and put it into the portfolios created by the fund. If a fund member did not choose any portfolio according to the rules and regulations specified in Subsection (3), the balance on his individual account shall be placed into a portfolio designated therein for this purpose.

(2) All portfolios in the system must comply with the regulations pertaining to fund investments and the manner in which they are managed.

¹ Enacted by Section 207 of Act CXIII of 2000, effective as of 1 January 2001.

² Established by Subsection (1) of Section 16 of Act CCXV of 2015, effective as of 1 January 2016.

➡(3)¹ The fund's general meeting shall have exclusive jurisdiction in approving decisions to introduce or terminate the optional investment portfolio scheme, including reinstatement after suspension and in the matter of approving the relevant rules and regulations. The decision on the suspension or modification of the optional investment portfolio scheme, and the decision for the approval of the amended rules and regulations shall fall within the exclusive jurisdiction of the fund's board of directors. By way of derogation from Subsection (5) of Section 24, the fund's board of directors shall not bring such decision without a meeting. The supervisory board shall be liable to examine in advance the proposal for the introduction, modification, suspension and reinstatement of the optional investment portfolio scheme after suspension, and also for its termination, and shall present an opinion in the general meeting or the meeting of the board of directors before making the decision to that effect.

(4) The rules and regulations referred to in Subsection (3) must contain:

a)² the number and the names of the portfolios offered as well as a description of the age and risk appetite of members to whom the fund offers a given portfolio,

b) the regulations pertaining to the introduction of a new portfolio and the termination of an existing one,

c) a detailed description of the operating costs of the system and the expenses entailed in switching from one portfolio to another,

d) detailed procedural regulations for the members and the fund concerning the operation of the system and switching between portfolios,

e) the content of and rules for information provided to members,

f) a description of the accounting, records and information technology support related to the operation of the system,

g) the regulations concerning the introduction, suspension and termination of the system.

(5)³ The fund that operates an optional investment portfolio system shall observe the provisions set out in specific other legislation when transferring securities between optional portfolios and contingencies.

(6)⁴ Where a fund operates an optional investment portfolio scheme, in the rules and regulations provided for in Subsection (3) the fund may provide for the option to transfer a certain amount from the member's individual account to another portfolio if so instructed by the member. Where a member decided to split the balance available on his individual account between two portfolios, future payments made to that member's benefit shall be divided in that same proportion determined by the member.

Section 49/C⁵

(1)⁶ The requests for switching between portfolios filed in the periods specified in the rules and regulations of the fund shall be summarized. All costs in connection with such requests shall be borne by the members concerned. The costs of switching portfolios, which are charged to the fund member, may not exceed 0.1 per cent of the balance available in the fund member's individual account, and may not be higher than 2,000 forints. The single premium for splitting the balance available in the fund member's individual account between the portfolios set up by the fund may not exceed 0.1 per cent of the balance available in the accounts involved, and may not be higher than 2,000 forints.

1 Established by Subsection (7) of Section 7 of Act CIX of 2023, effective as of 1 January 2024.

2 Established by Subsection (2) of Section 16 of Act CCXV of 2015, effective as of 1 January 2016.

3 Enacted: by Section 259 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

4 Enacted by Subsection (3) of Section 16 of Act CCXV of 2015, effective as of 1 January 2016.

5 Established: by Section 260 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

6 Established by Section 17 of Act CCXV of 2015, effective as of 1 January 2016.

(2) The costs of switching portfolios as specified in Subsection (1) shall be distributed among the members involved in accordance with Paragraph *d*) of Subsection (4) of Section 36.

(3) The members involved in the procedure of switching between portfolios shall be notified concerning the relevant charges broken down by transaction, in compliance with the obligation to disclose information to individual retirement account holders.

(4) The costs that are not directly related to an optional investment portfolio system shall be charged to the fund's operating reserve.

Section 49/D¹

(1) The Commission's authorization is required for introducing, operating and modifying an investment portfolio system. Any discontinuation or reinstitution of a system must be reported to the Commission.

➡(2)² The following must be enclosed with applications concerning the introduction and operation, reinstatement after suspension, and the modification of an investment portfolio system:

➡*a*) the rules and regulations or the amended rules and regulations with the amendments indicated;

➡*b*) the minutes of the general meeting of approval, or the minutes of the meeting of the board of directors of approval of the amended rules and regulations;

➡*c*) the investment policy related to said rules and regulations or the amended rules and regulations; and

➡*d*) the opinion of the supervisory board.

(3) The Commission may order the rules and regulations to be amended if

a) they are incomplete,

b) they are not in compliance with the relevant legal provisions,

c) the operating costs, the costs of switching between portfolios, the basis for deriving such costs, or the method of settling them violates the principles of prudent operation or the interests of the members,

d) they do not ensure the secure and reliable operation of the system,

e) operating the system endangers the members' savings.

(4)³

(5) The Commission shall revoke the license to operate an investment portfolio system if

a) the license holder operates the system in violation of either the relevant legal provisions or the rules and regulations,

b) the license holder is unable to ensure continuous and proper operation of the system,

c) operating the system endangers the members' savings,

d) the license holder, in compliance with Subsection (6), notifies the Commission of its intention to terminate the system.

(6) The notification specified in Paragraph *d*) of Subsection (5) shall specify the proposed date for terminating the system. The Commission shall revoke the license effective as of the date of termination. The minutes of the general meeting that resolves to terminate the system shall also be attached to the notification.

(7)⁴ In the investment portfolio system rules and regulations specified in Subsection (3) of Section 49/B, a fund may designate a type of portfolio comprised of assets that may vary at predetermined times or after a predetermined time period defined according to the portfolio's investment policy.

1 Enacted by Section 207 of Act CXIII of 2000, effective as of 1 January 2001.

2 Established by Subsection (8) of Section 7 of Act CIX of 2023, effective as of 1 January 2024.

3 Repealed by Section 59 of Act L of 2017, effective as of 1 January 2018.

4 Enacted: by Section 343 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

Accounting Unit Based Records Systems¹*Section 49/E²*

(1) The decision concerning the introduction of the accounting unit based records system lies with the pension fund's board of directors.

(2) The member shall receive a share from the profit realized in connection with the quantity of accounting units shown on his individual account and exhibited in changes in the redemption value of the accounting units, in the percentage the aggregate nominal value of his accounting units represent in the aggregate nominal value of all accounting units.

(3) Funds shall be liable to correct any error in the calculation of the redemption value of accounting units during the first session for determining the redemption value that follows the time when the error was discovered with retroactive effect to the time when the error has occurred. The correction shall comprise the repair of the erroneous redemption value so as to show the appropriate value for each day when the redemption value was computed and that is affected by the error in question.

(4) Where any redemption took place at the erroneous redemption value, the persons affected shall be compensated for the difference between the erroneous and the correct redemption value within not more than thirty days, except if:

a) the difference in redemption value for a single accounting unit stemming from the calculation error is less than 0.1 per cent of the proper redemption value of the accounting unit, or if less than the value specified in the accounting unit operating protocol if it is less than 0.1 per cent;

b) the amount of compensation payable for the difference between the erroneous and the correct redemption value is less than one thousand forints per person, or if less than the amount specified in the accounting unit operating protocol if it is less than one thousand forints;

c) the difference should be repaid by the persons affected to the fund, however, if the fund's accounting unit operating protocol contains provisions to waive any claim it may have in connection with any difference in redemption values in the process of redemption of accounting units, and shows the resulting losses under operating or liquidity reserve.

(5) The date of switching over to the accounting unit based records system shall be determined by the board of directors of the fund. The date of transition must fall on the last day of the quarter. On the day of transition each forint shown on the individual accounts of all fund members shall be converted into one accounting unit. Fractions of forints shall be converted up to two decimals and shown as accounting unit fractions. The difference between the market value of the safety reserve portfolio and the market value of the funds available on the fund members' individual accounts (deposits credited to the individual account by the day of transition from which to finance services, dividends and valuation margin) prevailing on the day of transition shall be credited to the members' individual accounts at the current redemption value following the distribution of earnings.

Regulations on Supplementary Mutual Aid Funds

Section 50³

1 Enacted: by Section 261 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

2 Enacted: by Section 261 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

3 Established: by Section 181 of Act LXI of 2006. In force: as of 1. 01. 2007.

(1) Mutual aid funds may provide individual services and collective services. The fund shall charge individual services to the individual account of the member affected, and shall charge collective services to the benefit reserves which comprise a part of safety reserves. The fund may set up one or more benefit reserves financed from the individual accounts of the fund's members.

(2)¹ Membership payments, employers' contributions, grants and donations may not be allocated within 180 days of the date of payment to finance individual services, other than the services provided within the framework of mutual health care aid and other than the services referred to in Subsection (2) of Section 50/B.

(3) In mutual aid funds, the amount of compulsory membership fees, the value of services and the reserve requirements shall be calculated annually. The potential value of services and the reserve requirements shall be determined on the basis of the composition of the services the fund offers and the percentage of membership contributions to be spent on services.

