Act XVI of 2014

on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations[1]

PART ONE

INTRODUCTORY PROVISIONS

Chapter I

Scope

Section 1

Unless otherwise provided for by international agreement, this Act shall apply to:

a)[2] the foundation, operation and supervision of collective investment trusts and investment fund managers established in the territory of Hungary in accordance with this Act, excluding the supervision of venture capital fund managers provided for in Subsection (2) of Section 2 (including the venture capital fund and private equity fund they manage), and the supervision of AIFMs managing one or more, but only private AIFs (including the AIFs they manage), whose only investors are the AIFM or the parent companies or the subsidiaries of the AIFM or other subsidiaries of those parent companies, provided that none of those investors is itself an AIF;

b) investment fund management activities carried out in the territory of Hungary;

c) investment fund management activities carried out by the branches incorporated in EEA Member States of UCITS management companies established in the territory of Hungary, including the supply of cross-border services;

d) investment fund management activities carried out by the branches incorporated in EEA Member States of AIFM established in the territory of Hungary, including the supply of cross-border services;

e) investment fund management activities carried out in the territory of Hungary by non-EU AIFM;

f) the marketing and distribution of investment units and other collective investment instruments in the territory of Hungary, and in EEA Member States by UCITS management companies and AIFMs;

g) the activities under this Act of legal representatives established in Hungary;

h) the supervisory activities performed by the competent Hungarian authority as provided for in this Act.

Section 2

(1) This Act shall not apply to:

a) holding companies;

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1 Promulgated on 24 February 2014.

2 Established by Section 110 of Act CXVIII of 2019, effective as of 1 January 2020.

b) institutions for occupational retirement provision, including the entities responsible for managing the assets of institutions for occupational retirement provision, in so far as they do not manage AIFs;

c) the European Central Bank, the European Investment Bank, the European Development Finance Institutions and bilateral development banks, the World Bank, the International Monetary Fund, and other international institutions and organizations, in the event that such institutions or organizations manage AIFs and in so far as those AIFs act in the public interest;

d) the Magyar Nemzeti Bank (*National Bank of Hungary*), except where acting within its function as supervisory authority of the financial intermediary system;

e) bodies or other institutions which manage funds supporting the social security system and the pension system;

f) employee participation schemes and employee savings schemes;

g) securitization special purpose entities.

(2) With the exception of Section 33, Subsections (1), (3)-(5) of Section 35, and Section 36, the provisions of this Act relating to AIFM shall also apply if:

a) the AIFM, either directly or indirectly, through a company with which the AIFM is linked by common management or control, or by a substantive direct or indirect holding, manage portfolios of AIFs whose assets under management,

aa) in total do not exceed a threshold of 100 million euro (including any assets acquired through use of leverage), or

ab) in total do not exceed a threshold of 500 million euro when the portfolios of AIFs consist of AIFs that are unleveraged and have no redemption rights exercisable during a period of five years following the date of initial investment in each AIF; and

b) the AIFM did not choose to opt in under this Act in its entirety.

(3) The provisions of Subsection (2) relating to AIFM shall apply having regard to Regulation (EU) No. 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds if the AIFM manages and markets funds using the designation ‘EuVECA’ within the meaning of that Regulation.

(3a)[1] By way of derogation from Subsections (2) and (3), an AIFM shall be authorized to manage and market funds that uses the designation “EuVECA” also if it complies, in addition to the provisions of this Act applicable to AIFMs, with the provisions set out in Article 1(1) of Regulation 2017/1991/EU of the European Parliament and of the Council.

(4) The provisions of Subsection (2) relating to AIFM shall apply having regard to Regulation (EU) No. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds if the AIFM manages and markets funds using the designation ‘EuSEF’ within the meaning of that Regulation.

(4a)[2] By way of derogation from Subsections (2) and (4), an AIFM shall be authorized to manage and market funds that uses the designation “EuSEF” also if it complies, in addition to the provisions of this Act applicable to AIFMs, with the provisions set out in Article 1(1) of Regulation 2017/1991/EU of the European Parliament and of the Council.

(5) If the AIFM is granted partial exemption under Subsection (2) from this Act, it shall proceed in accordance with Articles 2-5 of the AIFM Regulation in calculating the thresholds referred to in Subparagraphs *aa)* and *ab)* of Paragraph *a)* of Subsection (2) and as regards compliance with such thresholds.

(6)[3] Section 16, Subsection (3) of Section 18 and Section 38 of this Act shall not apply to the venture capital fund managers provided for in Subsection (2) hereof.

Chapter II

1 Enacted by Subsection (1) of Section 122 of Act CXXVI of 2018, effective as of 29 December 2018.
2 Enacted by Subsection (2) of Section 122 of Act CXXVI of 2018, effective as of 29 December 2018.
3 Enacted by Section 35 of Act XXXIII of 2014, effective as of 15 July 2014. Amended by Point 1 of Section 110 of Act CIV of 2014.

Definitions

Section 3

The abbreviations of regulations referred to in this Act are contained in Annex 1.

Section 4

(1) For the purposes of this Act and other legal regulations implemented by authorization of this Act:

1. 'AIF' (alternative investment fund) shall mean non-UCITS collective investment schemes, including investment compartments thereof;
2. 'AIFM' (alternative investment fund manager) shall mean an investment fund manager whose regular business is managing one or more AIFs;
3. 'home Member State of the AIF' shall mean:

a) the EEA Member State in which the AIF is authorized or registered under applicable national law, or in case of multiple authorizations or registrations, the EEA Member State in which the AIF has been authorized or registered for the first time, or

b) if the AIF is neither authorized nor registered in an EEA Member State, the EEA Member State in which the AIF has its registered office or head office;

4. 'host Member State of the AIFM' shall mean:

a) an EEA Member State, other than the home Member State, in which an EU AIFM manages EU AIFs,

b) an EEA Member State, other than the home Member State, in which an EU AIFM markets the collective investment instruments of an EU AIF,

c) an EEA Member State, other than the home Member State, in which an EU AIFM markets the collective investment instruments of a non-EU AIF,

d) a Member State of reference, other than the home Member State, in which a non-EU AIFM manages EU AIFs,

e) a Member State of reference, other than the home Member State, in which a non-EU AIFM markets the collective investment instruments of an EU AIF, or

f) a Member State of reference, other than the home Member State, in which a non-EU AIFM markets the collective investment instruments of a non-EU AIF,

g)[1] an EEA Member State, other than the home Member State, in which an EU AIFM provides the services referred to in Subsection (3) of Section 7;

5. 'AIFM Directive' shall mean Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010;
6. 'AIFM Regulation' shall mean Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
7. 'home Member State of the AIFM' shall mean the EEA Member State in which the AIFM has its registered office shown in its instrument of constitution, and for non-EU AIFMs, the Member State of reference;
8. 'UCITS' shall mean:

a) publicly available open-ended investment funds which comply with the provisions relating to UCITS set out in the Government Decree on the Investment and Borrowing Policies of Collective Investment Trusts, adopted by authorization of this Act, or

1 Enacted by Section 135 of Act CXLV of 2017, effective as of 21 November 2017.

b) publicly available open-ended collective investment trusts created upon the national transposition of the provisions of the UCITS Directive into the laws of another EEA Member State;

9. 'UCITS manager' shall mean an investment fund manager whose regular business is managing one or more UCITS;

10. 'UCITS host Member State' shall mean an EEA Member State, other than the UCITS home Member State, in which the collective investment instruments of the UCITS are marketed;

11. 'UCITS Directive' shall mean Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS);

12. 'UCITS home Member State' shall mean the EEA Member State in which the UCITS is authorized;

13. 'parent company' shall mean any company which effectively exercises a controlling influence over another company;

14. 'commodity' shall have the same meaning as defined in the IRA;

15. 'transferable securities' shall have the same meaning as defined in the IRA;

16. 'deposit' shall mean funds left in an account by virtue of a deposit contract or a payment account contract with a credit institution;

17. 'investment fund' shall mean a collective investment trust set up under the conditions laid down in this Act;

18. 'investment fund management' shall mean investment management activities performed for a collective investment trust, including performance of the tasks relating to the organization and operation of the collective investment trust;

19. 'investment fund manager' shall mean an AIFM or UCITS manager authorized to engage in the pursuit of investment fund management activities;

20. 'investment fund's own capital' shall mean the investment fund's initial capital comprised of the sum of the nominal value of investment units multiplied by their quantity, where the investment fund's net asset value must be maintained during its operation at the value of its initial capital;

21. 'investment unit' shall mean transferable securities issued as part of a series and offered by an investment fund - subject to the form and content requirements laid down in this Act - as representing the claim and other rights of participants in the assets of such an investment fund, as specified in the investment fund's management policy;

22. 'investment advice' shall mean the activity so defined in the IRA;

23. 'investment firm' shall mean the entity so defined in the IRA;

24. 'investor' shall mean the holder of collective investment instruments;

25. 'master AIF' shall mean any AIF in which a feeder AIF invests or has an exposure in accordance with the relevant definition;

26. 'master UCITS' shall mean a UCITS, or an investment compartment thereof, which has, among its investors, at least one feeder UCITS, it is not itself a feeder UCITS, and it does not hold collective investment instruments of a feeder UCITS;

27. 'endowment capital' shall mean the capital provided by the founder permanently and without restrictions or encumbrances for the foundation and operation of a branch;

28. 'EEA Member State' shall mean any Member State of the European Union and any State that is a party to the Agreement on the European Economic Area;

28a.[1] 'ELTIF' (European long-term investment fund) shall mean an AIF authorized in accordance with Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds;

29. 'controlling influence' shall have the same meaning as defined in the CIFE;

30. 'EuSEF' shall mean qualifying social entrepreneurship funds;

31. 'EuVECA' shall mean qualifying venture capital funds;

1 Enacted by Section 20 of Act CLXII of 2015, effective as of 26 November 2015.

32. ‘relevant person’ shall mean:
a) a managing director or shareholder of a UCITS manager,
b) an employee of a UCITS manager, as well as any other natural person whose services are placed at the disposal and under the control of the UCITS manager and who is involved in the provision of collective investment fund management by the UCITS manager, or
c) any natural person who is directly involved in the provision by the UCITS manager of investment fund management services under a delegation arrangement to third parties for the purpose of the provision by the investment fund manager of investment fund management;
33. ‘securities’ shall have the same meaning as defined in the CMA;
34. ‘securities secret’ shall have the same meaning as defined in the CMA;
35. ‘dividend’ shall mean a share of the capital gain, which, according to the investment fund’s management policy, the investment fund manager is required to pay on the investment units;
36. ‘Authority’ shall mean the Magyar Nemzeti Bank (*National Bank of Hungary*) acting within its function as supervisory authority of the financial intermediary system (hereinafter referred to as “MNB”);
37. ‘supervisory authority’ shall mean:
a) the Authority, and/or
b) foreign authorities supervising the activities of foreign investment fund managers, collective investment trusts, depositaries, and persons and organizations providing services on the capital markets subject to prudential supervision;
38. ‘branch’ shall have the same meaning as defined in the FCA;
39. ‘institution for occupational retirement provision’ shall have the same meaning as defined in the OPA;
40. ‘distribution’ shall mean an operation where the collective investment instruments of an open-ended collective investment trust are distributed and redeemed during the term of the collective investment trust;
41. ‘marketing’ shall mean a direct or indirect offering or placement at the initiative of the investment fund manager or on behalf of the investment fund manager of collective investment instruments of a collective investment trust it manages to or with investors domiciled or with a registered office in the European Union;
42. ‘trading-settlement date’ shall mean the date on which the value of subscription and redemption orders for collective investment instruments is established on the basis of the net asset value, for determining the sum that is due to the investors at the time of settlement;
43. ‘trading-payment date’ shall mean the date on which the sum that is due to the investors after settlement is paid or credited to the investors;
44. ‘distributor’ shall mean the organization participating in the marketing of collective investment instruments, as defined in Subsection (1) of Section 23 of the CMA;
45. ‘issuance’ shall mean the process of issuing collective investment instruments and making them available to the first holders;
45a.[1] ‘pre-marketing’ shall mean the provision of information or communication, direct or indirect, on investment strategies or investment ideas by an EU AIFM or on its behalf, to potential professional investors domiciled or with a registered office in the European Union in order to appraise their interest in an AIF or a compartment which is not yet established, or which is established, but not yet notified for marketing in accordance with Section 120 or 121, in that Member State where the potential investors are domiciled or have their registered office, and which in each case does not amount to an offer or placement to the potential investor to invest in the units or shares of that AIF or compartment;
46. ‘head office’ shall mean the place where ultimate decision-making takes place in connection with business operations;

1 Enacted by Section 103 of Act LVIII of 2021, effective as of 2 August 2021.

47. ‘feeder AIF’ shall mean an AIF which:

a) invests at least 85 per cent of its assets in collective investment instruments of another AIF (the ‘master AIF’);

b) invests at least 85 per cent of its assets in more than one master AIFs where those master AIFs have identical investment strategies; or

c) has otherwise an exposure of at least 85 per cent of its assets to a master AIF;

48. ‘feeder UCITS’ shall mean any UCITS, including investment compartments thereof, whose aim is to invest at least 85 per cent of its equity capital in the collective investment instruments of another UCITS or an investment compartment thereof;

49. ‘third country’ shall mean any country that is not an EEA Member State;

50. ‘credit’ shall mean a credit agreement, or a loan agreement concluded on the basis thereof, as well as deferred payment arrangements, other than deferred payment arrangements provided by distributors for not more than fifteen days;

51. ‘holding company’ shall mean a business association with shareholdings in one or more other companies, the commercial purpose of which is to carry out a business strategy or strategies through its subsidiaries, associated companies or participations in order to contribute to their long-term value, and:

a) which is operating on its own account and whose shares are admitted to trading on a regulated market in the European Union; or

b) which is not established for the main purpose of generating returns for its investors by means of divestment of its subsidiaries or associated companies, as evidenced in its annual report or other official documents;

52. ‘close relative’ shall have the same meaning as defined in the Civil Code;

53. ‘initial capital’ shall mean the combined total of the capital subscribed at the time of foundation of the company and capital and profit reserves;

54. ‘legal representative’ shall mean a natural person domiciled in the European Union or a legal person with its registered office in the European Union, and which, designated by a non-EU AIFM, acts on behalf of such non-EU AIFM vis-à-vis the authorities, clients, bodies and counterparties to the non-EU AIFM in the European Union with regard to the non-EU AIFM’s obligations under this Act;

54a.[1] ‘good business reputation’ shall mean all of the requisites to be possessed by the senior executives of the investment fund manager, including directors of fund management, trading in investment assets and exchange-traded instruments, and its members with a qualifying holding for the prudent and sound management of the investment fund manager;

55. ‘marketing communication’ shall mean any form of communication - with the exception of prospectuses, management policies, key investor information and public notices - made for the purposes of informing investors, and directly connected to information conveyed in advertising or by some other means in connection with the public offering and marketing of collective investment instruments;

56. ‘issuer’ shall have the same meaning as defined in the CMA;

57. ‘offering program’ shall have the same meaning as defined in the CMA;

58. ‘key investor information’ shall mean a brief document containing key information for investors about UCITS and other publicly available open-ended investment funds;

59.[2] ‘venture capital fund’ shall mean a closed-ended AIF that, according to its investment policy, intends to invest at least 70 per cent of its aggregate capital contributions and uncalled committed capital in enterprises in the initial stages of their corporate existence, whose collective investment instruments are offered exclusively to professional investors, and that are unleveraged;

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1 Enacted by Section 239 of Act LXXXV of 2015. Amended by Paragraph a) of Section 163 of Act CCXV of 2015, Paragraph a) of Section 121 of Act LVIII of 2021.

2 Established by Subsection (1) of Section 98 of Act CIV of 2014, effective as of 1 January 2015.

60.[1] ‘venture capital fund manager’ shall mean an AIFM whose regular business is managing venture capital funds and/or private equity funds exclusively;
61. ‘collective investment instrument’ shall mean securities offered by a collective investment trust, including any other document made out by a collective investment trust, verifying participation in that collective investment scheme;
62. ‘collective investment trust’ shall mean any form of collective investment which raise capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors (UCITS, AIF);
63. ‘collective portfolio management’ shall mean investment management activities performed for a collective investment trust, including performance of the tasks relating to the organization and operation of the collective investment trust;
64. ‘securitization special purpose entity’ shall have the same meaning as defined in the CIFE;
65. ‘retail investor’ shall mean an investor who is not a professional investor;
66. ‘subsidiary’ shall mean any company over which another company effectively exercises a controlling influence, on the understanding that all subsidiaries of subsidiary companies shall also be considered subsidiaries of the parent company;
67. ‘established’ shall mean:
a) for AIFMs, “having its registered office provided for in the instrument of constitution in”;
b) for AIFs, “being authorized or registered in”, or, if the AIF is not authorized or registered, “having its registered office provided for in the investment fund’s management policy in”;
c) for depositaries, “having its registered office provided for in the instrument of constitution or branch in”;
d) for legal representatives that are legal persons, “having its registered office provided for in the instrument of constitution or branch in”;
e) for legal representatives that are natural persons, “domiciled in”;
68. ‘depositary’ shall mean:
a) in respect of UCITS:
aa)[2] an investment firm or credit institution having its registered office in Hungary and authorized to perform the safe custody services defined in Paragraph *b)* of Subsection (2) of Section 5 of the IRA, or the Hungarian branch of an investment firm or credit institution established in another Member State and authorized to perform such activities,
ab) an entity that is able to pursue its business as a depositary upon the transposition of the provisions of the UCITS Directive pertaining to depositaries into the laws of another EEA Member State;
b) in respect of AIFs:
ba) a credit institution having its registered office in Hungary, or a credit institution established in an EEA Member State and authorized upon the transposition of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC into the laws of that EEA Member State,
bb) an investment firm having its registered office in Hungary and authorized to perform the safe custody services defined in Paragraph *b)* of Subsection (2) of Section 5 of the IRA, or an investment firm established in an EEA Member State and authorized upon the transposition of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC into the laws of that EEA Member State to provide specific services in accordance with Point 1 of Section B of Annex I to the Directive, or

1 Established by Subsection (2) of Section 98 of Act CIV of 2014, effective as of 1 January 2015.
2 Established by Section 154 of Act CCXV of 2015, effective as of 18 March 2016.

bc) another category of institution that is subject to prudential regulation and ongoing supervision and which, on 21 July 2011, falls within the categories of institution determined by Member States to be eligible to be a depositary under Article 23(3) of the UCITS Directive;

69. 'liquid assets' shall mean cash, repurchase agreement with a credit institution for government securities that can be terminated on demand and without restrictions, quote-driven transferable government securities that can be terminated on demand and without restrictions, and any deposit that can be terminated on demand and without restrictions, furthermore, quote-driven debt securities offered to the public with a remaining maturity of up to one year, that can be terminated on demand and without restrictions;

70.[1] 'private equity fund' shall mean a closed-ended AIF set up for the buying (including acquisition) of companies or sections of companies, whose collective investment instruments are offered privately to professional investors only, which are not leveraged and which do not grant investors redemption rights during a period of five years following the date of initial investment;

71.[2]

72. 'securities traded on secondary markets' shall have the same meaning as defined in the CMA;

73. 'Minister' shall mean the minister in charge of the money, capital and insurance markets;

74. 'Ministry' shall mean the ministry governed by the Minister;

75. 'qualifying interest' shall mean a direct or indirect relationship with an investment fund manager by virtue of which the holder of the qualifying interest:

a) controls ten per cent or more of the investment fund manager's capital or exercises 10 per cent or more of the voting rights,

b) has powers to appoint or remove 20 per cent or more of the members of the investment fund manager's decision-making, management, supervisory and other bodies, or

c) has powers to exercise significant influence over the management of the investment fund manager as laid down in the instrument of constitution or in contract;

76. 'representatives of employees' shall mean the employees' representatives provided for in the Labor Code and upon the transposition of Article 2(e) of Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community into the laws of a given EEA Member State;

77. 'certificate of authorization' shall mean a certificate made out by the supervisory authority verifying that the investment fund manager's authorization to manage investment funds is in compliance with the provisions of the UCITS Directive upon transposition into the laws of the Member State where the investment fund manager is established, including any restriction in the investment fund manager's entitlement in managing certain funds;

78. 'net asset value' shall mean the value of the assets in the portfolio of the investment fund - including accrued and deferred assets and receivables from lending arrangements - less the total of all liabilities charged to the portfolio, including accrued expenses and deferred income;

79. 'carried interest' shall mean a share in the profits of the AIF accrued to the AIFM as compensation for the management of the AIF and excluding any share in the profits of the AIF accrued to the AIFM as a return on any investment by the AIFM into the AIF;

1 Established by Subsection (3) of Section 98 of Act CIV of 2014, effective as of 1 January 2015.
2 Repealed by Paragraph a) of Section 112 of Act CIV of 2014, effective as of 1 January 2015.

80. ‘quote-driven trading’ shall mean the procedure where quotes are made public on a continuous basis by registered market makers representing binding commitments to buy and sell financial instruments and which indicate the price at which the market makers are prepared to buy or sell;
81. ‘money market instrument’ shall have the same meaning as defined in the IRA;
82. ‘financial instrument’ shall have the same meaning as defined in the IRA;
83. ‘portfolio management’ shall have the same meaning as defined in the IRA;
83a.[1] ‘MMF’ or ‘money market fund’ shall mean a UCITS or AIF authorized in accordance with Regulation 2017/1131/EU of the European Parliament and of the Council;
84. ‘prime broker’ shall mean a credit institution, a regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional investors primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services such as clearing and settlement of trades as provided for in the CMA, custodial services, securities lending, customized technology and operational support facilities;
85. ‘Member State of reference’ shall mean the EEA Member State whose supervisory authorities are competent for the authorization procedure and for the supervision of a non-EU AIFM;
86. ‘participating interest’ shall mean a relationship that constitutes the direct or indirect ownership of 20 per cent or more of the voting rights or capital of a company;
87. ‘equity capital’ shall have the same meaning as defined in the Accounting Act;
88. ‘regulated market’ shall have the same meaning as defined in the CMA;
89. ‘professional investor’ shall mean an investor:
a) which is considered to be a professional client or may, on request, be treated as a professional client within the meaning of the IRA, or
b) which undertakes the commitment to make an investment of at least one hundred thousand euro, or the equivalent thereof, in collective investment instruments;
90. ‘derivative transaction’ shall have the same meaning as defined in the CMA;
91.[2] ‘own funds’ shall mean the own funds referred to in Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 (hereinafter referred to as “Regulation 2019/2033/EU”);
92. ‘close link’ shall mean:
a) a situation in which two or more natural or legal persons are linked by controlling influence or participation, on the understanding that where a person is linked to another person by way of a controlling influence, which constitutes a controlling influence over a third person, such third person shall also be regarded as closely linked with the person that is on the highest level, or
b) a situation in which two or more persons are linked to the same person by a control relationship;
93. ‘durable medium’ shall mean any instrument which enables the investor to store information addressed personally to him in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;
94. ‘leverage’ shall mean any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The leverage of an AIF shall be calculated in accordance with Articles 6-11 of the AIFM Regulation;
95. ‘capital gain’ shall mean the difference between the net asset value of an investment unit and the nominal value of that investment unit, if positive;

1 Enacted by Section 123 of Act CXXVI of 2018, effective as of 29 December 2018.
2 Established by Section 137 of Act CX of 2020, effective as of 26 June 2021.

96. ‘non-listed company’ shall mean a company which has its registered office provided for in the instrument of constitution in the European Union and the shares of which are not admitted to trading on a regulated market within the meaning of the CMA;

97. ‘EU AIF’ shall mean:

a) any AIF which is authorized in an EEA Member State, or which is registered in an EEA Member State, or

b) any AIF which is not authorized in an EEA Member State or which is not registered in an EEA Member State, but has its registered office and/or head office in an EEA Member State;

98. ‘EU AIFM’ shall mean any AIFM which has its registered office provided for in the instrument of constitution in an EEA Member State;

99. ‘client’ shall mean any person to whom an investment fund manager provides services under this Act, other than investors;

100. ‘managing director’ shall mean the chief executive appointed to manage the investment fund manager, and any person so designated in the investment fund manager’s instrument of constitution or in any internal policy on operations, who participates in the governance of the investment fund manager;

101.[1] ‘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;

102. ‘senior executive’ shall mean the managing director, the chairman and members of the board of directors, the chairman and members of the supervisory board, branch managers and their deputies, and any person so designated in the instrument of constitution or in any internal policy on operations.

(2) For the purposes of this Act and other regulations implemented by authorization of this Act, any reference made to “European Union” and “Member State” shall also be construed, apart from Member States of the European Union, as States who are parties to the Agreement on the European Economic Area.

PART TWO

PROVISIONS APPLICABLE TO FUND MANAGERS AND DEPOSITARIES

Chapter III

General Provisions Relating to Fund Managers

1. Authorized activities of investment fund managers

Section 5

The collective portfolio management activities of investment fund managers is subject to prior official authorization to be granted by the Authority. Unless otherwise provided for in this Act, only investment fund managers shall be authorized to perform the activities specified under Paragraph *a)* of Subsection (1) of Section 6 and Paragraph *a)* of Subsection (1) of Section 7.

Section 6

1 Amended by Section 39 of Act LIV of 2018.

(1) In possession of the official authorization referred to in Section 5, UCITS managers may pursue the following activities:

a) investment management (decisions relating to investment strategies and asset allocation exercises in connection with the investment policy, including the implementation thereof);

b) performing functions of administration relating to collective portfolio management, fully or partially, such as:

ba) legal and fund management accounting services,

bb) providing information to investors,

bc) valuation and pricing of assets, including tax returns,

bd) regulatory compliance monitoring,

be) maintenance of registers relating to investors,

bf) distribution of income,

bg)[1] functions of administration connected to the marketing and distribution of collective investment instruments,

bh) execution of contracts, including certificate dispatch,

bi) record keeping;

c)[2] marketing collective investment instruments and distribution of collective investment instruments managed by the UCITS manager.

(2)[3] UCITS managers whose regular business is the provision of collective portfolio management may engage only in the following additional activities, in the case of the activities referred to in Paragraphs *a)-c)*, in possession of the relevant authorizations and in accordance with Subsection (3):

a) portfolio management;

b) investment advice;

c)[4] safekeeping and management of collective investment instruments, covering also securities account services for dematerialized securities, as well as client account services where appropriate according to the activities performed, covering also administration services related to collective investment instruments.

(3)[5] UCITS managers are required to perform the activity specified in Paragraph *a)* of Subsection (1). UCITS managers shall not be authorized to perform the activities defined in Subsection (2) individually, without authorization for the activities provided for in Subsection (1), moreover authorization for the activities specified in Paragraphs *b)* and *c)* of Subsection (2) shall be granted only if possessing the authorization required to perform the activity provided for in Paragraph *a)* of Subsection (2). UCITS managers shall be allowed to perform the activities provided for in Paragraph *c)* of Subsection (1) acting as an intermediary.

(4) UCITS managers may provide collective portfolio management services under Section 5 - by way of outsourcing or in the form of cross-border services - to resident and nonresident investment fund managers alike. The Authority shall be notified of cross-border activities.

(5) If carrying out the activities provided for in Subsection (2) the relevant provisions of the IRA relating to such activities shall apply mutatis mutandis.

(6)[6] In addition to collective portfolio management and the activities described in Subsection (2), UCITS managers may also pursue the provision and/or distribution of pan-European personal pension products within the meaning of Regulation 2019/1238/EU of the European Parliament and of the Council.

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1 Amended by Paragraph a) of Section 128 of Act CXXVI of 2018.
2 Amended by Paragraph a) of Section 127 of Act CXXVI of 2018.
3 Established by Section 99 of Act CIV of 2014, effective as of 1 January 2015.
4 Amended by Paragraph a) of Section 255 of Act LXXXV of 2015, Subsection (2) of Section 256 of Act LXXXV of 2015.
5 Established by Section 99 of Act CIV of 2014, effective as of 1 January 2015.
6 Enacted by Section 104 of Act LVIII of 2021, effective as of 11 April 2022.

(7)[1] The provisions of this Act shall apply to the provision and distribution of pan-European personal pension products (PEPP) subject to the derogations provided for in Regulation 2019/1238/EU of the European Parliament and of the Council and in Chapter VI of the OPA.

Section 7

(1) In possession of the official authorization referred to in Section 5 AIFMs shall at least perform the following activities:

a) investment management (decisions relating to investment strategies and asset allocation exercises in connection with the investment policy, including the implementation thereof);

b) risk management.

(2) Other functions that an AIFM may additionally perform in the course of the management of an AIF:

a) administration:

aa) legal and fund management accounting services,

ab) providing information to investors,

ac) valuation and pricing of assets, including tax returns,

ad) regulatory compliance monitoring,

ae) maintenance of registers relating to investors,

af) distribution of income,

ag)[2] functions of administration connected to the marketing and distribution of collective investment instruments,

ah) execution of contracts, including certificate dispatch,

ai) record keeping;

b)[3] marketing collective investment instruments and distribution of collective investment instruments managed by the AIFM;

c) activities related to the assets of AIFs, namely services necessary to meet the fiduciary duties of the AIFM, facilities management, real estate administration activities, advice to companies on capital structure, industrial strategy and related matters, advice and services relating to mergers and the purchase of companies and other services connected to the management of the AIF and the companies and other assets in which it has invested.

(3) AIFMs whose regular business is the provision of services provided for in Subsections (1) and (2) and - subject to special authorization - fund management performed for UCITS may engage only in the following additional activities, in the case of the activities referred to in Paragraphs *a)-d)*, in possession of the relevant authorizations and in accordance with Subsection (4):

a) portfolio management, including management of the portfolio of an institution for occupational retirement provision;

b) investment advice;

c)[4] safekeeping and management of collective investment instruments, covering also securities account services for dematerialized securities, as well as client account services where appropriate according to the activities performed, covering also administration services related to collective investment instruments;

d) receiving and transmitting client orders relating to financial instruments.

1 Enacted by Section 104 of Act LVIII of 2021, effective as of 11 April 2022.
2 Amended by Paragraph b) of Section 128 of Act CXXVI of 2018.
3 Amended by Paragraph b) of Section 127 of Act CXXVI of 2018.
4 Amended by Paragraph b) of Section 255, Subsection (2) of Section 256 of Act LXXXV of 2015.