(4) The mutual aid funds providing periodic annuity services shall lay down the rules in their bylaws regarding entitlement to annuity, the conditions for paying annuities, the transferability of claims, and the financial and business management rules of annuity services.

(5) Where a fund provides collective services, the bylaws shall contain provisions concerning eligibility for the various collective services, instructions for the creation of reserves for the various services, the amount of and cover for such reserves and the manner in which they can be appropriated; and it shall lay down the rules for transferring funds from the reserve account to individual accounts to accommodate any changes in the scope of collective services.

(6)² Fund members shall have the option, in accordance with the instructions laid down in the bylaws of the mutual aid fund, to tie up a specific part of the balance available on their individual account for a period of two years. Tying up funds in accordance with the above shall constitute the fund member's agreement to refrain from using the tied up funds during the two-year period for financing fund services.

Section 50/A³

Mutual aid funds may engage in providing supplementary mutual aid services and life-improvement mutual aid services to fund members, and their close relatives when so instructed by the fund members.

Supplementary Mutual Assistance Services Provided by Mutual Aid Funds⁴

Section 50/B⁵

(1) Mutual aid funds shall be authorized to provide the following supplementary mutual assistance services:

1 Amended: by subparagraph d) Section 230 of Act LXXXI of 2008. In force: as of 01. 01. 2009.

2 Enacted: by Section 153 of Act LXXXI of 2008. In force: as of 01. 01. 2009.

3 Enacted: by Section 181 of Act LXI of 2006. In force: as of 1. 06. 2007. Amended: by Section 421 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

4 Enacted: by Section 262 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

5 Enacted: by Section 262 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

a)¹ 'benefits provided upon the birth of a child' shall mean benefits that the fund may provide to the natural or adoptive parent of the child, or to the guardian. Benefits provided upon the birth of a child may be claimed during the period of pregnancy from the 91st day of conception until the time of birth, at the time the child is born or adopted, and if drawing infant care benefits, adoption allowance, child-care benefits, child-care assistance benefits or child-rearing allowance;

b) 'unemployment related benefits' shall mean benefits the fund may provide to persons without gainful employment, who are not eligible for pension benefits;

c) 'aid provided in connection with fire damage and natural disasters' shall mean benefits the fund may provide in connection with the occurrence of a fire or damages from natural causes as specified in Act LX of 2003 on Insurance Institutions and the Insurance Business;

d) 'aid provided in connection with sickness and health conditions' shall mean benefits the fund may provide supplementing part or all of the income of a fund member lost due to being incapacitated according to Section 44 of Act LXXXIII of 1997 on the Services of the Compulsory Health Insurance System (hereinafter referred to as "HIS"), and to persons who suffered some degree of health impairment or whose capacity to work has diminished by definition of specific other legislation;

e) 'support to survivors in the case of death' shall mean benefits the fund may provide in the event of the death of a fund member or his/her close relative to the survivors;

f)²

g)³ 'aid for entering an educational course, and school aid' shall mean benefits the fund may provide to children, students provided for in the Public Education Act, and/or to students, and/or persons undertaking training provided for in the Act on Vocational Training by way of the person - as being eligible for family allowance under the Act on Family Allowances and Family Benefits, - including family benefits in any other Member State on the basis of European Union regulation on the coordination of social security systems and the implementing regulations - in the form of compensation for books, school supplies and clothing purchased by this person, as well as compensation provided for the costs of education (tuition, expense reimbursement, student hostel charges or rental fees) paid in respect of a natural person under the age of twenty-five attending under a student relationship a State-recognized Hungarian institution of higher education listed in Annex 1 to the Act on the National Higher Education System, where the amount of school aid provided for a year for a person per child may not be higher than the monthly minimum wage prevailing on the first day of the year;

h) 'financial support for the purchase of medicines and medical aids';

i)⁴ 'support for public utilities' shall mean assistance provided to fund members recognized as vulnerable customers under Act XL of 2008 on Natural Gas and Act LXXXVI of 2007 on Electric Energy for the payment of consideration for public utilities, such as electricity, gas, drinking water, waste water. The amount to be allocated for public utility charges in a given month shall be limited to 15 per cent of the prevailing monthly minimum wage in effect on the first day of the year;

1 Established by Section 344 of Act CLXXVIII of 2012. Amended by Paragraph c) of Section 123 of Act CXI of 2014, Subsection (2) of Section 62 of Act CCXXIII of 2015, Subsection (2) of Section 32 of Act CXVII of 2018.

2 Repealed: by subparagraph c) paragraph (3) Section 3 of Act IX of 2008. No longer in force: as of 01. 04. 2008.

3 Established by Section 8 of Act XXXIX of 2023, effective as of 1 September 2023.

4 Enacted: by Section 346 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

j)¹ 'assistance for the repayment of home mortgage loan', meaning support that the fund can pay to the fund member based on a document made available by the credit institution on the repayment of the loan made by the fund member, if the fund member requested such assistance. The fund may pay the assistance directly to the lending credit institution as well. The amount to be allocated for the repayment of a home mortgage loan in a given month shall be limited to 15 per cent of the prevailing monthly minimum wage in effect on the first day of the given year;

k)² 'home care' shall mean a service provided to a fund member or his/her close relative by a service provider authorized by the competent local government;

l)³ 'support for caring for the elderly' shall mean assistance provided to a fund member or his/her close relative, for the daily or monthly fee for placement in a home or institution providing care.

(2) Mutual aid funds may also provide the services specified in Paragraphs f)-g) of Subsection (1) of Section 51/B as supplementary mutual assistance services.

Life-Improvement Mutual Aid Services Provided by Mutual Aid Funds⁴

Section 50/C⁵

Mutual aid funds may provide the services defined in Paragraph e) of Section 51/C as life-improvement mutual aid services.

Access to the Services of Mutual Aid Funds⁶

Section 50/D⁷

(1) With the exceptions set out in Subsection (2), mutual aid funds are authorized to provide services only in the form of collective services as specified in Subsection (1) of Section 50.

(2) Of the services specified under Sections 50/B-50/C, mutual aid funds may provide the ones listed below in the form of individual services as specified in Subsection (1) of Section 50:

a) from the benefits specified in Paragraph a) of Subsection (1) of Section 50/B:

aa)⁸ support provided during the period of pregnancy from the 91st day of conception (verified by doctor) until the time of birth, for the justified expenses of medical care connected to pregnancy, one-off support of a specific amount provided from the 91st day of conception until the time of birth, or upon the adoption of a child;

ab)⁹ infant care benefits, adoption allowance and child-care benefit supplement, provided during the period of drawing such benefits, up to the amount on which the benefits are based;

ac)¹⁰ child-care assistance benefits and child-rearing allowance supplement, provided during the period of drawing such allowances, up to the amount of the underlying allowances;

1 Established by Section 14 of Act LIII of 2016, effective as of 1 July 2016.

2 Enacted: by Section 346 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

3 Enacted: by Section 346 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

4 Enacted: by Section 262 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

5 Enacted: by Section 262 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

6 Enacted: by Section 262 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

7 Enacted: by Section 262 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

8 Established: by Section 347 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

9 Amended by Paragraph d) of Section 123 of Act CXI of 2014, Subsection (2) of Section 32 of Act CXVII of 2018.

10 Amended by Subsection (2) of Section 62 of Act CCXXIII of 2015.

*b)*¹ from the benefits specified in Paragraph *b)* of Subsection (1) of Section 50/B, supplement to the job-seekers' benefits and pre-pension job-seekers' allowances specified in Act IV of 1991 on Job Assistance and Unemployment Benefits, provided during the period of drawing such benefits, up to the amount on which they are based;

*c)*² from the benefits specified in Paragraph *d)* of Subsection (1) of Section 50/B:

ca) supplement to sick-pay, sick-pay for accident-related injuries, accident compensation and benefits provided to workers with disabilities provided during the period of drawing such benefits, up to the amount on which they are based;

cb) supplement to occupational hazard allowance for mine workers and miners' occupational hazard allowance, provided during the period of drawing such benefits, up to the amount on which they are based;

*cc)*³ supplement to disability allowance, child home care benefits, nursing allowance provided during the period of drawing such allowances, up to the amount of the allowances;

d) from the benefits specified in Paragraph *e)* of Subsection (1) of Section 50/B, financial support in connection with funeral costs, as substantiated;

*e)*⁴

f) the aids specified in Paragraph *g)* of Subsection (1) of Section 50/B;

g) the support specified in Paragraph *h)* of Subsection (1) of Section 50/B;

h) the services referred to in Subsection (2) of Section 50/B;

i) the services specified in Section 50/C;

*j)*⁵ support for the services specified in Paragraph *k)* of Subsection (1) of Section 50/B, for the duration of home care, the care allowance verified, at most up to the amount of the social projection base;

*k)*⁶ support for the services specified in Paragraph *l)* of Subsection (1) of Section 50/B, for the duration of placement in an institution, the daily or monthly fee verified, not exceeding the amount of the social projection base, and/or one-thirtieth of the social projection base if daily rate is applied;

*l)*⁷ the services specified in Paragraphs *i)* and *j)* of Subsection (1) of Section 50/B.