(4)[1] AIFMs are required to perform both of the activities specified in Paragraphs *a)* and *b)* of Subsection (1). AIFMs shall not be authorized to perform the activities defined in Subsections (2) and (3) individually, without authorization for the activities provided for in Subsection (1), moreover authorization for the activities specified in Paragraphs *b)-d)* of Subsection (3) shall be granted only if possessing the authorization required to perform the activity provided for in Paragraph *a)* of Subsection (3). AIFMs shall be allowed to perform the activities provided for in Paragraph *b)* of Subsection (2) acting as an intermediary.

(5)[2] AIFMs may provide collective portfolio management services under Section 5 - by way of outsourcing or in the form of cross-border services - to resident and nonresident investment fund managers alike, with the proviso that the AIFMs provided for in Subsection (2) of Section 2 may not provide cross-border services. The Authority shall be notified of cross-border activities.

(6) If carrying out the activities provided for in Subsection (3) the relevant provisions of the IRA relating to such activities shall apply mutatis mutandis.

(7)[3] In addition to the activities described in Subsections (1)-(3), AIFMs may also pursue the provision and/or distribution of pan-European personal pension products within the meaning of Regulation 2019/1238/EU of the European Parliament and of the Council.

(8)[4] The provisions of this Act shall apply to the provision and distribution of pan-European personal pension products (PEPP) subject to the derogations provided for in Regulation 2019/1238/EU of the European Parliament and of the Council and in Chapter VI of the OPA.

2. Requirements for the authorization of UCITS managers

Section 8

(1) Applications for authorization to perform the activities referred to in Paragraph *a)* of Subsection (1) of Section 6 shall have enclosed - having regard to Subsection (1a) - the following:[5]

a) the UCITS manager’s instrument of constitution, a description of the activity for which the authorization is requested, and the program of activity setting out, inter alia, the organizational structure, and the operational arrangements under Annex 2;

b) proof of payment of the initial capital in the amount prescribed in Subsection (1) of Section 16, and evidence concerning the legitimacy of the financial means used to pay up the initial capital;

c) a risk management policy for managing the risks associated with transactions in derivative instruments, if the fund manager is involved in operations in derivatives as well;

d) documents in proof of compliance with infrastructure, organizational and personnel requirements, apart from compliance with the condition of having no prior criminal record;

e) the identities of the shareholders, whether direct or indirect, of the fund manager, natural or legal persons, with a qualifying interest in the investment fund manager;

f) a statement on compliance with the provisions of Section 9, or on the lack thereof;

1 Established by Section 100 of Act CIV of 2014, effective as of 1 January 2015.
2 Established by Section 240 of Act LXXXV of 2015. Amended by Paragraph c) of Section 127 of Act CXXVI of 2018.
3 Enacted by Section 105 of Act LVIII of 2021, effective as of 11 April 2022.
4 Enacted by Section 105 of Act LVIII of 2021, effective as of 11 April 2022.
5 Amended by Paragraph a) of Section 471 of Act L of 2017.

g) for any investment fund manager that is engaged in the pursuit of activities covered by the IRA as well, the related internal policy designated to avoid conflicts of interests that may arise stemming from portfolio management and investment fund management services provided to several investors or collective investment trusts along different investment strategies; and

h) the auditor's confirmation stating that the fund manager's information and computer system has sufficient facilities to satisfy the requirements laid down in Sections 29 and 30;

i)[1] detailed description of ownership structure, except for actions for the amendment of the scope of activities, supported by documentary evidence, and - if possible - information about beneficial owners.

(1a)[2] If the applicant is an entity other than a natural person established in Hungary, the documents for verifying the details specified in Paragraphs *a)* and *e)* of Subsection (1) shall be obtained by the Authority.

(2) In carrying out their activities, UCITS managers are required to comply on a continuous basis with the provisions of the relevant legislation, and shall verify - when so requested by the Authority - compliance with the operating conditions defined by regulations adopted under authorization by this Act.

(3) A UCITS manager may start business as soon as authorization has been granted.

Section 9

The Authority shall request the opinion of the supervisory authorities of other EEA Member States concerned prior to issuing an authorization to a UCITS manager to engage in investment fund management activities if the applicant fund manager:

a) is a subsidiary of an investment firm, credit institution, investment fund manager, insurance company or collective investment trust established in another EEA Member State;

b) is a subsidiary of the parent company of an investment firm, credit institution, investment fund manager, insurance company or collective investment trust established in another EEA Member State;

c) has a shareholder, whether a natural or legal person, with controlling influence in an investment firm, credit institution, investment fund manager, insurance company or collective investment trust that is established in another EEA Member State.

3. Cases of refusal of authorization in the case of UCITS managers

Section 10

(1) The Authority shall refuse the application of a UCITS manager for authorization to perform investment fund management activities if:

a) the applicant fails to comply with the requirements set out in this Act or in specific other legislation adopted by authorization of this Act;

b) the applicant fails to provide sufficient proof of compliance with the requirements set out in Paragraph *a)*;

c) the applicant has provided misleading or false information; or

d) the applicant has close ties with a person or body established or domiciled in a third country where there are legal impediments liable to prevent the Authority from the effective exercise of its supervisory functions over the investment fund manager, or where there are impediments involved in their enforcement;

1 Enacted by Section 180 of Act LXIX of 2017, effective as of 1 July 2017.
2 Enacted by Subsection (1) of Section 470 of Act L of 2017, effective as of 1 January 2018.

e)[1] there are reasonable grounds to suspect that, in connection with the activity of the applicant, money laundering or terrorist financing within the meaning of the relevant legislation is being or has been committed or attempted, or that the proposed acquisition of holding or controlling interest could increase the risk thereof.

(2) The applicant shall supply to the Authority the information that the Authority considers necessary for verifying compliance with the condition set out in Paragraph *d)* of Subsection (1).

(3) The Authority shall publish on its website regularly updated information as to the names of organs which are parties to the international cooperation agreement, based on mutual recognition of supervisory authorities, which covers the supervision of branches, including a list of the States where they are established.

4. Requirements for the authorization of AIFMs

Section 11

(1) Applications for authorization for the pursuit of the activities provided for in Subsection (1) of Section 7 shall have enclosed - having regard to Subsection (1a) - the following:[2]

a) the instrument of constitution of the AIFM, proof that its head office and registered office provided for in the instrument of constitution are both in Hungary, description of the activity for which the authorization is requested, and the operational arrangements under Annex 2;

b) proof of payment of the initial capital in the amount prescribed in Subsection (1) of Section 16, and evidence concerning the legitimacy of the financial means used to pay up the initial capital;

c) description of remuneration policies and practices that are consistent with the principles laid down in Annex 13;

d) documents in proof of compliance with infrastructure, organizational and personnel requirements, apart from compliance with the condition of having no prior criminal record;

e) the identities of shareholders, whether direct or indirect, of the AIFM, natural or legal persons, with a qualifying interest in the investment fund manager, showing also the percentage of qualifying interest;

f) details of any outsourcing arrangements made for the activities as provided for in Section 41;

g)[3] detailed description of ownership structure, except for actions for the amendment of the scope of activities, supported by documentary evidence, and - if possible - information about beneficial owners.

(1a)[4] If the applicant is an entity other than a natural person established in Hungary, the documents for verifying the details specified in Paragraphs *a)* and *e)* of Subsection (1) shall be obtained by the Authority.

(2) The applicant shall inform the Authority regarding the investment strategy proposed for the AIFs that it intends to manage (classification according to the type of primary category of assets).

(3) The applicant shall provide to the Authority the following information, where such information is available at the time of submission of the application:

a) information about the AIFM’s policy as regards the use of leverage, and the risk profiles and other characteristics of the AIFs it manages or intends to manage, including information about the EEA Member States or third countries in which such AIFs are established or are expected to be established;

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1 Enacted by Section 181 of Act LXIX of 2017, effective as of 1 July 2017.
2 Amended by Paragraph a) of Section 471 of Act L of 2017.
3 Enacted by Section 182 of Act LXIX of 2017, effective as of 1 July 2017.
4 Enacted by Subsection (2) of Section 470 of Act L of 2017, effective as of 1 January 2018.

b) information on where the master AIF is established if the AIF is a feeder AIF;
c) information about the AIFM's management policy;
d) information on the appointment of the depositary;
e) any additional information to be provided to investors, which are not contained in Paragraphs *a)-d)*.

(4) The application for authorization shall be deemed complete if the AIFM has at least submitted the information referred to in Paragraphs *a)-d)* of Subsection (1), and in Subsection (2).

(5) Where a UCITS manager applies for authorization as an AIFM, the documents which the UCITS manager has already provided when applying for authorization for the management of UCITS and which are required for authorization as an AIFM need not be resubmitted, provided that such information or documents remain up-to-date.

(6) In carrying out their activities, AIFMs are required to comply on a continuous basis with the provisions of the relevant legislation and the AIFM Regulation, and shall verify - when so requested by the Authority - compliance with the operating conditions defined by regulations adopted under authorization by this Act.

(7) An AIFM may start business as soon as authorization is granted, but not earlier than one month after having submitted any missing information referred to in Paragraph *f)* of Subsection (1) and Paragraphs *a)* and *b)* of Subsection (3).

(8)-(13)[1]

Section 12

(1) If the AIFM provided for in Subsection (2) of Section 2 fails to comply - for a period of more than three months - with the conditions for partial exemption from this Act, it shall without delay notify the Authority thereof, and shall provide evidence within thirty days that it fully complies with the provisions of this Act.

(2) If the AIFMs that meet the conditions provided for in Paragraph *a)* of Subsection (2) of Section 2 chose to opt in under this Act in its entirety, it shall become subject to the application of Commission Implementing Regulation (EU) No. 447/2013 of 15 May 2013 establishing the procedure for AIFMs which choose to opt in under Directive 2011/61/EU of the European Parliament and of the Council.

Section 13

The Authority shall request the opinion of the supervisory authorities of other EEA Member States concerned prior to issuing an authorization to an AIFM to engage in the activities provided for in Subsection (1) of Section 7 if the applicant AIFM:

a) is a subsidiary of another AIFM, or a UCITS manager, investment firm, credit institution or insurance company established in another EEA Member State;
b) is a subsidiary of the parent company of another AIFM, or a UCITS manager, investment firm, credit institution or insurance company established in another EEA Member State;
c) has a shareholder, whether a natural or legal person, with controlling influence in another AIFM, UCITS manager, investment firm, credit institution or insurance company that is established in another EEA Member State.

5. Cases of refusal of authorization in the case of AIFMs

Section 14

The Authority shall refuse authorization for the activity referred to in Subsection (1) of Section 7 where the effective exercise of its supervisory functions is prevented by any of the following:

1 Repealed by Paragraph b) of Section 112 of Act CIV of 2014, effective as of 1 January 2015.

a) close links between the AIFM and other natural or legal persons;
b) the laws, regulations or administrative provisions of a third country governing natural or legal persons with which the AIFM has close links;
c) difficulties involved in the enforcement of those laws, regulations and administrative provisions provided for in Paragraph *b)*.

6. Withdrawal of the investment fund manager's authorization

Section 15

(1) The Authority shall withdraw the authorization for carrying out the activities specified under Paragraph *a)* of Subsection (1) of Section 6 and Subsection (1) of Section 7 if:
a) the conditions and requirements based on which it was issued are no longer satisfied, and the investment fund manager fails to remedy the situation within a period of six months;
b) the investment fund manager fails to pay any of its undisputed debts within five days of the date on which they are due or no longer has sufficient own funds (assets) for satisfying the known claims of creditors;
c) the investment fund manager fails to commence within twelve months the activities to which the authorization pertains, or has failed to pursue the activity for more than six consecutive months after the commencement of operations;
d) the investment fund manager notifies the Authority of its intention to cease the activity;
e) the investment fund manager has seriously or systematically infringed the provisions adopted pursuant to this Act and in specific other legislation regarding the activity;
f) the investment fund manager's own funds drops below the limit prescribed by this Act, and it fails to comply with the recapitalization obligations within the deadline prescribed by the Authority;
g) the authorization was obtained by deceiving the Authority or by any other unlawful means;
h) a close link exists between the investment fund manager and a third party situated in a third country where there are legal impediments that would prevent the Authority from the effective exercise of its supervisory functions over the investment fund manager in question.
(2) Within the meaning of Paragraph *d)* of Subsection (1) hereof, the Authority shall withdraw the authorization it has granted to authorize the activities specified under Paragraph *a)* of Subsection (1) of Section 6 and Subsection (1) of Section 7 when the authorized operator has settled all undisputed debts owed to clients, or if his contractual liabilities are carried forward by commitment from another company authorized to perform the activity in question. The Authority may stipulate certain conditions and requirements, which must be satisfied - according to the relevant regulations - before the investment fund manager is permitted to terminate operations.
(3) The Authority shall suspend the authorization to engage in the given activities for a predetermined period if the conditions and requirements based on which it was issued are no longer satisfied, however, they can be remedied within a period of six months.

7. Capital and organizational requirements of investment fund managers

Section 16

(1) An investment fund manager may be authorized to pursue investment fund management activities if having - subject to the provisions in Subsection (2) - an initial capital of at least one hundred and twenty-five thousand euros, or at least three hundred thousand euros for real estate funds.

(2)[1] If the value of the portfolios of the investment funds managed by the investment fund manager exceeds two hundred and fifty million euros, the investment fund manager shall be required to provide an additional amount of own funds which is equal to 0.02 per cent of the amount by which the value of the portfolios of the investment funds managed by the investment fund manager exceeds two hundred and fifty million euros. If the total of the own funds and the additional capital reaches ten million euros, the own funds need not be increased further. For the purposes of calculating the above-specified sum, the portfolios managed by third parties under delegation by the investment fund manager shall be deemed to be the portfolios of the investment fund manager, excluding, however, portfolios that the investment fund manager is managing under delegation arrangement.

(3)[2] In order to maintain continuity in its operations and to protect its investors, investment fund managers shall have sufficient own funds to cover any and all risks associated with their activities, which may not be less than:

a) the amount specified in Subsection (1); or

b) the sum equivalent to 25 per cent of the previous year's fixed overheads provided for in Article 13 of Regulation 2019/2033/EU.

(4) The own funds referred to in Subsection (3) shall be determined in the amount calculated under Paragraphs *a)* and *b)* of Subsection (3), whichever is higher.

(5) To cover potential professional liability risks - provided for in Article 12 of the AIFM Regulation - resulting from activities AIFMs may carry out, AIFMs shall either:

a) have additional own funds which are appropriate to cover potential liability risks arising from professional negligence; or

b) hold a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

(6) The provisions of Subsection (5) shall be satisfied having regard to Articles 12-15 of the AIFM Regulation.

(7) The own funds of AIFMs shall be invested in liquid assets or assets readily convertible to cash in the short term and shall not include speculative positions.

(8) The initial capital referred to in Subsection (1) shall be translated to forints by the official MNB exchange rate in effect on the last day of the calendar month preceding the time when authorization for investment fund management activities was granted.

Section 17

(1) Subject to the exceptions set out in Sections 52 and 53, Subsection (3) of Section 59, Subsection (1) of Section 60 and Subsection (1) of Section 161, investment fund managers shall operate in the form of limited companies.

(2) The provisions of the Civil Code on legal persons shall apply to investment fund managers subject to the exceptions set out in this Act.

(3) The provisions of the FCA shall apply to investment fund managers incorporated as branches, subject to the exceptions set out in this Act.

8. Personnel and infrastructure requirements of investment fund managers

Section 18

1 Amended by Paragraph a) of Section 115 of Act CXVIII of 2019.
2 Established by Section 138 of Act CX of 2020, effective as of 26 June 2021.

(1) Investment fund managers shall have a head office in Hungary from which to direct their operations.

(2)[1] Investment fund managers are required to have sufficient office space available at their disposal, as well as sufficient communications facilities (telephone, internet, e-mail); investment fund managers managing public investment funds shall have their own website as well. Investment fund managers shall have in place organizational and operational regulations to ensure compliance with the operational arrangements defined in Sections 22-26 in the case of UCITS managers, and in Section 32 in the case of AIFMs.

(3) Investment fund managers shall have in place an electronic portfolio records system with facilities to provide accurate and up-to-date information concerning changes in the assets contained in the various portfolios and also in subscription and redemption orders, and that has facilities for the mandatory disclosure of information, and that conforms with the requirements of internal control and supervision by the Authority. Investment fund managers shall ensure a high level of security during electronic data processing as well as integrity and confidentiality of the recorded information.

(4) Investment fund managers involved in the distribution of collective investment instruments are required to have in place a register of investors that is kept current and updated at all times, containing the particulars of investors and a record of information which is sufficient to reconstruct such information and the details of securities transactions.

(5) Investment fund managers are required to meet the requirements set out in Sections 355, 364 and 368-371 of the CMA.

Section 19

(1) Investment fund managers - other than the AIFMs provided for in Subsection (2) of Section 2 - shall be managed by at least two natural persons under contract of employment. The management shall have at least two members recognized as residents according to foreign exchange regulations and having had a permanent residence in Hungary for at least one year.

(2) The persons nominated to be elected or appointed as senior executives of investment fund managers:

a)[2] shall provide proof - having regard to Subsection (9a) - of having no prior criminal record with respect to the criminal offenses specified in Subsection (9);

b) shall have a college or university degree;

c) shall have at least three years of professional experience in the field of finance, and at least three years of managerial experience in the fields of finance or economics; and

d) shall provide proof that they are not covered by any of the grounds for exclusion specified in Subsection (10) hereof or that no conflict of interest applies as per Section 27 in the case of UCITS managers, and in Section 34 in the case of AIFMs.

(3)[3] Prior to the appointment of the managing director of an investment fund manager, a member of the management body or supervisory board, or the directors of fund management, trading in investment assets and exchange-traded instruments, the candidate must be notified - in order to obtain prior consent - to the Authority before the proposed date of election or appointment, and the person may be appointed if having been granted authorization by the Authority.

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1 Amended by Section 30 of Act XX of 2022.
2 Established by Subsection (3) of Section 470 of Act L of 2017, effective as of 1 January 2018.
3 Established by Subsection (1) of Section 241 of Act LXXXV of 2015. Amended by Section 9 of Act CXCI of 2017, Paragraph c) of Section 128 of Act CXXVI of 2018, Paragraph a) of Section 121 of Act LVIII of 2021.

(4)[1] The managing director of an investment fund manager, a member of the management body or supervisory board, or the directors of fund management, trading in investment assets and exchange-traded instruments, and the investment fund manager shall notify the Authority without delay if any grounds for exclusion should arise after the authorization has been granted. The Authority shall have powers to withdraw or suspend the authorization granted for the appointment or election, if the condition underlying the authorization no longer applies, or if any grounds for exclusion should occur after the authorization had been granted.

(4a)[2] If the managing director of the investment fund manager, a member of the management body or supervisory board, or the director of fund management, trading in investment assets and exchange-traded instruments is not elected or appointed within three months from the time of the authorization, the authorization procedure for the election or appointment of such officers shall be reiterated. The provisions of Subsection (3) shall apply to the reiterated authorization procedure.

(5)[3]

(6)[4] The person who effectively directs the business of fund management, as well as trading in investment assets and exchange-traded instruments must have no prior criminal record with respect to the criminal offenses specified in Subsection (9) hereof - and provides proof to that effect having regard to Subsection (9a) -, shall have at least two years of professional experience in the field of investments, comprising at least one year spent in Hungary, and shall not be subject to the grounds for exclusion provided for in Subsection (10) hereof.

(6a)[5] Taking into account the provisions of Subsection (6):

a) with respect to a person responsible for investment management activities and for trading in investment assets and exchange-traded instruments in an investment fund manager that manages real estate funds, exclusively as regards real estate funds, periods of time spent at a housing company, investment fund manager that manages real estate funds in the relevant field, *b)* with respect to a person responsible for investment management activities and for trading in investment assets and exchange-traded instruments in a venture capital fund manager, periods of time spent at a business association providing business management consulting services in the relevant field, may also count as relevant professional experience.

(7)[6]

(8)[7] In the case of Subsection (2), time spent in the employment of:

a) an investment fund manager, collective investment trust, investment firm, financial institution, insurance company, voluntary mutual insurance fund, private pension fund or institution for occupational retirement provision;

b) the MNB, the Ministry, a regulated market, the stock exchange, the central securities depository, the central counterparty, the Államadósság Kezelő Központ Zrt. (*Government Debt Management Agency*), the Magyar Államkincstár (*Hungarian State Treasury*);

c) a housing company with regard to the senior executive of an investment fund manager that manages real estate funds exclusively, in addition to Paragraphs *a)* and *b)*;

d) a business association providing business management consulting services with regard to the senior executive of a venture capital fund manager, in addition to Paragraphs *a)* and *b)*; and

e) the foreign equivalent of those enumerated under Paragraphs *a)-d)*;

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1 Established by Subsection (1) of Section 241 of Act LXXXV of 2015. Amended by Paragraph b) of Section 121 of Act LVIII of 2021.
2 Established by Subsection (1) of Section 241 of Act LXXXV of 2015. Amended by Paragraph b) of Section 121 of Act LVIII of 2021.
3 Repealed by Paragraph c) of Section 121 of Act LVIII of 2021, effective as of 2 August 2021.
4 Established by Subsection (5) of Section 470 of Act L of 2017, effective as of 1 January 2018.
5 Enacted by Subsection (1) of Section 106 of Act LVIII of 2021, effective as of 2 August 2021.
6 Repealed by Paragraph c) of Section 121 of Act LVIII of 2021, effective as of 2 August 2021.
7 Established by Subsection (2) of Section 106 of Act LVIII of 2021, effective as of 2 August 2021.

in a contractual employment relationship, in the relevant field, shall be recognized as professional experience.

(9)[1] For the purposes of Subsections (2), (6) and (6a) the following criminal offenses shall be taken into account:

a) in Chapter XV, Title III of Act IV of 1978 on the Criminal Code (hereinafter referred to as "Act IV/1978") in force until 30 June 2013, specifically, false accusation (Act IV/1978, Section 233), misleading of authority (Act IV/1978, Section 237), perjury (Act IV/1978, Section 238), subornation of perjury (Act IV/1978, Section 242), suppressing extenuating circumstances (Act IV/1978, Section 243), harboring a criminal (Act IV/1978, Section 244), the criminal offenses specified in Titles VII and VIII of Chapter XV of Act IV/1978, acts of terrorism (Act IV/1978, Section 261), violation of international economic sanctions (Act IV/1978, Section 261/A), seizure of an aircraft, of any means of railway, water or road transport or of any means of freight transport (Act IV/1978, Section 262), illegal possession of explosives and destructive devices (Act IV/1978, Section 263), criminal misuse of firearms and ammunition (Act IV/1978, Section 263/A), criminal misuse of military items and services, and dual-use items (Act IV/1978, Section 263/B), affiliation with organized crime (Act IV/1978, Section 263/C), crimes in connection with nuclear energy (Act IV/1978, Section 264/B), criminal misuse of weapons prohibited by international convention (Act IV/1978, Section 264/C), taking the law into one's own hands (Act IV/1978, Section 273), the criminal offenses specified in Title III of Chapter XVI of Act IV/1978, and the criminal offenses specified in Chapters XVII and XVIII of Act IV/1978,

b)[2] crimes in connection with atomic energy (Criminal Code, Section 252), misuse of classified information (Criminal Code, Section 265), false accusation (Criminal Code, Section 268), misleading of authority (Criminal Code, Section 271), perjury (Criminal Code, Section 272), subornation of perjury (Criminal Code, Section 276), suppressing extenuating circumstances (Criminal Code, Section 281), harboring a criminal (Criminal Code, Section 282), the criminal offenses specified in Chapter XXVII of the Criminal Code, acts of terrorism (Criminal Code, Sections 314-316/A), failure to report a terrorist act (Criminal Code, Section 317), terrorist financing (Criminal Code, Sections 318-318/A) or incitement to war (Criminal Code, Section 331), unlawful seizure of a vehicle (Criminal Code, Section 320), participation in a criminal organization (Criminal Code, Section 321), criminal misuse of explosives or blasting agents (Criminal Code, Section 324), criminal misuse of firearms and ammunition (Criminal Code, Section 325), crimes with weapons prohibited by international convention (Criminal Code, Section 326), violation of international economic sanctions (Criminal Code, Section 327), misprision of violation of international economic sanctions (Criminal Code, Section 328), criminal misuse of military items and services (Criminal Code, Section 329), criminal misuse of dual-use items (Criminal Code, Section 330), and the criminal offenses defined in Chapters XXXIII and XXXV-XLIII of the Criminal Code.

(9a)[3] Where having no prior criminal record is prescribed mandatory by this Act, it applies with respect to the criminal offenses provided for in Subsection (9), and it shall be verified:

a) in the case of Hungarian citizens, by means of an official certificate made out according to Subsection (1) of Section 71 of 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, obtained by the Authority or supplied by the client;

1 Amended by Paragraph a) of Section 120 of Act LVIII of 2021.
2 Amended by Section 84 of Act XXXIX of 2017.
3 Enacted by Subsection (7) of Section 470 of Act L of 2017, effective as of 1 January 2018.

b) in the case of non-Hungarian citizens, by means of a document that qualifies - under the national law of the non-Hungarian citizen - as an official instrument provided for in Paragraph *a)*, obtained by said non-Hungarian citizen and made available to the Authority enclosed with the application.

(10)[1] In the application of Subsections (6) and (6a), the grounds for exclusion shall apply to any person who:

a)[2] has or has had a direct or indirect interest of 10 per cent or more, or has held an executive office in an institution that falls within the scope of supervision of the Authority and has become insolvent during the five year period preceding the date of application for authorization for investment fund management activities, or that was rescued from insolvency by intervention of the Authority, or if the authorization of such institution was revoked by the Authority, and who was found to be personally liable for the above-specified developments by final or definitive decision;

b)[3] has repeatedly engaged in any serious violation of the provisions of acts and other regulations adopted by authorization conferred by such acts governing the duties of the Authority, in consequence of which the Authority or another authority or court has imposed sanctions on at least three occasions by final or definitive decision within a period of five years preceding the date of application for authorization for investment fund management activities;

c) refuses to voluntarily supply the information required for an authorization procedure in connection with his acquisition of a holding, if such information cannot be obtained from the authorities of the country of residence or corporate domicile.

(11) The grounds for exclusion specified in Subsection (10) above shall also apply to the applicant’s activities in foreign countries.

(12)[4] Investment fund managers shall notify the Authority concerning the appointment of the persons referred to in Subsections (1), (2), (6) and (6a) (5)-(7), including any change in their person, immediately after the effective date of the appointment or change, in any case at the latest within five days following the date of the appointment or change.

(13)[5] Paragraph *c)* of Subsection (2) shall not apply to the chairman and members of the supervisory board of the venture capital fund manager provided for in Subsection (2) of Section 2.

Section 20

The provisions laid down in Chapter IX of the IRA shall also apply to the acquisition of qualifying interest in a UCITS manager, on the understanding that any reference made in legislation to investment firms shall be construed as UCITS managers.

9. Good business reputation

Section 21

(1)[6] Any person holding a qualifying interest in an investment fund manager must satisfy the following requirements:

a) be independent of any influences which may endanger the investment fund manager’s sound, diligent and reliable (hereinafter referred to collectively as “prudent”) operation;

1 Amended by Paragraph b) of Section 120 of Act LVIII of 2021.
2 Amended by Paragraph b) of Section 471 of Act L of 2017.
3 Amended by Paragraph c) of Section 471 of Act L of 2017.
4 Amended by Paragraph b) of Section 163 of Act CCXV of 2015, Paragraph c) of Section 120 of Act LVIII of 2021.
5 Enacted by Subsection (3) of Section 36 of Act XXXIII of 2014, effective as of 15 July 2014. Amended by Point 3 of Section 110 of Act CIV of 2014.
6 Established by Section 55 of Act LXXVI of 2023, effective as of 1 January 2024.

b) shall have good business reputation;
c) shall have no prior criminal record;
d) shall not be subject to prohibition to exercise a profession or activity in the fields of economics or finance;
e) shall have the capacity to provide reliable and diligent guidance and control of the investment fund manager; and
f) shall demonstrate transparency in business connections and ownership structure so as to allow effective supervision over the investment fund manager.
(2)[1] The senior executives of investment fund managers, or the directors of fund management, trading in investment assets and exchange-traded instruments, and the persons directing their business operations:
a) shall have good business reputation,
b) shall have no criminal record,
c) shall not be subject to prohibition to exercise a profession or activity in the fields of economics or finance.

(3) The burden of proof for good business reputation shall lie with the applicant, or shall be adduced by the party bearing a vested interest in persuading the Authority to recognize it as being true. The applicant may provide proof of good business reputation in any manner he desires, however, the Authority may prescribe that other specific credentials (documents) be provided. The Authority shall be entitled to contact the competent foreign authority directly as part of its procedure to resolve a person's good business reputation.

(4) If the Authority refuses to accept the proof provided to substantiate a good business reputation, it shall be stated in a resolution.

Chapter IV

Operating Conditions for UCITS Managers

10. General operating conditions

Section 22

(1) UCITS managers shall act honestly and fairly and with due skill, care and diligence in the best interests of the collective investment trust they manage, or the investors thereof, and the integrity of the market, and - in carrying out their activities - shall comply on a continuous basis with the following requirements relating to prudent operation having regard also to the nature of the collective investment trust they manage.

(2) UCITS managers shall have in place:

a) sound administrative and accounting procedures;

b) control and safeguard arrangements for electronic data processing;

c) systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information; and

d) adequate internal control mechanisms including, in particular, rules for personal transactions by its employees or for the holding or management of investments in financial instruments in order to invest on its own account.

(3) The systems and procedures implemented shall have facilities:

a) to ensure that each transaction conducted may be reconstructed - and verified - according to its origin, the parties to it, its nature, and the time and place at which it was effected;

1 Established by Section 55 of Act LXXVI of 2023, effective as of 1 January 2024.

b) to ensure that the assets of the collective investment trusts managed by the UCITS manager are invested according to the fund's management policy and the legal provisions in force;

c) to ensure that the assets of the collective investment trusts managed by the UCITS manager can be distinguished from the assets held for other portfolios, and from the UCITS manager's own assets; and

d) to enable the UCITS manager to honor its data disclosure obligation and the requirements of supervision by the Authority.

(4) UCITS managers shall be structured and organized in such a way as to eliminate or minimize the risk of collective investment trusts' they manage and other clients' interests being prejudiced by conflicts of interest between:

a) the UCITS manager and its clients;

b) two of the UCITS manager's clients;

c) the collective investment trust managed by the UCITS manager and one of its clients; or

d) collective investment trusts managed by the UCITS manager.