Section 50/E⁸

(1) Funds may provide the aforesaid services solely upon the written request of the eligible fund members:

a) upon the occurrence of the underlying event, or

b) under the status underlying the services to which they pertain.

(2) Requests for services shall be submitted to the fund within 120 days of the time of occurrence of the underlying event or status, or of the time of receipt of the document provided in proof of eligibility. Use of the fund membership card shall be treated as a notified request.

1 Amended by Section 44 of Act LXXIV of 2022.

2 Established: by Section 72 of Act CXCI of 2011. In force: as of 1. 01. 2012.

3 Amended by Subsection (1) of Section 32 of Act CXVII of 2018.

4 Repealed: by subparagraph d) paragraph (3) Section 3 of Act IX of 2008. No longer in force: as of 01. 04. 2008.

5 Enacted by Section 348 of Act CLXXVIII of 2012. Amended by Paragraph a) of Section 17 of Act L of 2022.

6 Enacted by Section 348 of Act CLXXVIII of 2012. Amended by Paragraph b) of Section 17 of Act L of 2022.

7 Enacted by Section 19 of Act CCXV of 2015, effective as of 1 January 2016.

8 Enacted: by Section 262 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

(3)¹ The aid referred to in Paragraph *g*) of Subsection (1) of Section 50/B may be provided based on an invoice (simplified invoice, receipt, electronic document) issued and paid fifteen days before and fifteen days after the first day of the school year, or issued any time during the year in the case of services provided for in Paragraphs *i*) and *j*) of Subsection (1) of Section 50/B. The content requirements for the invoice, simplified invoice, receipt, electronic document are laid down in the relevant government decree. Prior to claiming the benefits specified in Paragraph *i*) of Subsection (1) of Section 50/B, the fund member affected shall evidence to the fund of being treated as a vulnerable customer under Act XL of 2008 on Natural Gas or Act LXXXVI of 2007 on Electric Energy.

(4) The bylaws of funds shall contain provisions to specify the time limit in days from the time of receipt of a request for services within which the fund is to provide the service in question, or to commence the payment of benefits.

(5) Eligible fund members shall notify the fund concerning the termination of their eligibility for a service that was based on a non-permanent condition within thirty days following the time of termination of eligibility or upon receipt of a document evidencing the cessation of eligibility. If eligibility ceases during the period of drawing regular (annuity-type) benefits, the fund shall cease making payments of such benefits within thirty days following the time of notification of the termination of eligibility.

(6) Compliance with the necessary conditions shall be verified at the time the service is requested, or previously. The document underlying eligibility for services shall be retained by the mutual aid funds for a period of eight years from the date of payment of the benefits in question.

(7)² Prior to claiming the benefits specified in Paragraph *j*) of Subsection (1) of Section 50/B, the fund member affected shall present to the fund the relevant contract for the home mortgage loan, and a statement from the credit institution showing the amount of the last three months' installment payments, or copies of these documents.

Regulations on Supplementary Health Funds

Section 513

(1) A health fund may organize its service by itself or may hire a service organization institution to do so.

(2) A fund may perform service organization activities - as part of its auxiliary business activities - for members of other funds as well as other private individuals and institutions.

(3) A health fund may provide in-kind benefits only through a health fund service provider.

(4)⁴ The costs of the various services shall be covered, as instructed in the bylaws, from the individual health fund account of the fund member to whom the services are provided, or shall be charged equally to the individual accounts of several fund members. Where a fund provides services that are covered equally from the individual health accounts of several fund members, the bylaws shall contain instructions for the creation of reserves for the various services within the safety reserve, the amount of such reserves and the manner in which they can be appropriated; and it shall lay down the rules for charging the common services to the individual accounts uniformly and proportionately.

1 Established: by Section 349 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

2 Established by Section 20 of Act CCXV of 2015. Amended by Paragraph b) of Section 6 of Act LXIX of 2022.

3 Established: by Section 181 of Act XCI of 2003. In force: as of 01. 01. 2004.

4 Established: by Section 182 of Act LXI of 2006. In force: as of 1. 01. 2007.

(5)¹ Fund members shall have the option, in accordance with the instructions laid down in the bylaws of the health fund, to tie up a specific part of the balance available on their individual health fund account for a period of two years. Tying up funds in accordance with the above shall constitute the fund member's agreement to refrain from using the tied up funds during the two-year period for financing fund services.

(6)² The health fund and/or health and mutual aid fund shall credit to the safety reserve at least 90 per cent of the payments made by a member or employer member. Funds may derogate from this provision in connection with the first two payments following the date of admission of a new member subject to the provisions laid down in specific other legislation. Where a health fund and/or health and mutual aid fund that provides services that are covered equally from the individual health fund and/or health and mutual aid fund accounts of several fund members, it shall credit to the safety reserve at least 70 per cent of the payments made by a member or employer member.

(7)³ When transferring from a health fund into a health and mutual aid fund the transferring fund shall provide information to the receiving fund about the balance available on the transferring member's individual health fund account broken down according to the time of payment.

(8)⁴ In the information referred to in Subsection (7) the transferring fund shall itemize the member's balance specifying the sums received more than one hundred and eighty days previously under the titles of membership payments, employers' contributions, grants and donations, and shall indicate the sums and the dates of deposits made within one hundred and eighty days, as well as withdrawals made from the individual account within one hundred and eighty days, furthermore, the sums paid in the calendar year from the annual amount limit for mutual assistance services.

Section 51/A⁵

(1) Health funds may engage in providing auxiliary health insurance services and life-improvement health fund services to fund members, or to their close relatives where so instructed by the fund members.

(2) As regards the provision of the service mentioned in Paragraph *m*) of Subsection (1) of Section 51/B, at the time of conclusion of the health insurance contract, the fund member, or the fund acting on his behalf, may proceed as per the following:

a) the beneficiary of health insurance may be the fund member or his close relative; and

b) any and all payment made by the insurance company in connection with health insurance shall be made to the fund member's health fund account, or to a benefit account of the fund designated for this purpose.

Auxiliary Health Insurance Services Provided by Health Funds⁶

Section 51/B⁷

1 Amended: by subparagraph c) Section 71 of Act XXVII of 2004. In force: as of 1. 05. 2004.

2 Enacted by Section 21 of Act CCXV of 2015. Amended by Paragraph j) of Section 18 of Act LIII of 2016.

3 Enacted by Section 15 of Act LIII of 2016, effective as of 1 July 2016.

4 Enacted by Section 15 of Act LIII of 2016, effective as of 1 July 2016.

5 Established: by paragraph (1) Section 351 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

6 Enacted: by Section 263 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

7 Enacted: by Section 263 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

(1) Health funds shall be authorized to provide the following auxiliary health insurance services, from the services which are not subsidized by the health insurance administration agency, or subsidized partially only:¹

a) 'health services' shall mean services provided in addition to or in place of the healthcare services available within the framework of social security benefits under contract with a health service provider;

b)²

c) 'home care' shall mean a service provided to a fund member or his/her close relative by a service provider authorized by the competent local government;

d) 'support for curative gymnastics, curative massage and physiotherapy';

e)³

f) 'support provided in connection with special aids designed to assist the visually impaired' shall mean financial support provided for the purchase of Braille books and magazines and in connection with the costs of guide-dogs, and also for the purchase of sound books and electronic books to blind fund members or the blind close relatives of fund members;

g) 'life improvement service' shall mean financial support provided for the purchase of special aids designed to assist handicapped people and the mentally impaired, and to finance improvement works to rearrange their living environment to accommodate their special needs (such as support bars, handles, doors, exits, wide corridors, hoists and similar lifting devices);

h) 'support for treatment for quitting pathological addictions' shall mean services available at health service providers, or as a service provided under Paragraph a) of Section 51/C;

i) 'financial support for the purchase of medicines and medical aids';

j) 'lump-sum auxiliary health insurance services' shall mean financial support provided to persons with no income to cover the whole or part of the income lost due to being incapacitated according to Section 44 of the HIS, and to persons whose capacity to work has diminished;

k) 'support to survivors' in the case of the death of a fund member;

l)⁴ support provided for the purchase of gluten-free special foods registered by the government body in charge of the healthcare system.

m)⁵ payment of the fees charged by health insurance (sickness insurance) funds financing the services.

n)⁶

(2)⁷

Life-Improvement Health Fund Services Provided by Health Funds⁸

Section 51/C⁹

Health funds are authorized to provide the following life-improvement health fund services:

1 Amended by Paragraph e) of Section 123 of Act CXI of 2014.

2 Repealed: by subparagraph e) paragraph (3) Section 3 of Act IX of 2008. No longer in force: as of 01. 04. 2008.

3 Repealed: by point 1 paragraph (4) Section 380 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

4 Established by paragraph (2) Section 351 of Act CLXXVIII of 2012. Amended by Paragraph f) of Section 123 of Act CXI of 2014.