(5) UCITS managers shall have in place internal policies for the segregation of duties in connection with the making and implementation of investment decisions relating to specific instruments from the settlement and administration of transactions. Segregation duties within the organization shall be ensured regarding responsibilities for the division of labor and management as well.

(6) UCITS managers shall, in addition to the relevant legislation, comply on a regular basis with the operating principles and rules set out in their own internal regulations.

(7) UCITS managers shall draw up rules of conduct to ensure that the investment fund manager:

a) acts honestly and fairly in conducting its business activities in the best interests of the collective investment trusts it manages;

b) tries to avoid conflicts of interests and, when they cannot be avoided, ensures that the collective investment trusts it manages, and other clients are fairly treated.

(8) UCITS managers which carry out the service of portfolio management may not - unless the client expressly provides otherwise - conduct any transactions financed from the client portfolio for the acquisition of collective investment instruments issued by a collective investment trust they manage.

Section 23[1]

(1) UCITS managers shall provide facilities for their investors to submit any complaint they may have relating to the UCITS manager's conduct, activity or any alleged infringement orally or in writing, free of charge. UCITS managers shall allow investors to file complaints in the official language or one of the official languages of the place where the collective investment instruments are marketed.

(2)[2] Where complaints are handled by telephone, the UCITS manager shall record the conversation between the UCITS manager and the complainant, and shall retain this recording for a period specified in its management policy, in any case for at least five years. The complainant shall be informed thereof before the opening of the telephone conversation. At the complainant's request the audio recording shall be replayed, and- according to the client's request - a certified report on the sound recording, or a copy of the sound recording shall be made available within twenty-five days to the complainant free of charge.

(3) The UCITS manager shall retain the complaint and the reply provided therefor for a period specified in its management policy, in any case for at least five years, and shall make them available to the Authority when so requested.

1 Established by Section 225 of Act LXVII of 2016, effective as of 1 January 2017.
2 Amended by Section 190 of Act LXIX of 2017.

Section 24

The assets of collective investment trusts managed by a UCITS manager shall not constitute the UCITS manager's property; it shall proceed in the name of the collective investment trust, for it and on its behalf. The UCITS manager shall be entitled to conduct investment transactions in the name of the collective investment trust, for it and on its behalf.

Section 25

(1) The name of the UCITS, its prospectus, management policy, public notices or marketing communications may contain any reference for guarantee to protect the capital invested (capital guarantee) and may undertake to guarantee the earnings (yield guarantee), where the payment guarantee can be enforced in due time relative to the nature of the commitment and if covered by sufficient guarantee or surety facilities provided by a credit institution or by suretyship insurance. The promise to pay dividends incorporates a pledge to preserve the capital invested, lacking any specific reference thereto.

(2) The name of the UCITS, its prospectus, management policy, public notices or marketing communications may contain any reference for a pledge to protect the capital invested (capital protection) and may undertake to guarantee earnings (yield protection), where the yield and capital protection is supported by an adequate investment policy pertaining to assets made available within a collective investment trust. The promise to pay dividends incorporates a pledge to preserve the capital invested, lacking any specific reference thereto.

(3) In the process of calculating or showing the income or earnings achieved in the investment funds and UCITS managed by the UCITS manager the procedure specified in Annex 3 of the IRA shall apply.

Section 26

(1) UCITS managers shall be allowed to charge a management fee to the collective investment trust for services provided.

(2) If the collective investment trust's capital on the average did not reach 50 per cent of the mandatory minimum of initial capital over a period of three months, the UCITS manager may not charge the management fee to the collective investment trust as long as the amount of own capital for the average of the last three months does not reach 50 per cent of the mandatory minimum of initial capital. Management fees for the exempt period cannot be charged to the collective investment trust subsequently.

(3) UCITS managers shall be entitled to make special arrangements for assigning a part of the management fee to the distributor, intermediary or investor (retrocession).

10/A.[1] Remuneration

Section 26/A[2]

UCITS managers shall ensure the implementation of remuneration policies and practices that are consistent with and promote sound and effective risk management in accordance with the principles laid down in Annex 13.

1 Enacted by Section 155 of Act CCXV of 2015, effective as of 18 March 2016.
2 Enacted by Section 155 of Act CCXV of 2015, effective as of 18 March 2016.

11. Conflict of interest

Section 27

(1) The senior executives of UCITS managers, their employees engaged in the decision-making and execution process in connection with investments, and persons employed by the UCITS manager under any other form of employment relationship may not be in the employment of:

a) a depositary delegated by the UCITS manager;

b) an investment firm, credit institution involved in the implementation of investment-related decisions of the UCITS manager; or

c) any client of the UCITS manager;

who is engaged in a field directly associated with investment fund management.

(2) Any person who falls within the scope of incompatibility as defined in Subsection (1) shall forthwith notify the Authority, and shall terminate the conflict of interest without undue delay.

(3) Additional rules concerning UCITS managers, pertaining to cases of conflicts of interest shall be laid down by the Government Decree on the Structural Organization, Conflict of Interest, Conduct of Business and Risk Management Requirements of UCITS Managers.

11/A.[1] Securitization exposures

Section 27/A[2]

Where UCITS management companies are exposed to a securitization that fails to meet the requirements provided for in the Regulation 2017/2402/EU of the European Parliament and of the Council, such UCITS management companies shall, in the best interest of the investors in the relevant UCITS, act and take corrective action.

12. Personal transactions

Section 28

(1) Personal transaction means a trade in a financial instrument effected by or on behalf of a relevant person, if that relevant person is acting outside the scope of the activities he carries out in that capacity or the trade is carried out for the account of any of the following persons:

a) the relevant person;

b) any person with whom he has a family relationship, or with whom he has close links;

c) a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

(2) UCITS managers shall implement adequate arrangements aimed at preventing the activities specified under Subsection (3) in the case of any relevant person:

a) who is involved in activities that may give rise to a conflict of interest; or

1 Enacted by Section 124 of Act CXXVI of 2018, effective as of 1 January 2019.
2 Enacted by Section 124 of Act CXXVI of 2018, effective as of 1 January 2019.

b) who has access to inside information or to other confidential information relating to collective investment trusts, or any compartment thereof, or transactions with or for collective investment trusts by virtue of an activity carried out by him on behalf of the UCITS manager.

(3) For the purposes of Subsection (2) the following activities shall be taken into account:

a) entering into a personal transaction which:

aa) might constitute insider dealing or market manipulation,

ab)[1] involves the misuse or improper disclosure of business secrets, securities secrets, insurance secrets, bank secrets or other similar information treated as proprietary under data protection regulations and directly applicable acts of the European Union, or

ac) conflicts with an obligation of the UCITS manager provided for in this Act or the IRA;

b) advising or procuring, other than in the normal course of his employment or contract for services, a third person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by Paragraph *a)* of this Subsection or by Subsections (1)-(2) of Section 77 of the IRA, or would otherwise constitute a misuse of information relating to pending orders;

c) disclosing, other than within the scope of legitimate behavior provided for in Regulation (EU) No. 596/2014 and other than in the normal course of his employment or contract for services, any information or opinion to a third person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that third person will or would be likely to take either of the following steps:[2]

ca) to enter into a transaction in financial instruments which, where a personal transaction of the relevant person would be covered by Paragraph *a)* of this Subsection or by Subsections (1)-(2) of Section 77 of the IRA, or would otherwise constitute a misuse of information relating to pending orders, or

cb) to advise or procure another person to enter into a transaction specified in Subparagraph *ca)*.

(4) UCITS managers shall inform their employees and other personnel engaged under contract of employment or other work-related relationship (hereinafter referred to collectively as “employee”), at the time of commencement of employment, concerning the restrictions under Subsection (3) and the measures the UCITS manager has implemented according to Subsection (2).

(5) The relevant person shall forthwith inform the UCITS manager of any personal transaction entered into, enabling the UCITS manager to identify such transactions.

(6) The UCITS manager shall keep records of the personal transactions defined in Subsection (5), and those identified by it, including any authorization or prohibition in connection with such transactions.

(7) Where certain activities of the UCITS manager are performed by third parties, the entity performing the activity shall maintain a record of personal transactions entered into by any relevant person and shall provide that information to the UCITS manager without delay on request.

(8) Subsections (2)-(7) shall not apply:

a) to personal transactions effected under a portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or a third person for whose account the transaction is executed;

b) to personal transactions in securities issued by a collective investment trust, where the relevant person and any third person for whose account the transactions are effected are not involved in the decisions regarding the composition of the given collective investment trust, and are not involved in the decisions relating to the investment of such assets.

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1 Amended by Paragraph a) of Section 135 of Act XXXIV of 2019.
2 Established by Section 135 of Act LIII of 2016, effective as of 3 July 2016.

13. Recording of transactions and subscription and redemption orders

Section 29

(1) The procedures, systems and means adopted by UCITS managers shall have facilities to ensure, for each portfolio transaction relating to the collective investment trusts they manage, that a record of information provided for in Subsection (2) which is sufficient to reconstruct the details of the order and the executed transaction is produced without delay.

(2) The record referred to in Subsection (1) shall include the following information:

a) the name or other designation of the collective investment trust and of the person acting for the account of the collective investment trust;

b) the details necessary to identify the financial instrument in question;

c) the quantity;

d) the type of the order or transaction;

e) the price;

f) for orders, the date and exact time of the transmission of the order and the name or other designation of the person to whom the order was transmitted;

g) for transactions, the date and exact time of the decision to deal and the execution of the transaction;

h) the name of the person transmitting the order or executing the transaction;

i) where applicable, the reasons for the revocation of an order;

j) for executed transactions, the counterparty and execution venue identification.

(3) For the purposes of Paragraph *j)* of Subsection (2), 'execution venue' shall mean a regulated market as referred to in the CMA, a multilateral trading facility as referred to in the IRA, a systematic internalizer, a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. If the transaction is not conducted in either of the execution venues mentioned above, it shall suffice to indicate the other party.

Section 30

(1) In connection with the activities referred to in Paragraph *c)* of Subsection (2) of Section 6, the procedures, systems and arrangements adopted by UCITS managers shall have facilities to ensure that the received subscription and redemption orders for collective investment instruments are recorded electronically immediately after receipt of any such order.

(2) The record referred to in Subsection (1) shall include information on the following:

a) the relevant collective investment trust;

b) the person giving or transmitting the order;

c) the person receiving the order;

d) the date and time of the order;

e) the terms and means of payment;

f) the type of the order;

g) the date of execution of the order;

h) the number of collective investment instruments subscribed or redeemed;

i) the subscription or redemption price for each collective investment instrument;

j) the total subscription or redemption value of the collective investment instruments;

k) the gross value of the order including charges for subscription or net amount after charges for redemption.

Section 31

(1) UCITS managers are required to have in place a records system to ensure that all required records referred to in Sections 29 and 30 are retained for a period of at least eight years, or, in exceptional circumstances, for a longer period, where so prescribed by the Authority.

(2) Following the termination of the authorization of a UCITS manager, the UCITS manager is required to retain the records referred to in Subsection (1) for a period of eight years after the authorization is withdrawn. Where the UCITS manager transfers its responsibilities in relation to investment fund management to another UCITS manager, the UCITS manager is required to make arrangements so that the records referred to in Subsection (1) for the past eight years are accessible to that UCITS manager.

(3) The UCITS manager shall retain the data stored in the records system defined in Subsection (1) in such a form and on a durable medium that the following conditions are met:

a) the Authority must be able to access them readily and to reconstitute each key stage of the processing of each transaction;

b) it must be possible for any corrections or other amendments, and the contents of the records prior to such corrections or amendments, to be easily ascertained;

c) it must not be possible for the records to be otherwise manipulated or altered.

Chapter V

Operating Conditions for AIFMs

14. General operating conditions

Section 32

(1)[1] AIFMs shall comply at all times with the conditions laid down in Subsections (1)-(3) and (5)-(8) of Section 22 and in Sections 24-26, on the understanding that the requirements laid down in these Sections shall be satisfied having regard to Articles 16-29 and Articles 57-66 of the AIFM Regulation.

(2) No investor in an AIF shall obtain preferential treatment, unless such preferential treatment is disclosed in the relevant AIF’s management policy.

15. Remuneration

Section 33

AIFMs shall ensure the implementation of remuneration policies and practices that are consistent with and promote sound and effective risk management in accordance with the principles laid down in Annex 13.

16. Conflict of interest

Section 34

1 Amended by Paragraph d) of Section 255 of Act LXXXV of 2015.

(1) AIFMs shall be structured and organized in such a way as to eliminate or minimize the risk of collective investment trusts' they manage, or investors' and clients' interests being prejudiced by conflicts of interest between:

a) the AIFM, including its executive officers, employees or any person directly or indirectly linked to the AIFM by control, and the AIF managed by the AIFM or the investors in that AIF;

b) the AIF or the investors in that AIF, and another AIF or the investors in that AIF;

c) the AIF or the investors in that AIF, and another client of the AIFM;

d) the AIF or the investors in that AIF, and a UCITS managed by the AIFM or the investors in that UCITS; or

e) two clients of the AIFM.

(2) AIFMs shall segregate, within their own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest. AIFMs shall assess whether their operating conditions may involve any other material conflicts of interest and disclose them to the investors of the AIFs.

(3) Where organizational arrangements made by the AIFM to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' interests will be prevented, the AIFM shall clearly disclose the general nature or sources of conflicts of interest to the investors before undertaking business or before making further investments on their behalf, and develop appropriate policies and procedures to that effect.

(4) Where the AIFM on behalf of an AIF uses the services of a prime broker, the terms shall be set out in a written contract. In particular any possibility of transfer and reuse of AIF assets shall be provided for in that contract and shall comply with the AIF's management policy. The contract shall provide that the depositary be informed of the contract.

(5) AIFMs shall exercise due skill, care and diligence in the selection and appointment of prime brokers with whom a contract is to be concluded.

(6) AIFMs shall satisfy the provisions of this Section having regard to Articles 30-37 of the AIFM Regulation.

17. Risk management

Section 35

(1) AIFMs shall functionally and hierarchically separate the functions of risk management provided for in Paragraph *b)* of Subsection (1) of Section 7 from the operating units, including from the functions of portfolio management provided for in Paragraph *a)* of Subsection (1) of Section 7. The functional and hierarchical separation of the functions of risk management shall be reviewed by the Authority in accordance with the principle of proportionality. AIFMs shall, in any event, be able to demonstrate that specific safeguards against conflicts of interest allow for the independent performance of risk management activities and that the risk management process satisfies the requirements of this Section and is consistently effective.

(2) AIFMs shall implement adequate risk management systems in order to identify, measure, manage and monitor appropriately all risks relevant to each AIF investment strategy and to which each AIF is or may be exposed. AIFMs shall review the risk management systems at least once a year and adapt them whenever necessary.

(2a)[1] In risk management, AIFMs shall not solely or mechanistically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)*b)* of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, in particular for assessing the creditworthiness of the AIFs' assets. Taking into account the nature, scale and complexity of the activities of the AIFs, the Authority shall monitor the adequacy of the AIFMs' credit assessment processes.

(3) Minimum requirements for the risk management of AIFMs:

a) implement an appropriate, documented and regularly updated due diligence process when investing on behalf of the AIF, according to the investment strategy, the objectives and risk profile of the AIF;

b) ensure that the risks associated with each investment position of the AIF and their overall effect on the AIF's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures;

c) ensure that the risk profile of the AIF shall correspond to the size, portfolio structure and investment strategies and objectives of the AIF as laid down in the AIF's management policy, prospectus and offering documents.

(4) AIFMs shall set a maximum level of leverage which they may employ on behalf of each AIF they manage as well as the extent of the right to reuse collateral or guarantee that could be granted under the leveraging arrangement, taking into account, inter alia:

a) the type of the AIF;

b) the investment strategy of the AIF;

c) the sources of leverage of the AIF;

d) any other interlinkage or relevant relationships with other financial services institutions, which could pose systemic risk;

e) the need to limit the exposure to any single counterparty;

f) the extent to which the leverage is collateralized;

g) the asset-liability ratio;

h) the scale, nature and extent of the activity of the AIFM on the markets concerned.

(5) AIFMs shall satisfy the provisions of this Section having regard to Articles 38-45 of the AIFM Regulation.

18. Liquidity management

Section 36

(1) AIFMs shall, for each AIF that they manage which is not an unleveraged closed-ended AIF, employ an appropriate liquidity management system and adopt procedures which enable them to monitor the liquidity risk of the AIF and to ensure that the liquidity profile of the investments of the AIF complies with the fund's underlying obligations. AIFMs shall regularly conduct stress tests, under normal and exceptional liquidity conditions, which enable them to assess the liquidity risk of the AIFs and monitor the liquidity risk of the AIFs accordingly.

(2) AIFMs shall ensure that, for each AIF that they manage, the investment strategy, the liquidity profile and the redemption policy are consistent.

(3) AIFMs shall satisfy the provisions of this Section having regard to Articles 46-49 of the AIFM Regulation.

19. Investment in securitization positions

1 Enacted by Section 102 of Act CIV of 2014, effective as of 1 January 2015.

Section 37

In the process of investing in securitization positions on behalf of AIFs it manages, the AIFM shall act in accordance with Articles 50-56 of the AIFM Regulation.

Section 37/A[1]

Where AIFMs are exposed to a securitization that fails to meet the requirements provided for in Regulation 2017/2402/EU of the European Parliament and of the Council, such AIFMs shall, in the best interest of the investors in the relevant AIFs, act and take corrective action.

20. Evaluation

Section 38

(1) AIFMs shall ensure that, for each AIF that they manage, appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the AIF can be performed in accordance with the applicable national law and the AIF's management policy.

(2) The rules applicable to the valuation of assets and the calculation of the net asset value per collective investment instrument of the AIF shall be laid down in the law of the country where the AIF is established and/or in the AIF's management policy.

(3) AIFMs shall ensure that the net asset value per collective investment instrument of AIFs is calculated and disclosed to the investors in accordance with this Section, the applicable national law and the AIF's management policy. The valuation procedures used shall ensure that the assets are valued and the net asset value per collective investment instrument is calculated at least once a year. If the AIF is of the open-ended type, such valuations and calculations shall also be carried out at a frequency which is both appropriate to the assets held by the AIF and its issuance and redemption frequency. If the AIF is of the closed-ended type, such valuations and calculations shall also be carried out in case of an increase or decrease of the subscribed capital by the relevant AIF. The investors shall be informed of the valuations and calculations as set out in the relevant AIF's management policy.

(4) AIFMs shall ensure that the valuation function is either performed by:

a) an external valuer, being a person independent from the AIF, the AIFM and any other persons with close links to the AIF or the AIFM; or

b) the AIFM itself, provided that the valuation task is functionally independent from the investment management and the remuneration policy and other measures ensure that conflicts of interest are mitigated and that undue influence upon the employees is prevented.

(5) The depositary appointed for an AIF shall not be appointed as external valuer of that AIF, unless it has functionally and hierarchically separated the performance of its depositary functions from its tasks as external valuer and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF.

(6) Where an external valuer performs the valuation function, the AIFM shall demonstrate that:

a) the external valuer is subject to mandatory professional registration recognized by law or to legal or regulatory provisions or rules of professional conduct; and

1 Enacted by Section 125 of Act CXXVI of 2018, effective as of 1 January 2019.

b) the external valuer can provide sufficient professional guarantees to be able to perform effectively the relevant valuation function in accordance with Subsections (1)-(3); and

c) the appointment of the external valuer complies with the requirements of Subsections (1)-(4) of Section 41 and it was made in accordance with Articles 75-82 of the AIFM Regulation.

(7) The appointed external valuer shall not delegate the valuation function to a third party.

(8) AIFMs shall notify the appointment of the external valuer to the Authority. The Authority may require that another external valuer be appointed instead, where the conditions laid down in Subsection (6) are not met.

(9) The valuation shall be performed impartially and with all due skill, care and diligence.

(10) Where the valuation function is not performed by an independent external valuer, the Authority may require the AIFM to have its valuation procedures and/or valuations verified by an external valuer or by an auditor.

(11) AIFMs are responsible for the proper valuation of AIF assets, the calculation of the net asset value of the AIF and the publication of that net asset value. The AIFM's liability towards the AIF and its investors shall not be affected by the fact that the AIFM has appointed an external valuer.

(12) Subsection (11) notwithstanding and irrespective of any contractual arrangements providing otherwise, the external valuer shall be liable to the AIFM for any losses suffered by the AIFM as a result of the external valuer's negligence or intentional failure to perform its tasks.

(13) AIFMs shall satisfy the provisions of this Section having regard to Articles 67-74 of the AIFM Regulation.

Chapter VI

Outsourcing

21. Rules relating to outsourcing by UCITS managers

Section 39

UCITS managers are authorized to delegate to third parties the task of carrying out functions on their behalf so as to increase the efficiency of their activities (hereinafter referred to as "outsourcing").

Section 40

(1) UCITS managers may enter into outsourcing arrangements - having regard to the nature of the functions to be delegated - with a third party that is qualified and capable of undertaking the functions in question, and - if the activity in question is subject to authorization - has the required authorization for the pursuit of the given activity.

(2) Upon entering into outsourcing arrangements:

a) the mandate shall not prevent the effectiveness of supervision over the investment fund manager;

b) the mandate shall not prevent the investment fund manager from acting in the best interests of its investors, and to carry out investment fund management activities in the best interests of its investors;

c)[1] the investment fund manager's commitments prescribed in this Act toward its clients must not be undermined;

d) the mandate shall not affect the liabilities of the investment fund manager or of the depositary; and

e) the mandate shall not prevent the persons who conduct the business of the investment fund manager:

ea) from giving further instructions to and supervising the activities of the outsourcing service provider, and

eb) from terminating the outsourcing arrangements with immediate effect in the event of any breach of the outsourcing arrangements.

(3) Where the outsourcing arrangements concerns the investment of managed assets, the outsourcing arrangements may be entered into only with parties which are authorized for providing investment fund management or portfolio management services and which are subject to prudential supervision.

(4) In the case provided for in Subsection (3), the outsourcing arrangements must be in accordance with the investment-allocation criteria laid down by the investment fund manager. Such arrangement may not be concluded with the depositary of the UCITS, or any other firm whose interests may conflict with those of the investment fund manager or its investors.

(5) UCITS managers may enter into outsourcing arrangements with a person or organization established in a third country, if:

a) the prospective service provider is able to comply with the requirements set out in the State where the service provider is residing or established, and if supervised by the supervisory authority; and

b) there is an appropriate cooperation agreement between the Authority and the competent supervisory authority with respect to the delegated functions.

(6) The Authority shall publish on its website, updated on a daily basis, the list of third countries which satisfy the conditions specified in Subsection (5).

(7) Upon entering into outsourcing arrangements, the UCITS manager shall send a copy to the Authority within five days following the time of conclusion of the outsourcing arrangements.

(8) The following shall not be recognized as outsourcing:

a) contracting the services of a distributor for the marketing and distribution of collective investment instruments;

b) the provision of services which do not form part of investment fund management, including the provision of legal services, tax consulting services, delivery services, computer system development, computer system hosting and maintenance, the training and further development of personnel, billing services, payroll accounting and bookkeeping services, and the security of the UCITS manager's premises and personnel provided by a third party; furthermore

c) activities performed for the UCITS manager under contract of employment.

(9) The UCITS's prospectus and/or management policy shall contain information as to the tasks and functions which are deemed relevant for the purposes of the UCITS, and which may be delegated to third parties, as well as the entities used by the UCITS manager in connection with the activity referred to in Paragraph *a)* of Subsection (1) of Section 6.

22. Rules relating to outsourcing by AIFMs

Section 41

(1)[2] AIFMs are authorized to delegate to third parties the task of carrying out functions on their behalf so as to increase the efficiency of their activities.

1 Established by Section 243 of Act LXXXV of 2015, effective as of 7 July 2015.
2 Established by Subsection (1) of Section 244 of Act LXXXV of 2015, effective as of 7 July 2015.

(1a)[1] In connection with outsourcing arrangements AIFMs shall proceed in accordance with this Section and having regard to the general principles laid down in Article 75 of the AIFM Regulation, and they shall notify the Authority before the outsourcing arrangements become effective.

(2) In the case of outsourcing the following conditions shall be met:

a) acting in accordance with Article 76 of the AIFM Regulation, the AIFM must be able to justify its entire delegation structure on objective reasons;

b) in accordance with the conditions laid down in Article 77 of the AIFM Regulation, the outsourcing service provider must dispose of sufficient resources to perform the respective tasks and the persons who effectively conduct the business of the delegate must be of sufficiently good repute and sufficiently experienced;

c) acting in accordance with Article 78 of the AIFM Regulation, where the outsourcing concerns the activities provided for in Paragraphs *a)* and *b)* of Subsection (1) of Section 7, it must be conferred only on companies which are authorized or registered for the purpose of asset management and subject to supervision or, where that condition cannot be met, functions may be delegated subject to prior approval by the Authority;

d) where outsourcing concerns the activities provided for in Paragraphs *a)* and *b)* of Subsection (1) of Section 7 and is conferred on a third-country company, in addition to the requirements in Paragraph *c)*, cooperation between the Authority and the supervisory authority of the company must be ensured;

e) acting in accordance with Article 79 of the AIFM Regulation, the outsourcing must not prevent the effectiveness of supervision of the AIFM, and, in particular, must not prevent the AIFM from acting, or the AIF from being managed, in the best interests of its investors;

f) the AIFM must be able to demonstrate that the outsourcing service provider is qualified and capable of undertaking the functions in question, that it was selected with all due care and that the AIFM is in a position to monitor effectively at any time the delegated activity, to give at any time further instructions to the outsourcing service provider and to withdraw the delegation with immediate effect when this is in the interest of investors.

(3) The AIFM shall review the services provided by each delegate on an ongoing basis.

(4) The activities provided for in Paragraphs *a)* and *b)* of Subsection (1) of Section 7 shall not be delegated within outsourcing arrangements on:

a) the depositary or a delegate of the depositary; or

b) any other entity whose interests may conflict with those of the AIFM or the investors of the AIF, unless such entity has functionally and hierarchically separated the performance of the activities provided for in Paragraphs *a)* and *b)* of Subsection (1) of Section 7 from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF.

(5) In the application of Paragraph *b)* of Subsection (4), Article 80 of the AIFM Regulation shall be observed.

(6) The AIFM’s liability towards the AIF and its investors shall not be affected by the fact that the AIFM has delegated functions to a third party, or by any further sub-delegation. The AIFM shall not delegate its functions to the extent that, in essence, it can no longer be considered to be the manager of the AIF and to the extent that it becomes a letter-box entity. In the application of this Subsection, Article 82 of the AIFM Regulation shall be observed.

(7) The third party may sub-delegate any of the functions delegated to it provided that the following conditions are met:

a) the AIFM consented prior to the sub-delegation;

b) the AIFM notified the Authority before the sub-delegation arrangements became effective;

1 Enacted by Subsection (2) of Section 244 of Act LXXXV of 2015, effective as of 7 July 2015.

c) the conditions set out in Subsections (2) and (3) are satisfied, on the understanding that all references to the "delegate" are read as references to the "sub-delegate".

(8) In the application of Paragraphs *a)* and *b)* of Subsection (7), Article 81 of the AIFM Regulation shall be observed.

(9) The limits specified in Subsections (4) and (5) hereof shall also apply where the activities provided for in Paragraphs *a)* and *b)* of Subsection (1) of Section 7 are sub-delegated.

(10) Where the sub-delegate further delegates any of the functions delegated to it, the conditions set out in Subsection (7) shall apply mutatis mutandis.

(11) The following shall not be recognized as outsourcing:

a) contracting the services of a distributor for the marketing and distribution of collective investment instruments;

b) the provision of services which do not form part of investment fund management, including the provision of legal services, tax consulting services, delivery services, computer system development, computer system hosting and maintenance, the training and further development of personnel, billing services, payroll accounting and bookkeeping services, and the security of the AIFM's premises and personnel provided by a third party; furthermore

c) activities performed for the AIFM under contract of employment.

(12)[1] As regards the AIFMs referred to in Subsection (2) of Section 2, Subsection (1a), Subsection (2), Subsection (5), Paragraphs *b)* and *c)* of Subsection (7), and Subsections (8)-(10) hereof shall not apply.

Section 42

The provisions laid down in the IRA pertaining to outsourcing arrangements shall apply accordingly to the delegation of the functions specified in Subsection (2) of Section 6 and in Subsection (3) of Section 7, on the understanding that any reference made in legislation to investment firms shall be construed as investment fund managers.

Chapter VII

Liquidation of Investment Fund Managers

Section 43

(1)[2] The provisions of the CRA, the Bankruptcy Act and the provisions of the Civil Code on legal persons shall apply to the dissolution and liquidation of investment fund managers incorporated as limited companies, and the provisions of the CRA, the Bankruptcy Act and the FCA shall apply to the dissolution and liquidation of investment fund managers incorporated as branches, subject to the exceptions set out in this Act.

(2) The Fővárosi Törvényszék (*Budapest Metropolitan Court*) (for the purposes of this Chapter hereinafter referred to as "general court") has exclusive jurisdiction in conducting proceedings in connection with the liquidation of investment fund managers.

(3)[3] If liquidation of an investment fund manager is initiated not by the Authority, and if the general court rejected the request, it shall send its ruling thereof to the Authority.

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1 Enacted by Subsection (3) of Section 244 of Act LXXXV of 2015, effective as of 7 July 2015.
2 Established by Subsection (1) of Section 103 of Act CIV of 2014, effective as of 1 January 2015.
3 Amended by Section 121 of Act CXXX of 2017.

(4)[1] The general court shall appoint the nonprofit business association established exclusively for the liquidation of organizations covered by the MNB Act as the liquidator of an investment fund manager.

Section 44

(1) In respect of investment fund managers, liquidation proceedings may not be suspended.
(2) The provisions of Subsection (7) of Section 46 of the Bankruptcy Act shall not apply in respect of claims against investment fund managers.

Section 45

(1) The Authority has exclusive competence to initiate liquidation proceedings against an investment fund manager.
(2) The Authority shall initiate the liquidation of an investment fund manager:
a) if the investment fund manager's authorization for the pursuit of investment fund management activities was withdrawn pursuant to Paragraph *b)* of Subsection (1) of Section 15; or
b) in the case of an investment fund manager incorporated as a branch, if insolvency proceedings have been opened in the State where established.
(3) Investment fund managers shall forthwith notify the Authority if they learn that a liquidation proceeding has been initiated against them.
(4) The general court shall order the opening of liquidation proceedings without having to examine the solvency of the investment fund manager, or the investment fund manager incorporated as a branch.