5 Established: by paragraph (3) Section 351 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

6 Repealed: by point 1 paragraph (4) Section 380 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

7 Repealed: by point 1 paragraph (4) Section 380 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

8 Enacted: by Section 263 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

9 Enacted: by Section 263 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

a) 'holistic medical services' shall mean support available for services, other than those mentioned in Subsection (1) of Section 51/B, provided by the service providers defined in the legal regulation on the activities of practitioners of alternative medicine subject to their compliance with the conditions laid down therein;

b)¹

c) 'financial support for the purchase of sports goods' shall mean support for the purchase or rental of sports goods designed for intense workouts (including the auxiliary and protective equipment, wrist bands, elbow and knee supports, helmets);

d)²

e) financial support for the purchases of herb teas and dental hygiene products.

Section 51/D³

(1) With the exceptions set out in Subsections (2)-(3), the decision for using the services specified under Sections 51/B-51/C lies with the fund members.

(2)⁴ Of the services described in Point 7 of Paragraph *g*) of Subsection (6) of Section 2, financial aid for the purchase of hearing aids and optical devices for sight improvement (provided that no social security subsidies are available and no prescription is required to purchase the product in question), and for the services described in Paragraph *c*) of Subsection (1) of Section 51/B are provided only if recommended by a doctor, or by a qualified and authorized optometrist for the purchase of optical devices for sight improvement.

(3) The services referred to in Paragraph *f*)-*g*) of Subsection (1) of Section 51/B may be claimed only in possession of an official certificate verifying proper justification.

Section 51/E⁵

(1) The services provided by health funds shall be recognized as preventive services in accordance with the provisions of Subsections (2)-(7).

(2) The medical check-ups performed by health service providers under contract with funds for carrying out screening tests and medical check-ups, which are used to set up personalized health-care plans, are recognized as preventive services.

(3) The personalized health-care plan is prepared by a specialist doctor of the health service provider contracted to perform medical check-ups. The personalized health-care plan shall *inter alia* contain the following:

a) summary of the questionnaire designed to determine the complaints and the condition of the patient;

b) results of the basic screening tests as specified in the fund's bylaws;

c) results of additional tests recommended consistent with the results of the tests referred to in Paragraphs *a*) and *b*) by the doctor who conducted the original medical check-up;

d) an overview of the tests referred to in Paragraphs *a*)-*c*);

e) any recommendation for additional tests and examinations in accordance with Paragraph *d*), or for treatment where applicable;

f) recommendations prepared according to Paragraph *d*) for a healthier life, including

1. nutritional concepts,
2. sports activities, if any,
3. medical services, if any,

1 Repealed: by point 2 paragraph (4) Section 380 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

2 Repealed: by point 2 paragraph (4) Section 380 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

3 Enacted: by Section 263 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

4 Amended: by point 1 paragraph (3) Section 380 of Act CLVI of 2011. In force: as of 1. 01. 2012.

5 Enacted: by Section 263 of Act CXXVI of 2007. In force: as of 01. 01. 2008.

4.1 recommendation of any of the treatment referred to in Paragraph *h*) of Subsection (1) of Section 51/B.

(4)² Of the services recommended in the personalized health-care plan, which are available at the doctor's orders for better health and for preventing diseases, the services listed under Paragraph *d*) of Subsection (1) of Section 51/B are recognized as preventive services.

(5) Preventive services shall include the screening tests aiming for the early diagnosis of diseases, attended at doctor's orders in accordance with Paragraph *a*) of Subsection (1) of Section 51/B, including the tests which are not subsidized by the health insurance administration agency, conducted by a duly authorized specialist doctor, such as:³

- a*) cervical cancer screening;
- b*) breast cancer screening;
- c*) colon cancer screening;
- d*) prostate cancer screening;
- e*) screening for locomotor disorders;
- f*) AIDS test;
- g*) test for the early detection of mental disorders;
- h*) dental examination.

(6)⁴ If justified based on the personalized health-care plan referred to in Subsection (2), the services described in Paragraph *h*) of Subsection (1) of Section 51/B shall also be recognized as preventive services.

(7) The services referred to in Subsections (2), (4) and (6) shall be recognized as preventive services only if the fund member affected verifies his/her understanding and acceptance of the recommendation specified in Paragraph *f*) of Subsection (3), and his/her willingness to participate in the implementation process by his/her signature and - as regards the services described in Subsections (4) and (6) - the personalized health-care plan referred to in Subsection (2) was prepared inside of a two-year period before the services are in fact provided.

Chapter V

ALLIANCE OF FUNDS

Section 52

(1) The funds may establish an alliance to represent their interests and achieve their common objectives.

(2)⁵ The alliance is an association that shall operate as a legal entity.

(3) The alliance may issue professional recommendations concerning the operation of the funds.

(4) The funds may set up a guarantee fund under the alliance in the interest of ensuring their solvency and of the security of their services, and may set up a general fund for eliminating the differences in the levels and spheres of services, facilitating transfers between funds, and fulfilling any further responsibilities and performing any additional duties as defined in this Act.

(5) The agreement of the funds concerned shall apply to the operation of the guarantee fund and the general fund.

1 Amended: by point 3 paragraph (4) Section 380 of Act CLVI of 2011. In force: as of 1. 01. 2012.

2 Amended: by point 2 paragraph (3) Section 380 of Act CLVI of 2011. In force: as of 1. 01. 2012.

3 Amended by Paragraph *g*) of Section 123 of Act CXI of 2014.

4 Amended: by point 3 paragraph (4) Section 380 of Act CLVI of 2011. In force: as of 1. 01. 2012.

5 Amended: by subparagraph *a*) Section 96 of Act CLXXV of 2011. In force: as of 22. 12. 2011.

Chapter VI

SUPERVISION OF FUNDS

Section 53¹

Section 54-55²

Section 56³

Section 57⁴

Section 58⁵

(1)⁶

(2) While exercising its rights, the Commission shall not compel a fund to carry out financial management other than what has been approved in the fund's bylaws and financial plan, unless the fund is temporarily or permanently insolvent.

Section 59⁷

The Commission's authorization shall be obtained:

a) for the commencement of a fund's operation;

b)⁸

c) for the temporary suspension of admission of members and for discontinuation of operations;

d) for engaging in auxiliary business activities;

e)⁹ for the transformation of a fund;

f)¹⁰ for the closure of the fund's activity;

g)¹¹ for employing a real estate appraiser;

h)¹² for operating a optional investment portfolio scheme and for the modification thereof.

1 Repealed: by subparagraph a) Section 8 of Act CXLIII of 2013. No longer in force: as of 1. 10. 2013.

2 Repealed by Subsection (7) of Section 125 of Act LXXXII of 1997, effective as of 1 September 1997.

3 Repealed: by subparagraph a) paragraph (1) Section 58 of Act CXXXV of 2007. No longer in force: as of 01. 12. 2007.

4 Repealed by Subsection (7) of Section 125 of Act LXXXII of 1997, effective as of 1 September 1997.

5 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

6 Repealed: by subparagraph a) paragraph (1) Section 58 of Act CXXXV of 2007. No longer in force: as of 01. 12. 2007.

7 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

8 Repealed: by subparagraph a) Section 209 of Act CXIX of 2005. No longer in force: as of 01. 01. 2006.

9 Enacted by Section 22 of Act CCXV of 2015, effective as of 1 January 2016.

10 Enacted by Section 22 of Act CCXV of 2015, effective as of 1 January 2016.

11 Enacted by Section 22 of Act CCXV of 2015, effective as of 1 January 2016.

12 Enacted by Section 22 of Act CCXV of 2015, effective as of 1 January 2016.

*Sections 59/A-B¹**Section 59/C²*

(1) The Commission shall permanently make the following documents and data of the funds available to anyone interested, free of charge:

- a) bylaws;
- b) minutes of general meetings;
- c) registered office, fixed establishment(s), branch(es), satellite office(s);
- d) tax number;
- e) number of members of the fund as indicated in the quarterly reports, assets (market value of investments at the end of the quarter);
- f) names of executive officers;
- g) name and address of the auditor;
- h) annual reports.

(2) The Commission shall be authorized to process the following personal data of executive officers, employees the fund is required to employ and other representatives, and natural person service providers for the purpose of overseeing the activities of financial organizations:

- a)³ natural identification data;
- b)-c)⁴
- d) address (place of residence);
- e) qualifications, education and professional experience;
- f) evidence of having no prior criminal record;
- g) position filled.

(3) The fund or the person affected shall provide the information listed under Subsection (2) to the Commission when requested by the Commission.

Section 59/D⁵

Funds shall make out their applications for authorizations and shall file the notifications of data pertaining to the fund and the fund's executive officers, the managing director, employees the fund is required to employ and other representatives, and the auditor and service providers subject to the formal requirements prescribed by the Commission.