Section 46

(1) The general court shall deliver its decision concerning petitions for liquidation within eight days from the date of submission thereof.
(2) A general court ruling ordering liquidation may be enforced, irrespective of any appeal.
(3) Where liquidation is initiated by the Authority under Subsection (1) of Section 45, the general court shall order it without declaring the investment fund manager, or the investment fund manager incorporated as a branch insolvent.

Section 47

(1) Effective as of the day of submission of the petition for liquidation, the Authority shall freeze all outgoing payments if it is of the opinion that this is necessary to ascertain that the assets available are handled lawfully, to best serve the interests of creditors and clients.
(2) If the Authority appoints a supervisory commissioner before the petition for liquidation is submitted, the appointment shall remain in effect until such time as the opening of liquidation proceedings.

Section 48

(1) As regards the liquidation of an investment fund manager, the financial instruments and funds deposited by clients with the investment fund manager, the financial instruments and funds held for or belonging to clients, and assets to which the contract to provide services pertains shall not comprise a part of the assets of liquidation.

1 Established by Subsection (2) of Section 103 of Act CIV of 2014, effective as of 1 January 2015.

(2) If any part of the financial instruments and funds held for or belonging to clients as referred to in Subsection (1) hereof, or assets to which the contract to provide services pertains cannot be returned to the clients for any reason, these claims shall be satisfied first from the investment fund manager's assets following settlement of liquidation charges by way of derogation from the sequence of the satisfaction of claims provided for in Section 57 of the Bankruptcy Act.

(3) As regards securities traded on secondary markets, for the purposes of Subsections (1) and (2) the principal securities shall be treated as financial instruments deposited by their holders.

(4) The provisions contained in Subsections (1) and (2) shall not apply in respect of the financial instruments and funds belonging to or held for a person having a qualifying interest in the investment fund manager, or to an executive officer of the investment fund manager.

(5) Regarding the liquidation of an investment fund manager, the liabilities arising in connection with any subordinated loan capital and junior subordinated loan capital shall be satisfied after settlement of the debt specified in Paragraph *g)* of Subsection (1) of Section 57 of the Bankruptcy Act.

Section 49

The liquidator is vested with competence to decide to have the accounts of the investment fund manager transferred in the course of the liquidation procedure.

Section 50

(1) A representative of the Befektető-védelmi Alap (*Investor Protection Fund*) shall attend composition negotiations held in connection with the liquidation of an investment fund manager in the capacity of a creditor concerning the claims and the extent of coverage insured by the Befektető-védelmi Alap, and shall be entitled to make any concessions in order to achieve a composition agreement.

(2) A composition agreement shall be approved under the liquidation of an investment fund manager subject to the Authority's consent, where the activity subject to authorization under this Act is to be continued as a precondition of the composition agreement.

Section 51

(1) Having regard to what is contained in Subsection (2), the liquidator's fee may not exceed 1.0 per cent of the aggregate amount of proceeds from sold assets and the receivables actually recovered during the proceedings for the liquidation of the investment fund manager.

(2) By way of derogation from Subsection (1), the liquidator's fee in the case of composition may not be more than 1.0 per cent of the net value of the assets of the investment fund manager.

(3) Section 59 and Subsections (4)-(6) of Section 60 of the Bankruptcy Act shall not apply to liquidators of investment fund managers.

Chapter VIII

Establishment of a Branch, Provision of Cross-border Services

23. Provisions applicable to UCITS managers

Section 52

UCITS managers established in any EEA Member State may be incorporated as branches.

Section 53

(1) Having regard to Subsections (4) and (5), the authorization issued by the Authority under this Act to a UCITS manager for the relevant activities and services shall constitute an entitlement to perform such activities and to supply such services in other EEA Member States.

(2) Where a UCITS manager that is authorized by the Authority to pursue the activities referred to in Subsections (1) and (2) of Section 6 wishes to set up a branch in another EEA Member State, it shall notify the Authority before setting up the branch and shall provide the following information in the notice:

a) the EEA Member State within the territory of which it plans to establish a branch;

b) a program of operations setting out inter alia the UCITS manager's risk management processes and procedures for the handling of complaints, and the structural organization of the branch;

c) the address in the host Member State from which documents may be obtained; and

d) the names of those responsible for the management of the branch.

(3) The Authority shall, within two months of receiving the notice referred to in Subsection (2), communicate the information specified in Subsection (2) to the supervisory authority of the host Member State, and shall also send the document containing the details of any compensation scheme intended to protect investors, if available. The Authority shall forthwith inform the UCITS manager on the transmission of said documents, so that it may commence operations through its branch in the host Member State after receiving the information.

(4) The Authority shall refuse to communicate the information referred to in Subsection (2) to the supervisory authority of the host Member State, and shall refuse to authorize the establishment of the branch if the management structure of the UCITS manager and its financial situation is not in conformity with the activity envisaged. The Authority shall inform the UCITS manager concerning its refusal and shall give reasons for its refusal within two months of receiving all the information referred to in Subsection (2).

(5) Where a UCITS manager intends to pursue the activity referred to in Paragraph *a)* of Subsection (1) of Section 6, the Authority shall enclose with the documentation provided for in Subsection (3) hereof, sent to the supervisory authority of the host Member State an attestation that the UCITS manager has been authorized under Section 5, a description of the scope of the UCITS manager's authorization, and details of any restriction on the types of UCITS that the UCITS manager is authorized to manage.

(6) In the event of change of any particulars communicated in accordance with Paragraphs *b)-d)* of Subsection (2), the UCITS manager shall give written notice of that change to the Authority and the supervisory authority of the host Member State at least one month before implementing the change. The Authority may exercise the right of refusal defined in Subsection (4) during that one month.

(6a)[1] Where, pursuant to a change as referred to in Subsection (6), the UCITS manager would no longer comply with this Act, the Authority shall inform the UCITS manager within fifteen working days of receipt of the information referred to in Subsection (6) that it is not to implement that change. In that case, the Authority shall inform the competent authorities of the host Member State accordingly. If the proposed change is implemented thereafter nevertheless and pursuant to that change the UCITS manager no longer complies with this Act, the Authority shall take all appropriate measures and shall notify the competent authorities of the host Member State without undue delay of the measures taken.

(7) In the event of a change in the particulars communicated in accordance with Subsection (3), the Authority shall inform the supervisory authority of the host Member State accordingly, and shall revise the information contained in the attestation under Subsection (5) if necessary.

Section 54

(1) Any UCITS manager wishing to pursue the activities for which it has been authorized within the territory of another EEA Member State for the first time in the form of cross-border services shall communicate the following information to the Authority:

a) the EEA Member State within the territory of which the UCITS manager intends to operate;

b) a program of operations stating the activities envisaged which shall include a description of the risk management process and procedures for the handling of complaints put in place by the UCITS manager.

(2) The Authority shall, within one month of receiving the information referred to in Subsection (1), forward it to the supervisory authority of the host Member State, and shall also send the details of any compensation scheme intended to protect investors, if available. The Authority shall forthwith inform the UCITS manager on the transmission of said documents, so that it may commence operations in the host Member State after receiving the information.

(3) Where a UCITS manager intends to pursue the activity referred to in Paragraph *a)* of Subsection (1) of Section 6, the Authority shall enclose with the documentation provided for in Subsection (2) hereof, sent to the supervisory authority of the host Member State an attestation that the UCITS manager has been authorized under Section 5, a description of the scope of the UCITS manager’s authorization, and details of any restriction on the types of UCITS that the UCITS manager is authorized to manage.

(4) In the event of change of any particulars contained in the document referred to in Paragraph *b)* of Subsection (1), the UCITS manager shall give written notice of that change to the Authority and the supervisory authority of the UCITS manager’s host Member State at least one month before implementing the change.

(5) In the event of a change in the particulars communicated in accordance with Subsection (2), the Authority shall inform the supervisory authority of the host Member State accordingly, and shall revise the information contained in the attestation under Subsection (3) if necessary.

Section 55

(1) A UCITS manager which provides investment fund management services on a cross-border basis by establishing a branch or under the freedom to provide services shall comply with the provisions of this Act pertaining to UCITS managers.

1 Enacted by Section 107 of Act LVIII of 2021, effective as of 2 August 2021.

(2) A UCITS manager which provides investment fund management services on a cross-border basis by establishing a branch or under the freedom to provide services shall comply with the rules of the UCITS home EEA Member State which relate to the constitution and functioning of the UCITS, namely the rules applicable to:

a) the setting up and authorization of the UCITS;

b) the issuance and redemption of collective investment instruments;

c) investment policies and limits, including the calculation of total exposure and leverage;

d) restrictions on borrowing, lending and uncovered sales;

e) the valuation of assets and the accounting of the UCITS;

f) the calculation of the issue or redemption price, and errors in the calculation of the net asset value and related investor compensation;

g) the distribution or reinvestment of the income;

h) the disclosure and reporting requirements of the UCITS, including the prospectus, key investor information and periodic reports;

i) the arrangements made for marketing;

j) the relationship with investors;

k) the merging and restructuring of the UCITS;

l) the winding-up and liquidation of the UCITS;

m) the content of the register of investors;

n) the licensing and supervision fees regarding the UCITS; and

o) the exercise of investors' voting rights and other investors' rights in relation to Paragraphs *a)-m)*.

(3) The UCITS manager shall comply with the obligations set out in the fund's instruments of incorporation, and the obligations set out in the prospectus, which shall be consistent with the provisions referred to in Subsections (1) and (2).

(4) The UCITS manager shall be responsible for adopting and implementing all the arrangements and organizational decisions which are necessary to ensure compliance with the rules which relate to the constitution and functioning of the UCITS and with the obligations set out in the fund's management policy or in the instruments of incorporation, and with the obligations set out in the prospectus.

Section 56

A UCITS manager established in Hungary shall be authorized to manage a UCITS established in another EEA Member State if the Authority has previously authorized the UCITS manager to manage UCITS of the same type, the UCITS manager provides information to the supervisory authority of the UCITS home Member State on outsourcing arrangements it has in place regarding the functions specified in Subsection (1) of Section 6, and submits the agreement with the depositary governing the flow of information referred to in Annex 9 to the supervisory authority of the UCITS home Member State. If an investment fund manager already manages other UCITS of the same type in the UCITS home Member State, reference to the documentation already provided to the supervisory authority of the UCITS home Member State shall be sufficient. The UCITS manager shall notify to the Authority any subsequent material modifications of the documentation submitted.

Section 57

(1) The Authority's authorization is not required for carrying out in Hungary the activities referred to in Subsections (1) and (2) of Section 6 - performed for a UCITS -, for any UCITS manager established in another EEA Member State in the form of cross-border services or through Hungarian branches, and if authorized by the supervisory authority of the Member State where established for the activities in question.

(2) Where a UCITS manager established in another EEA Member State is pursuing business in Hungary through the establishment of a branch or under the freedom to provide services, the UCITS manager shall provide to the Authority the information necessary for the monitoring of its compliance with the rules under the responsibility of the UCITS manager's host Member State that apply to the UCITS manager. The UCITS manager shall submit such information to the supervisory authority of the home Member State as well. The Authority shall, within two months, prepare for supervising the compliance of the UCITS manager established in another EEA Member State.

(3) The endowment capital requirement shall not apply to the Hungarian branch of a UCITS manager established in another EEA Member State.

(4) The activity performed in Hungary by a UCITS manager established in any EEA Member State shall be in compliance with the provisions of Sections 22-26 and Sections 40 and 42, and also with the operational arrangements specified in the Government Decree on the Structural Organization, Conflict of Interest, Conduct of Business and Risk Management Requirements of UCITS Managers.

Section 58

A UCITS manager established in another EEA Member State may start to manage UCITS in the territory of Hungary in the form of cross-border services, upon receipt of a communication from the supervisory authority of its home Member State that it has forwarded the information referred to in Subsection (1) of Section 54 and the certificate of authorization to the Authority.

24. Provisions applicable to AIFMs

Section 59

(1) The authorization issued by the Authority under this Act to an AIFM:

a) for carrying out the activity provided for in Subsection (1) of Section 7 shall constitute entitlement to manage EU AIFs established in other EEA Member States, provided that the AIFM is authorized to manage that type of AIF;

b)[1] for the provision of services under Subsection (3) of Section 7 shall constitute entitlement to provide the same services in other EEA Member States.

(2) Any AIFM wishing to pursue - in accordance with Subsection (1) - the activities for which it has been authorized within the territory of another EEA Member State for the first time in the form of cross-border services shall communicate the following information to the Authority:

a) the EEA Member State within the territory of which the AIFM intends to operate;

b) a program of operations stating the activities envisaged and identifying the AIFs it intends to manage.

(3) If the AIFM intends to establish a branch in another EEA Member State, it shall notify the Authority before setting up the branch and shall provide the following information in the notice, in addition to that referred to in Subsection (2):

a) the organizational structure of the branch;

b) the address in the home Member State of the AIF from which documents may be obtained;

c) the names and contact details of the persons responsible for the management of the branch.

1 Established by Section 136 of Act CXLV of 2017, effective as of 21 November 2017.

(4) The Authority shall, within one month of receiving the complete notice in accordance with Subsection (2) or within two months of receiving the complete documentation in accordance with Subsection (3), communicate the information specified in Subsections (2) and (3) to the supervisory authority of the host Member State. The Authority shall transmit the documents - together with the documents relating to authorization of the AIFM - if the AIFM complies with the provisions of this Act. The Authority shall forthwith inform the AIFM on the transmission of said documents, so that it may commence operations in the host Member State after receiving the information.

(5)[1] In the event of any material change to any of the information communicated in accordance with Subsection (2) or (3), an AIFM shall give written notice of that change to the Authority at least one month before implementing planned changes, or immediately after an unplanned change has occurred. If, pursuant to a planned change, the AIFM's management of the AIF would no longer comply with this Act or the AIFM would otherwise no longer comply with this Act, the Authority shall inform the AIFM within fifteen working days of receipt of all the information concerning the change that it is not to implement the change. If the planned change is implemented notwithstanding or if an unplanned change has taken place pursuant to which the AIFM's management of the AIF would no longer comply with this Act or the AIFM otherwise would no longer comply with this Act, the Authority shall take all due measures, and shall, without undue delay, inform the competent authorities of the host Member State of the AIFM accordingly. If the changes are acceptable because they do not affect the compliance of the AIFM's management of the AIF with this Act, or compliance by the AIFM with this Act otherwise, the Authority shall, without undue delay, inform the supervisory authorities of the host Member States of the AIFM of those changes.

(6)[2] Subsections (1)-(5) hereof shall not apply to the AIFMs provided for in Subsection (2) of Section 2.

Section 60

(1) An AIFM authorized in another EEA Member State may provide in Hungary the services for which it has been authorized in the form of cross-border services, and may operate in Hungary incorporated as a branch.

(2) An AIF established in Hungary may be managed by an AIFM authorized in another EEA Member State in the form of cross-border services or incorporated as a branch, provided that documents verifying the following are transmitted to the Authority:

a) the AIFM has been authorized under the provisions adopted upon the transposition of the provisions of the AIFM Directive relating to authorization into the law of its home Member State, and has also been authorized to manage that type of AIF within the framework of its authorization to manage investment funds;

b) a program of operations stating the activities envisaged and identifying the AIFs it intends to manage.