*Operating License**Section 60⁶*

The activity defined in Subsection (1) of Section 10 of this Act may only be pursued if authorized by the Commission.

1 Repealed: by subparagraph n) Section 35 of Act CXIII of 2005. No longer in force: as of 01. 11. 2005.

2 Enacted: by Section 258 of Act CI of 2004. In force: as of 1. 01. 2005.

3 Amended: by Section 82 of Act LVI of 2009. In force: as of 1. 10. 2009.

4 Repealed: by Section 83 of Act LVI of 2009. No longer in force: as of 1. 10. 2009.

5 Enacted: by Section 258 of Act CI of 2004. In force: as of 1. 01. 2005. Amended: by subparagraph a) Section 210 of Act CXIX of 2005. In force: as of 01. 01. 2006.

6 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

*Section 61*¹

The Commission shall issue separate operating licenses for each organization in accordance with Subsection (2) of Section 10.

Section 62

(1)² Funds shall apply for an operating license from the Commission within 60 days of the date on which they submit their application for court registration.

(2) The application shall contain

a) the place and date of the inaugural meeting and the number of persons participating;

b) the number of members on the date on which the application is submitted;

c) the proposed principles of fund raising;

(3)³

(4) The application shall have the following appendices:

a) the initial financial plan and the bylaws adopted by the inaugural general meeting;

b) the minutes and attendance sheet of the inaugural meeting;

c)⁴ proof of the fund's tax number and current account;

d) if any part of the administrative or investment operations is outsourced, the relevant contract;

e)⁵

f)⁶ the contracts, if any, concluded between the health funds and the health insurance administration agency or local government (local governments);

g)⁷ the contracts, if any, concluded between pension funds and the central pension insurance agency;

h) the document proving that the application for court registration has been submitted.

(5) The initial financial management plan shall contain

a) an itemized list of the fund's assets as of the date of foundation, with values indicated, and the manner in which these assets are divided among the various sub-funds;

b)⁸ forecast of costs and expenses, broken down per type and amount, for the period before the operating license becomes definitive, and their proposed cover;

c)⁹ the fund's financial plan.

(6)¹⁰ Apart from what is stipulated in Subsection (5), the initial financial plan shall contain all of the data and conditions considered necessary by the fund's board of directors or prescribed by the Commission for performing the services undertaken in the fund's bylaws, ensuring the long-term viability of the fund and its viability vis-à-vis the planned number of members as well as for fulfilling the commitments undertaken with regard to the members.

1 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

2 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

3 Repealed by Subsection (1) of Section 16 of Act XV of 1996, effective as of 13 April 1996.

4 Amended: by Section 84 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

5 Repealed: by paragraph (1) Section 226 of Act XCI of 2003. No longer in force: as of 01. 01. 2004.

6 Established by Section 17 of Act XXXIX of 1998, effective as of 23 July 1998. Amended: subparagraph q) paragraph (6) Section 79 of Act CIX of 2006. In force: as of 01. 01. 2007.

7 Established by Section 17 of Act XXXIX of 1998. Amended subparagraph q) paragraph (6) Section 79 of Act CIX of 2006, Section 23 of Act CIV of 2016.

8 Amended by Paragraph g) of Section 58 of Act L of 2017.

9 Established by Section 23 of Act CCXV of 2015, effective as of 1 January 2016.

10 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

*Section 63¹**Section 64*

(1) Funds are required to meet the following criteria regarding facilities, equipment and personnel:

a)² all funds, regardless of the type of services they provide, must have sufficient office space, a tax number, an appropriate name, and at least one employee who is professionally qualified as a chartered accountant if they do not outsource their administrative operations;

b)³ pension funds must have a designated investment manager or a valid contract with a service provider, whether an organization or an enterprise, that is authorized to manage the investments and reserves of funds;

c)⁴ mutual aid funds providing collective services and funds providing annuities must have an appointed actuary (insurance mathematician).

(2) Several funds may collectively employ experts and administrators for duties of identical nature.

(3)⁵ Funds may only employ experts with clean criminal records. In justified cases, the Commission may lodge an objection against the employment of experts.

(4)⁶ Funds shall notify the Commission using the prescribed form regarding any changes in the personnel and material conditions defined in Subsections (1)-(3), and any changes in the person of the custodian, the account manager, the service organizer, and the outsourcing service provider within five days of signing the relevant contract.

(5)⁷ The following requirements shall be satisfied for authorization for the taking up and pursuit of fund operations:

a) facilities for keeping accounting and other records in compliance with the relevant legislation;

b) continuous filing, data processing and data supply systems;

c) infrastructure, information technology, technical and security background, and premises suitable for carrying out the activities;

d) internal rules and regulations so as to ensure reliable and prudent operations;

e) information and control procedures and systems for reducing operating risks, and a plan for handling emergency situations; and

f) requirements relating to clear organizational structure.

(6)⁸ The business records and the control system shall be deemed appropriate if - above and beyond the provisions of the Accounting Act and other relevant legislation - they have facilities for managing the fund in a prudent and circumspect manner, they permit oversight of management by the Authority, and assist the fund in meeting its legal obligations.

Section 64/A⁹

1 Repealed: by subparagraph n) Section 35 of Act CXIII of 2005. No longer in force: as of 01. 11. 2005.

2 Amended by Point 2 of Section 12 of Act CXII of 2019.

3 Amended by Paragraph k) of Section 18 of Act LIII of 2016.

4 Established: by paragraph (1) Section 184 of Act LXI of 2006. In force: as of 1. 01. 2007.

5 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

6 Established: by paragraph (2) Section 184 of Act LXI of 2006. In force: as of 1. 01. 2007.
Amended: by paragraph (16) Section 2 of Act CLII of 2010. In force: as of 1. 01. 2011.

7 Enacted by Section 24 of Act CCXV of 2015, effective as of 1 January 2016.

8 Enacted by Section 24 of Act CCXV of 2015, effective as of 1 January 2016.

9 Enacted by Section 267 of Act XLII of 2002, effective as of 1 January 2003.

(1)¹ All funds must employ an auditor. The appointed auditor (auditing firm) must be registered, must have a valid auditor's license and must have a certificate to audit pension funds.

(2) A fund's auditor may not be a member of the fund, its managing director, a member of the board of directors or supervisory board, the auditor of the organization that manages the fund's assets or keeps records on the fund's financial management, a custodian of the fund, or a close relative of the auditor of the organization that manages the fund's assets or keeps its records or of the custodian of the fund.

(3) Auditing activities may also be carried out by a duly authorized organization or auditing firm. In this case, the provisions of Subsections (2) and (4) shall apply to the employees of the organization that carries out the auditing activities.

(4)² The auditor may be employed for a maximum term of five years, which may not be extended. The same auditor may be appointed once again to the same fund after two years following the end of the previous term.

(5)³ The auditor may inspect the books and records of the fund; request information from the members of the board of directors and the supervisory board and the employees of the fund; and examine the fund's reserves, contracts, current account and securities portfolio. The auditor may be present at meetings of the board of directors and the supervisory board and must be present at the general meetings.

(6)⁴ The auditor shall examine the reports specified in Paragraphs d)-e) of Subsection (1) of Section 23 submitted to the fund's general meeting in order to determine whether or not they contain accurate information and comply with the provisions of the legal regulations; the auditor shall disclose his opinion of such reports. In the absence of this, no resolution of the general meeting shall be considered valid. The auditor shall not be required to examine the documents approved by the inaugural meeting.

(7) If it comes to the auditor's attention that the fund's assets or safety reserves are expected to decline significantly, the auditor shall notify the supervisory board and the fund's board of directors, initiate the convocation of the fund's general meeting and report such fact to the Commission.

(8) If the board of directors does not convene the fund's general meeting within eight days of becoming cognizant of the situation, the auditor shall have the right to convene the general meeting. If the fund's general meeting fails to pass the necessary resolutions, the auditor shall notify the Commission and the court.

(9)⁵ In addition to what is contained in Subsection (6), the fund's auditor shall check the depositary records containing the fund's investments against the fund's analytical accounts. In the event of any discrepancies the auditor shall simultaneously inform the fund and the Authority concerning such derogation in writing, indicating also the investment assets affected.

(10)-(16)⁶

Supervisory Control⁷

Section 64/B⁸

1 Established: by Section 222 of Act LXXV of 2007. In force: as of 1. 01. 2008.

2 Amended: by Section 185 of Act LXI of 2006. In force: as of 1. 01. 2007.

3 Amended: by Section 84 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

4 Amended: by Section 160 of Act CXIX of 2005. In force: as of 01. 01. 2006.

5 Established by Section 25 of Act CCXV of 2015, effective as of 1 January 2016.

6 Repealed: by subparagraph d) paragraph (2) Section 227 of Act LXXV of 2007. No longer in force: as of 1. 01. 2008.

7 Enacted: by Section 185 of Act XCI of 2003. In force: as of 01. 01. 2004.

8 Repealed: by subparagraph n) Section 35 of Act CXIII of 2005. No longer in force: as of 01. 11. 2005.

Section 64/C¹

(1)² Pension funds shall supply the Commission with data and information on a regular basis and in special cases by virtue of law or a Commission resolution.

(2)³ The fund shall send the data underlying the proportionate differences in the volume, the type and form of services where the use of sex is a determining factor to the Authority and shall ensure that they are updated once a year.

(3)⁴ Funds and service providers are required to supply information to the Authority concerning their operations by way of the means and subject to the form, content and frequency requirements laid down in specific other legislation.

Section 64/D⁵

(1) Pension funds shall, when requested, provide the Commission with

a) the bylaws along with any amendments,

b) minutes of the general meeting with all attached documents,

c) copies of contracts concluded with the service providers listed in legal regulation and any amendments to these contracts,

d) documents verifying any changes in the personnel and material conditions referred to in Subsections (1)-(3) of Section 64.

*Sections 64/E-G⁶**Section 64/H⁷***Right of the Commission to Take Measures and Impose Penalties⁸***Section 65*

(1)-(2)⁹

(3)¹⁰ The Commission shall have powers to take any or all of the following measures in order to ensure fulfillment of the fund's obligations, protection of the interests of fund members, and compliance with the provisions of legal regulations pertaining to the fund's operation:

a)¹¹ issue a notice, and set the deadline if necessary, for the implementation of the provisions specified in this Act and in other legal regulations relating to the activities of funds, and to terminate the infringement;

b) require the submission of an action plan by a specific deadline and set a deadline for the execution of such action plan;

1 Enacted: by Section 185 of Act XCI of 2003. In force: as of 01. 01. 2004.

2 Numbering amended: by paragraph (2) Section 1 of Act CXXXVII of 2007. In force: as of 01. 12. 2007.

3 Enacted: by paragraph (2) Section 1 of Act CXXXVII of 2007. In force: as of 01. 12. 2007.

4 Enacted: by paragraph (5) Section 123 of Act CLVIII of 2010. In force: as of 1. 01. 2011.

5 Enacted: by Section 185 of Act XCI of 2003. In force: as of 01. 01. 2004.

6 Repealed: by subparagraph n) Section 35 of Act CXIII of 2005. No longer in force: as of 01. 11. 2005.

7 Repealed: by subparagraph a) paragraph (1) Section 58 of Act CXXXV of 2007. No longer in force: as of 01. 12. 2007.

8 Amended: by paragraph (1) Section 226 of Act XCI of 2003. In force: as of 01. 01. 2004.

9 Repealed: by paragraph (1) Section 226 of Act XCI of 2003. No longer in force: as of 01. 01. 2004.

10 Established by Subsection (24) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

11 Amended: by Section 164 of Act CXXXI of 2006. In force: as of 01. 01. 2007.

c) initiate the dismissal of any executive officer involved in a case of serious managerial or operational impropriety;
d) order the suspension of the admission of new members;
e) convene an extraordinary general meeting;
f) levy a fine;
g) revoke the license authorizing a fund's activity;
h) issue an order calling for the revision of the financial plan or the amendment of the bylaws;

i)¹ impose restrictions on the fund's activities;
j)² impose a ban on benefit payments;
k)³ suspend the operation of the fund;
l)⁴ appoint a regulatory commissioner;
m)⁵ initiate the liquidation of the fund in court;
n)⁶ warn the executive officer, managing director, deputy managing director in the case of any managerial or operational impropriety.

(4) The operating license granted to a fund may be revoked if

a)⁷ the fund fails to start operations within 180 days of the date on which the license becomes definitive or if the fund suspends operations without the approval of the Commission;

b) the fund has provided untrue information or made untrue statements in the license application;

c) the fund fails to meet the requirements specified in Section 64;

d)⁸ the fund:

da) seriously violates the provisions of regulations related to fund activities, or


db) does not comply with the resolutions of the Authority that are based on this Act, and, therefore, seriously jeopardizes the interests of fund members;

e) the fund is involved in activities other than those for which it is licensed.

f)⁹ the fund's membership drops below 15 members for any period of over 6 months.

(5)¹⁰ When a fund's operating permit is revoked, the Commission must take all of the necessary measures to protect the interests of the fund members and may limit and prohibit free access and disposal over the fund's assets.

(6)¹¹ The Commission shall have powers to restrict a fund's activities by prohibiting certain services from the fund's range of services if any one service fails to meet the requirements laid down by legal regulation. Apart from the service indicated in the Commission's resolution of restriction the fund may continue to provide its other services.

 (7)¹² Funds are required to publish on their website the operative part of any resolution the Authority has adopted against them under Subsection (3) for a period of five years from the date of delivery of the resolution. If a fund does not have a website, the obligation of publication may be satisfied also by means of posting at the main office.

1 Enacted by Subsection (1) of Section 268 of Act XLII of 2002, effective as of 1 January 2003.

2 Marking amended by Subsection (1) of Section 268 of Act XLII of 2002.

3 Marking amended by Subsection (1) of Section 268 of Act XLII of 2002.

4 Marking amended by Subsection (1) of Section 268 of Act XLII of 2002.

5 Marking amended by Subsection (1) of Section 268 of Act XLII of 2002.

6 Enacted by Section 26 of Act CCXV of 2015, effective as of 1 January 2016.

7 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000, Paragraph g) of Section 58 of Act L of 2017.

8 Established by Section 16 of Act LIII of 2016, effective as of 1 July 2016.

9 Enacted: by Section 161 of Act CXIX of 2005. In force: as of 01. 01. 2006.

10 Enacted by Subsection (2) of Section 268 of Act XLII of 2002, effective as of 1 January 2003.

11 Enacted: by Section 186 of Act XCI of 2003. In force: as of 01. 01. 2004.

12 Enacted by Section 1 of Act LXXXV of 2015, effective as of 7 July 2015.

(8)¹ Additionally, funds are allowed to publish the statement of the reasons for the resolution specified in Subsection (7). When releasing the statement of reasons, information branded privileged by confidentiality regulations relating to fund and trade secrets shall not be disclosed, however, the fund may decide to publish its own trade secrets at its own discretion.

Section 66²

Section 67³

Section 68⁴

(1) The Commission may take measures if a fund, in the course of its activities, deviates from the provisions set out in its bylaws, its approved financial plan, or the provisions of this Act and any complementary Government decrees and acts in a manner that endangers the liquidity of the fund.

(2) The Commission may

a)⁵ admonish the fund if the manner in which it conducts its financial affairs deviates from its approved financial plan or its bylaws or if it fails to meet the personnel and material requirements;

b)-c)⁶

d) prescribe the drafting of a new financial plan.

e)⁷

(3) In the case of a temporary disturbance in the operation of the fund (i.e., insolvency not exceeding 60 days), unprofessional conduct in management, or any conflict of interests; the Commission may initiate the following measures:

a) terminate the employment of the managers or other employees;

b) dismiss the officers;

c) require a new financial plan;

d) call an extraordinary general meeting.

Section 68/A⁸

(1) The Commission may order a ban on payments for a specific period of no more than 180 days if the pension fund severely or repeatedly violates the legal regulations governing the operations of funds or if it fails to comply with the Commission's measures and therefore jeopardizes the interests of the members and the security of the fund's assets. The Commission may prolong the ban on payments once, by a maximum of 180 days.

(2) While the payment ban is in force, no payments shall be made from the fund's current account or investment account, and no payment shall be made from the fund's cash reserves, with the exceptions set forth in Subsection (3).

1 Enacted by Section 1 of Act LXXXV of 2015, effective as of 7 July 2015.

2 Repealed: by subparagraph k) paragraph (5) Section 84 of Act CXLVIII of 2009. No longer in force: as of 1. 01. 2010.

3 Repealed: by subparagraph a) paragraph (1) Section 58 of Act CXXXV of 2007. No longer in force: as of 01. 12. 2007.

4 Amended on the basis of Subsection (6) of Section 281 of Act CXIII of 2000.

5 Established by Subsection (1) of Section 211 of Act CXIII of 2000, effective as of 1 January 2001.

6 Repealed: by subparagraph k) paragraph (5) Section 84 of Act CXLVIII of 2009. No longer in force: as of 1. 01. 2010.

7 Repealed by Paragraph b) 2 of Subsection (6) of Section 25 of Act LXXXIV of 2001, effective as of 1 January 2002.

8 Enacted by Subsection (28) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

(3) While the ban is in effect, certain payments may be effected with permission from the Commission; the permitted payments are those that are necessary in order to avoid any violation of the interests of fund members on account of the ban - such as payment of fund services, public utility charges, investment and incidental expenses - and those that are not injurious to the security of the fund's membership as a whole.

(4) Any claim made by a fund member in connection with transferring to another fund or closing his account shall be made after the payment ban has been lifted.

Section 68/B¹

(1) The Commission may suspend the license of a voluntary mutual insurance fund for a specified period of no more than 180 days if that fund severely or repeatedly violates the legal regulations governing fund operations or if it fails to comply with the Commission's measures and thereby jeopardizes the interests of the members and the security of the fund's assets. The Commission may extend the suspension of the fund once, by a maximum of 180 days.

(2) A voluntary mutual insurance fund under suspension shall not accept any new members and shall not accept membership contributions; with the exceptions set forth in Subsection (3), such fund cannot effect any payments and cannot make any investments.

(3)² The provisions on payment bans shall apply to any special payment made during the suspension period. While it is suspended, a voluntary mutual insurance fund shall obtain the prior consent of the Commission before it can make any new investment, and it must be made only in government papers issued by any State that is a party to the Agreement on the European Economic Area, or other securities that are guaranteed in full by the Hungarian government.

(4) Membership relationships and the obligation to pay dues shall also be suspended during the suspension period; this period, however, shall be included in the waiting period. Any contributions paid during the suspension period shall be returned by the financial institution at which the account is kept.

Section 68/C³

(1) The supervisory commissioner is appointed to restore the fund's operability. The fund shall conduct its affairs in this period according to the instructions of the supervisory commissioner appointed by the Authority.

(2) The fund's executive officers shall continue to bear responsibility until they receive the resolution ordering the appointment of a supervisory commissioner. During the period of the supervisory commissioner's tenure, the fund's executive officers shall not be entitled to exercise the duties and representation rights specified in this Act and the bylaws. These rights shall be exercised by the supervisory commissioner during the period of his tenure.

(3) By way of derogation from Subsection (2), the fund's executive officers shall have the right to seek remedy against the resolution ordering the appointment of a supervisory commissioner and against the Authority's resolution adopted vis-à-vis the fund during the period of the supervisory commissioner's appointment. In such proceedings for remedy the executive officer may represent the fund or may delegate powers upon others to provide representation.

(4) If it is not possible to assume control of the fund's affairs, the supervisory commissioner may request the assistance of a notary public or the police.

1 Enacted by Subsection (28) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

2 Amended: by paragraph (2) Section 320 of Act CI of 2004. In force: as of 1. 01. 2005.

3 Enacted by Section 27 of Act CCXV of 2015, effective as of 1 January 2016.

(5) The responsibilities of the supervisory commissioner shall be defined in the letter of authorization, and his powers and the duration of appointment shall be established at the time of appointment.

(6) The supervisory commissioner may be appointed for a maximum period of one hundred and eighty days, however, that period may be extended until a liquidator is appointed. In liquidation proceedings, the supervisory commissioner's tenure shall expire when the liquidator is appointed.

Section 69¹

(1) When a fund is exposed to an extreme emergency situation that jeopardizes the safety of savings or benefits, the Authority shall be entitled to take emergency measures in order to avoid liquidation and protect the interests of fund members. The following shall be construed as sufficient grounds for such measures:

a) when the fund is in a situation in which its ability to satisfy any of its obligations - particularly those related to financial, accounting, reporting or disclosure requirements - is at risk,

b) when an inspection reveals deficiencies in the fund's accounting or internal audit system to an extent where it is no longer possible to receive a true and fair view of its financial situation, or

c) if the fund's operation cannot be brought into compliance with its bylaws or the relevant regulations.

(2) As part of the emergency action plan, the Authority shall have powers to take the measures provided for in Section 65 to handle the situation.

Section 69/A²

The Commission may request the court to commence liquidation proceedings for a voluntary mutual insurance fund, if

a) either of the situations defined under Subsection (1) of Section 69 prevails despite emergency measures,

b) any serious irregularity in the fund's operations cannot be remedied otherwise,

c)³ the Commission has revoked the fund's operating permit or has rejected the fund's application for an operating permit,

d)⁴ the fund did not conclude the dissolution proceeding by the deadline specified in Subsection (7) of Section 45/A, or

e)⁵ the fund is not found at the address registered in the competent court.

Section 70⁶

(1)⁷ The Commission shall have powers to inspect the activities that service providers perform for funds. The proceedings of the Commission for the inspection of service providers shall be governed by the regulations on the oversight of funds, with the exception that comprehensive inspections may not be conducted.

(2) The Commission shall have powers to take the following measures concerning service providers:

1 Established by Section 17 of Act LIII of 2016, effective as of 1 July 2016.

2 Enacted by Section 213 of Act CXIII of 2000, effective as of 1 January 2001.

3 Enacted by Subsection (29) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

4 Enacted by Subsection (29) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

5 Enacted by Subsection (29) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

6 Established by Subsection (30) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

7 Established: by paragraph (2) Section 30 of Act CXIII of 2005. In force: as of 01. 11. 2005.

a) issue a citation to abide by the relevant legal regulations and the terms of the contract, and to take the measures that are necessary to protect the interest of fund members and ensure the security of the fund's assets, with a deadline specified if one is required;

b)¹

c) order the fund to amend or terminate its contract with the service provider if the service provider violates the law, is in breach of the contract concluded with the fund, or jeopardizes the interests of fund members or the security of the fund's assets; if the service provider does not have the personnel, material and professional background required to perform the services in question; or if there is reason to believe that the service provider is incompetent to perform the services in question.

(3) The powers of the Commission specified in Subsections (1) and (2) shall not affect its other duties and powers.

Proceedings in Connection with Any Infringement of the Regulations Relating to
Business-to-Consumer Commercial Practices²

Section 70/A³

In connection with any infringement of the provisions of this Act and other legislation adopted for the implementation of this Act, relating to business-to-consumer commercial practices and in particular to disclosure requirements, the authority specified in Act XLVII of 2008 on the Prohibition of Unfair Business-to-Consumer Commercial Practices (hereinafter referred to as "UCPA") shall have competence in accordance with the provisions contained therein, if the infringement concerns any consumer to whom the definition under Paragraph a) of Section 2 of the UCPA applies.

Chapter VII

CLOSING PROVISIONS

Section 71

This Act shall enter into force on the day on which it is promulgated.

Section 72

(1)⁴ The acquisition of assets as a result of reorganization or transformation by funds that have been created by the transformation of funds as well as by funds that have been reorganized as funds and are operating in the form of associations at the time this Act enters into force shall be exempt from duties.

(2) Any reference made in legal regulations to employees' pension funds and a separate Act relating to employees' pension funds shall be construed, respectively, as any type of supplementary fund established in accordance with this Act.

(3) A separate Act shall provide for the conditions of the operation of funds as recognized funds.

1 Repealed: by subparagraph k) paragraph (5) Section 84 of Act CXLVIII of 2009. No longer in force: as of 1. 01. 2010.

2 Enacted: by paragraph (3) Section 34 of Act XLVII of 2008. In force: as of 01. 09. 2008.

3 Established: by Section 4 of Act CXLVIII of 2009. In force: as of 1. 01. 2010.

4 Amended: by subparagraph b) Section 96 of Act CLXXV of 2011. In force: as of 22. 12. 2011.

Section 72/A¹

(1) The rights and obligations - stemming from membership - of the associations provided for in Subsections (1) and (2) of Section 445 of Act LXXXVIII of 2014 on the Business of Insurance (hereinafter referred to as "Insurance Act") relating to their activities other than insurance activities (hereinafter referred to as "health and mutual aid portfolio") may be transferred in their entirety - by decision of the supervisory commissioner - to a health and mutual aid fund provided for in Paragraph *d*) of Subsection (1) of Section 10 for the protection of the interests of members to whom such service is provided, if the authorization of the mutual association for the pursuit of insurance activities has been withdrawn.

(2) In the process of portfolio transfer the mutual association and the mutual aid fund shall enter into an agreement.

(3) As regards the transfer of a health and mutual aid portfolio, all rights and obligations accrued upon the mutual association under Subsection (1) of Section 445 of the Insurance Act with regard to the health and mutual aid portfolio shall be transferred to the receiving health and mutual aid fund with regard to the portfolio. The fund shall have entitlement to provide all services - including operating and management services provided by health and mutual aid funds relating to social institutions - that the mutual association provided within that scope of services.

(4) The association membership of members to whom services related to the health and mutual aid portfolio has been provided shall terminate upon the portfolio transfer, and they shall gain membership in the health and mutual aid fund. Members affected by the portfolio transfer shall be treated as if transferred from another fund.

(5) Upon the portfolio transfer assets connected to the health and mutual aid portfolio shall also be transferred to the health and mutual aid fund. The transfer of assets in connection with the portfolio transfer shall be exempt from taxes and duties.

(6) The Authority shall appoint a supervisory commissioner to ensure that the portfolio transfer is carried out successfully, or shall modify the letter of authorization of the supervisory commissioner without delay, if one has already been appointed.

(7) The supervisory commissioner shall invite the health and mutual aid funds provided for in Paragraph *d*) of Subsection (1) of Section 10 to make an offer with a view to executing the portfolio transfer. The notice referred to above shall contain a description of the portfolio to be transferred and the size of the assets to be transferred in the portfolio.

(8) The health and mutual aid fund provided for in Paragraph *d*) of Subsection (1) of Section 10 shall have until the time limit specified in the invitation mentioned in Subsection (7) hereof - not exceeding thirty days from the time of publication of the invitation - to make an offer for taking over the portfolio in question, and shall remain bound by that offer until the supervisory commissioner's decision referred to in Subsection (9) hereof is made.

(9) The supervisory commissioner shall decide within fifteen days after the deadline prescribed in the invitation as to the health and mutual aid funds for signing the portfolio transfer agreement. Where several offers are received, competitive bidding may be conducted as well. The supervisory commissioner shall accept the offer that is considered the most favorable having regard to protecting the interest of members taking into account all aspects of the offer.

Section 72/B²

Section 72/A, as established by Act CXLVII of 2016 on the Protection of Health and Mutual Assistance Services, shall also apply to ongoing cases.

1 Enacted by Section 1 of Act CXLVII of 2016, effective as of 15 December 2016.

2 Enacted by Section 2 of Act CXLVII of 2016, effective as of 15 December 2016.

*Section 73¹*

Any fund that does not have a website on the date of entry into force of Act CIX of 73 on the Amendment of Certain Acts Relating to Strengthening the Competitiveness of Domestic Economic Operators and for Improving Administrative Effectiveness shall have a website set up by 1 January 2025 and shall fulfill the publication requirement prescribed by this Act on such website. The fund shall be able to fulfill the publication requirement also on the website of the alliance defined in Section 52.

*Section 74²**Section 75³**Sections 76-77⁴**Section 78*

(1)⁵ The Government is hereby authorized to decree the regulations governing the financial management of funds, the reporting and bookkeeping obligations of funds, the rules of supervisory proceedings as well as the regulations governing the services that can be financed by health funds and mutual aid funds and their supply, and for the supervision of the contents of these services.

(2)⁶ The Government is hereby authorized to decree the regulations to govern the operations of health funds under the principles of the operations of health care institutions.⁷

(3)⁸ The Government is hereby authorized to decree the detailed regulations for valuating fund assets on the basis of market value, the methods to be used for calculating fund performance indices and the deadline prescribed for fund managers to file their report on the market valuation of assets.

(4)⁹ The Government is hereby authorized to decree the regulations concerning the issue and use of fund membership cards by mutual aid funds and health funds and for the operation of card payment and settlement systems.

(5)¹⁰ The Government is hereby authorized to decree the procedure for supplying and the contents of information underlying the proportionate differences in the volume, the type and form of services where the use of sex is a determining factor.

1 Established by Subsection (9) of Section 7 of Act CIX of 2023, effective as of 1 January 2024.

2 Repealed by Subsection (1) of Section 26 of Act LXXXII of 1994, effective as of 1 January 1995.

3 Repealed by Paragraph c) of the Annex of Act LXXX of 1997, effective as of 1 January 1998.

4 Repealed: by point 140 Section 2 of Act LXXXII of 2007. No longer in force: as of 1. 07. 2007.

5 Established: by Section 264 of Act CXXVI of 2007. In force: as of 01. 01. 2008. Amended: by paragraph (2) Section 153 of Act CLI of 2012. In force: as of 28. 10. 2012. The amendment of the paragraph was not possible. Amended: by subparagraph b) Section 8 of Act CXLIII of 2013. In force: as of 1. 10. 2013.

6 Enacted by Subsection (3) of Section 16 of Act XV of 1996, effective as of 13 April 1996.

7 See Government Decree 109/1997 (VI. 25.) Korm., Government Decree 267/1997 (XII. 22.) Korm., Government Decree 268/1997 (XII. 22.) Korm., and Government Decree 281/2001 (XII. 26.) Korm.

8 Established by Subsection (31) of Section 22/A of Act LXXXIV of 2001, effective as of 1 January 2002.

9 Enacted: by Section 259 of Act CI of 2004. In force: as of 1. 01. 2005.

10 Enacted: by paragraph (3) Section 1 of Act CXXXVII of 2007. In force: as of 01. 12. 2007.

(6)¹ The Government is hereby authorized to decree the regulations relating to the operating and management services provided by health and mutual aid funds relating to social institutions.

Section 79²

The Governor of the Magyar Nemzeti Bank is hereby authorized to decree the detailed regulations concerning the procedure for providing information to fund members before submission of the membership application, during and upon the termination of membership, and the form in which to provide it, and for handling client complaints.

Section 80³

(1)-(2)⁴

(3) If a license application has been submitted, the operation of the system shall not be considered unlicensed until the time at which a license is issued or the application is rejected.

Section 81⁵

(1) When distributing earnings for the first time following the entry of this Act into force, the funds shall distribute the amount of the liquidity reserve stated as a provision created for the valuation margin used at the time this Act enters into force to the individual accounts and the benefit reserves in accordance with the rules for distributing earnings.

(2)⁶

(3) The period referred to in Subsection (4) of Section 64/A shall be calculated following the entry of this Act into force; the time preceding the date of entry into force shall not be included.

(4)-(5)⁷

(6)⁸

(7)⁹ Health funds must ensure that any balance on the individual account of a member that becomes due and payable upon the member's termination of membership subsequent to 31 December 2003 is paid or transferred following deductions made in an amount permitted under specific other legislation.

(8)¹⁰ Any designation of a beneficiary made by a pension fund member that is effective on 31 December 2003 shall remain in force, Subsections (1) and (2) of Section 16/A notwithstanding, beyond 31 December 2003; however, it shall nevertheless be subject to the provisions of Subsections (3)-(10) of Section 16/A.

1 Enacted by Section 3 of Act CXLVII of 2016, effective as of 15 December 2016.

2 Established: by paragraph (2) Section 156 of Act CXCI of 2011. In force: as of 1. 01. 2012.
Amended: by subparagraph g) Section 7 of Act CXLIII of 2013. In force: as of 1. 10. 2013.

3 Enacted by Section 215 of Act CXIII of 2000, effective as of 1 January 2001.

4 Repealed: by point 140 Section 2 of Act LXXXII of 2007. No longer in force: as of 1. 07. 2007.

5 Enacted by Section 269 of Act XLII of 2002, effective as of 1 January 2003.

6 Repealed: by point 140 Section 2 of Act LXXXII of 2007. No longer in force: as of 1. 07. 2007.

7 Repealed: by subparagraph b) Section 71 of Act XXVII of 2004. No longer in force: as of 1. 05. 2004.

8 Repealed: by point 140 Section 2 of Act LXXXII of 2007. No longer in force: as of 1. 07. 2007.

9 Amended: by subparagraph c) Section 71 of Act XXVII of 2004. In force: as of 1. 05. 2004.

10 Enacted by Section 188 of Act XCI of 2003. In force: as of 01. 01. 2004.

(9)¹ The invoices for the services defined in Paragraphs *e)*, *l)*, *m)* and *n)* of Subsection (1) of Section 51/B and Paragraphs *b)* and *d)* of Section 51/C of this Act, as effective on 31 December 2011, received before 1 January 2012 may be accounted in the voluntary health fund by 30 June 2012 under the provisions of this Act in effect on 31 December 2011. Tax liability on these services shall be governed, as applicable, by the relevant provisions of the Personal Income Tax Act and the Healthcare Contributions Act in effect on 31 December 2011.

(10)² As regards the eligibility to pension benefits of those fund members for whom invalidity benefits or accident-related disability benefits had been established before 1 January 2012, the provisions in force on 31 December 2011 shall apply irrespective of the time when the application for pension benefits was submitted.

(11)³ Paragraph *j)* of Subsection (5) of Section 2, enacted by Act CCXV of 2015 on the Amendment of Certain Acts Affecting Members of the Financial Intermediary System for the Purpose of Approximation, shall apply as of 1 August 2016.

Section 81/A⁴

Any reference made in this Act to infant care benefits shall be construed as pregnancy-maternity benefits if entitlement to such benefits opened before 1 January 2015.

Section 81/B⁵

Any reference made in this Act to child-care assistance benefits shall be construed as child-care allowance if entitlement to such benefits opened before 1 January 2016.

Conformity with the Laws of the European Union⁶

Section 82⁷

This Act contains regulations that may be approximated with the following legal regulations of the European Communities:

a) Council Directive 98/49/EC of 29 June 1998 on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community,

b) Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services.

1 Enacted: by paragraph (2) Section 380 of Act CLVI of 2011. In force: as of 1. 01. 2012.

2 Enacted: by Section 17 of Act CXII of 2012. In force: as of 1. 08. 2012.

3 Enacted by Section 29 of Act CCXV of 2015, effective as of 1 January 2016.

4 Enacted by Section 124 of Act CXI of 2014, effective as of 1 January 2015.

5 Enacted by Subsection (1) of Section 62 of Act CCXXIII of 2015, effective as of 1 January 2016.

6 Enacted: by Section 162 of Act CXIX of 2005. In force: as of 01. 01. 2006.

7 Established: by paragraph (4) Section 1 of Act CXXXVII of 2007. In force: as of 01. 12. 2007.

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