(3) If the AIFM intends to establish a branch in the territory of Hungary, the Authority shall be notified thereof before setting up the branch and the following information is provided in the notice, in addition to that referred to in Subsection (2):

a) the organizational structure of the branch;

b) the domestic address from which documents may be obtained;

c) the names and contact details of the persons responsible for the management of the branch.

1 Established by Section 108 of Act LVIII of 2021, effective as of 2 August 2021.
2 Enacted by Section 104 of Act CIV of 2014, effective as of 1 January 2015.

(4) The Authority, acting as the supervisory authority of the host Member State within the framework of this Act, shall not impose any additional requirements on an AIFM if the supervisory authority of the AIFM's home Member State transmitted the documents provided for in Subsection (4) of Section 59 to the Authority.

Section 61

(1) The authorization issued by the Authority under this Act to an AIFM for carrying out the activity provided for in Subsection (1) of Section 7 shall constitute entitlement to manage non-EU AIFs, provided that:

a) the AIFM complies with the requirements established in this Act except for the provisions on depositaries and annual accounts in respect of those AIFs; and

b) appropriate cooperation arrangements are in place between the Authority and the supervisory authorities of the third country where the non-EU AIF is established in order to ensure at least an efficient exchange of information that allows the Authority to carry out its duties in accordance with this Act.

(2) As regards the cooperation arrangements referred to in Paragraph *b)* of Subsection (1) Articles 113-115 of the AIFM Regulation must be taken into account.

(3)[1] Subsections (1) and (2) hereof shall not apply to the AIFMs provided for in Subsection (2) of Section 2.

Chapter IX

Provisions Relating to Depositaries

25. Provisions applicable to UCITS depositaries

Section 62[2]

(1) UCITS managers are required to commission the services of a depositary provided for in Subparagraph *aa)* of Paragraph *a)* of Point 68 of Subsection (1) of Section 4 for the UCITS provided for in Paragraph *a)* of Point 8 of Subsection (1) of Section 4 they manage, and a depositary having its registered office or branch in the UCITS home Member State provided for in Subparagraph *ab)* of Paragraph *a)* of Point 68 of Subsection (1) of Section 4 for the UCITS provided for in Paragraph *b)* of Point 8 of Subsection (1) of Section 4. The agreement for safe custody services, and any amendment thereof, shall be subject to the Authority's approval.

(2) The appointment of the depositary shall be evidenced by written contract. The contract shall, inter alia, regulate the flow of information deemed necessary to allow the depositary to perform its functions for the UCITS for which it has been appointed as depositary, as set out in this Act.

(3) If the depositary's mandate is terminated, the depositary agreement shall cease to have effect when the new depositary's mandate enters into force.

1 Enacted by Section 105 of Act CIV of 2014, effective as of 1 January 2015.
2 Established by Section 156 of Act CCXV of 2015, effective as of 18 March 2016.

(4) Securities and financial instruments held by the UCITS may be placed on account only if opened with a depositary or a delegate of a depositary, or on accounts opened by a depositary or a delegate of a depositary for keeping records of securities and/or financial instruments, with the exception of securities pledged as collateral. Any unclaimed collateral may be assigned to a depositary only, or may be placed on or transferred to, an account opened by a depositary. The UCITS manager, or a depositary on its behalf shall open a discretionary account in the UCITS's name for non-transferable assets (including derivative transactions and deposits) at the body where these assets are registered.

(5) The depositary shall ensure that the UCITS's cash flows are properly monitored, and shall ensure that all payments made by or on behalf of investors upon the subscription of collective investment instruments of an UCITS have been received. The depositary shall ensure that all cash of the UCITS has been booked in accordance with the principles set out in Section 57 of the IRA in cash accounts opened in the name of the UCITS at an institution referred to in Paragraphs *a)-c)* of Subsection (1) of Section 60 of the IRA, or another institution of the same nature provided for in Article 18(1)*a)-c)* of Directive 2006/73/EC, provided that such institution is subject to effective prudential regulation and supervision which have the same effect as Union law.

(6) In carrying out its role as depositary, the depositary shall act solely in the interests of the investors as delegated by the UCITS.

(7) In carrying out its role as depositary for a UCITS, the depositary shall perform the following services to a UCITS:

a) safekeeping and administration in relation to financial instruments deposited and documents embodying rights stemming from financial instruments, and maintaining the account containing records on the securities of UCITS so that they can be clearly identified as belonging to the UCITS at all times, the securities account, payment account and the client account;

b) based on information or documents provided and, where available, on external evidence, the depositary shall verify the ownership of the UCITS of all such assets and shall maintain up-to-date records of those assets for which it is satisfied that the UCITS holds the ownership of such assets.

(8) In addition to the tasks referred to in Subsections (5) and (7), the depositary shall:

a) carry out the instructions received from the UCITS manager relating to the UCITS's financial instruments, unless they conflict with the applicable law, or violate the UCITS's management policy;

b) evaluate assets and liabilities, and determine the net asset value of the UCITS on the aggregate and for each collective investment instrument;

c) monitor the UCITS's compliance with investment regulations laid down by the applicable law and in the investment fund's management policy;

d) ensure that the sale, issue, redemption and cancellation of collective investment instrument are carried out in accordance with the applicable law and the UCITS's management policy;

e) ensure that in transactions involving the UCITS's assets and in dealing in collective investment instruments any consideration is remitted to the UCITS within the usual time limits set according to fair market practice;

f) ensure that an UCITS's income is applied in accordance with the applicable law and the UCITS's management policy.

(9) The depositary shall provide the UCITS manager, on a regular basis, with a comprehensive inventory of all of the assets of the UCITS.

(10) In carrying out its role as depositary for a UCITS, the depositary shall - in the event of any violation of the investment limits laid down in the Government Decree on the Investment and Borrowing Policies of Collective Investment Trusts or in the UCITS's investment policy - order the UCITS manager, in writing, to comply with the limits, if the limits had been breached due to any changes in valuation prices. If the UCITS manager fails to comply within thirty days in the case of securities funds, the depositary shall notify the Authority thereof.

(11) The assets referred to in Subsection (7) shall not be reused by the depositary, or by a third-party secondary depositary without the prior consent of the UCITS. Reuse comprises any transaction of assets held in custody including, but not limited to, transferring, pledging, selling and lending.

(12) By way of derogation from Subsection (11), the assets held in custody by the depositary are allowed to be reused only where:

a) the reuse of the assets is executed for the account of the UCITS;

b) the depositary is carrying out the instructions of the UCITS manager on behalf of the UCITS;

c) the reuse is for the benefit of the UCITS and in the interest of the unit holders; and

d) the transaction is covered by liquid collateral provided for in Regulation 575/2013/EU, received by the UCITS under a title transfer arrangement, the market value of which shall amount to the market value of the reused assets plus a premium.

(13) In the event of liquidation of the depositary the financial instruments and/or funds held in custody by the depositary or any third party are unavailable for distribution in the liquidation proceedings.

Section 63[1]

(1) The depositary shall refuse to carry out any instruction of the UCITS manager that is in violation of the law and/or the UCITS's management policy, and shall call upon the UCITS manager to restore the legitimacy of operations. If the UCITS manager fails to make all efforts necessary to restore compliance with the relevant legislation and with the UCITS's management policy, the depositary shall notify the Authority without delay.

(2) The depositary shall act honestly, fairly, professionally, independently and in the interest of the UCITS and the investors of the UCITS. A depositary shall not carry out activities with regard to the UCITS that may create conflicts of interest between the UCITS, the investors in the UCITS, the UCITS manager and itself, unless the depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the UCITS.

(3) The depositary shall not delegate to third parties its functions referred to in Subsections (5) and (8) of Section 62. The depositary may delegate to third parties the functions referred to in Subsection (7) of Section 62 subject to the following conditions:

a) the tasks are not delegated with the intention of avoiding the requirements of this Act;

b) the depositary can demonstrate that there is an objective reason for the delegation;

c) the depositary has exercised all due skill, care and diligence in the selection and the appointment of any third party to whom it wants to delegate parts of its tasks, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it;

1 Established by Section 157 of Act CCXV of 2015, effective as of 18 March 2016.

d) the depositary ensures that the third party meets the following conditions at all times during the performance of the tasks delegated to it:

da) the third party has the structures and the expertise that are adequate and proportionate to the nature and complexity of the assets of the UCITS which have been entrusted to it,

db) for the tasks referred to in Paragraph *a)* of Subsection (7) of Section 62, the third party is subject to effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned and the third party is subject to an external periodic audit to ensure that the financial instruments are in its possession,

dc) the third party segregates the assets of the depositary's clients from its own assets and from the assets of the depositary in such a way that they can at any time be clearly identified as belonging to clients of a particular depositary;

dd) the third party takes all necessary steps to ensure that in the event of insolvency of the third party, assets of a UCITS held by the third party in custody are unavailable for distribution among, or realization for the benefit of, creditors of the third party, and

de) the third party complies with the general obligations and prohibitions set out in Subsections (1), (7), (11) and (12) of Section 62.

(4) Where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy the delegation requirements laid down in Subparagraph *db)* of Paragraph *d)* of Subsection (3), the depositary may delegate its functions to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the delegation requirements, subject to the following requirements:

a) the investors of the relevant UCITS must be duly informed that such delegation is required due to legal constraints in the law of the third country and of the circumstances justifying the delegation; and

b) the UCITS manager must instruct the depositary to delegate the custody of such financial instruments to such local entity.

(5) The third party may, in turn, sub-delegate those functions, subject to the requirements provided for in Subsection (4). In such a case, Subsection (6) shall apply mutatis mutandis to the relevant parties.

(6) The depositary shall be liable to the UCITS or to the investors of the UCITS, for the loss by the depositary or a third party to whom the custody of financial instruments held in custody in accordance with Paragraph *a)* of Subsection (7) of Section 62 has been delegated. In the case of such a loss of a financial instrument held in custody, the depositary shall return a financial instrument of identical type or the corresponding amount to the UCITS or the UCITS manager acting on behalf of the UCITS without undue delay. The depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

(7) The depositary shall be liable to the UCITS, or to the investors of the UCITS, for all other losses suffered by them as a result of the depositary's negligent or intentional failure to properly fulfill its obligations pursuant to this Act. Any clause to the contrary shall be null and void.

(8) Liability to the investors of the UCITS may be invoked directly or indirectly through the UCITS manager.

(9) The liability of the depositary shall not be affected by delegation by the depositary of any functions, in part or in whole, to third parties.

(10) The depositary shall make available to the Authority, on request, all information which it has obtained while performing its duties and that may be necessary for the supervisory authorities of the UCITS or the UCITS manager. The Authority shall share the information received without delay with the supervisory authorities of the UCITS and the UCITS manager.

26. Provisions applicable to AIF depositaries

Section 64

(1) For each AIF it manages, the AIFM shall ensure that a depositary is appointed in accordance with this Section, except if the AIF is a venture capital fund or private equity fund that is managed by an AIFM provided for in Subsection (2) of Section 2.

(2) The appointment of the depositary shall be evidenced by written contract. The contract shall, inter alia, regulate the flow of information deemed necessary to allow the depositary to perform its functions for the AIF for which it has been appointed as depositary, as set out in this Act. The contents of the written contract shall be governed by Article 83 of the AIFM Regulation.

(3) The depositary shall be an institution provided for in Paragraph *b)* of Point 68 of Subsection (1) of Section 4. For non-EU AIFs the depositary may also be an institution or any other entity of the same nature as the entities referred to in Subparagraphs *ba)* and *bb)* of Point 68 of Subsection (1) of Section 4 provided that the conditions in Paragraph *b)* of Subsection (6) are met.

(4) In order to avoid conflicts of interest between the depositary, the AIFM and/or the AIF and/or its investors:

a) an AIFM shall not act as depositary;

b) a prime broker acting as counterparty to an AIF shall not act as depositary for that AIF, unless it has functionally and hierarchically separated the performance of its depositary functions from its tasks as prime broker and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF. Delegation by the depositary to such prime broker of its custody tasks in accordance with Subsection (11) is allowed if the relevant conditions are met.

(5) The depositary shall be established in one of the following locations:

a) for EU AIFs, in the home Member State of the AIF;

b) for non-EU AIFs, in the third country where the AIF is established or in the home Member State of the AIFM managing the AIF or in the Member State of reference of the AIFM managing the AIF.

(6) Without prejudice to the requirements set out in Paragraph *b)* of Point 68 of Subsection (1) of Section 4 and in Subsection (3) hereof, the appointment of a depositary established in a third country shall be subject to the following conditions:

a) the Authority and, in so far as different, the supervisory authorities of the EEA Member States in which the collective investment instruments of the non-EU AIF are intended to be marketed, have signed cooperation and exchange of information arrangements with the supervisory authorities of the depositary;

b) the depositary is subject to effective prudential regulation, provided for in Article 84 of the AIFM Regulation, including minimum capital requirements, and supervision which have the same effect as Union law and are effectively enforced;

c) the third country where the depositary is established is not listed as a Non-Cooperative Country and Territory by the Financial Action Task Force (hereinafter referred to as “FATF”);

d) the Authority have signed an agreement with the third country where the depositary is established which fully complies with the standards laid down in Article 26 of the Organization for Economic Cooperation and Development (hereinafter referred to as “OECD”) Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters including any multilateral tax agreements;

e) the depositary shall by contract be liable to the AIF or to the investors of the AIF, consistently with Subsections (14)-(16), and shall expressly agree to comply with Subsection (11).

(7) The depositary shall ensure that the AIF's cash flows are properly monitored, and shall ensure that all payments made by or on behalf of investors upon the subscription of collective investment instruments of an AIF have been received. The depositary shall ensure that all cash of the AIF has been booked in accordance with the principles set out in Section 57 of the IRA in cash accounts opened in the name of the AIF or in the name of the AIFM acting on behalf of the AIF at an institution referred to in Paragraphs *a)-c)* of Subsection (1) of Section 60 of the IRA, or another institution of the same nature provided for in Article 18(1)*a)-c)* of Directive 2006/73/EC, provided that such institution is subject to effective prudential regulation and supervision which have the same effect as Union law. For the purpose of compliance with these provisions the depositary shall act having regard to Articles 85-87 of the AIFM Regulation.

(8) In carrying out its role as depositary for an AIF, the depositary shall perform the following services having regard to the provisions set out in Articles 88-90 of the AIFM Regulation:

a) safekeeping and administration in relation to financial instruments deposited and documents embodying rights stemming from financial instruments, and maintaining the account containing records on the securities of AIF so that they can be clearly identified as belonging to the AIF at all times, the securities account, payment account and the client account;

b) based on information or documents provided and, where available, on external evidence, the depositary shall verify the ownership of the AIF of all such assets and shall maintain a record of those assets for which it is satisfied that the AIF holds the ownership of such assets.

(9) In addition to the tasks referred to in Subsections (7) and (8), the depositary shall - having regard to Articles 92-97 of the AIFM Regulation:

a) verify that the issue, sale, redemption and cancellation of collective investment instruments of the AIF are carried out in accordance with the applicable law and the AIF management policy;

b) ensure that the value of the collective investment instruments of the AIF is calculated in accordance with the applicable law, the AIF management policy and the procedures laid down in Section 38;

c) carry out the instructions of the AIFM, unless they conflict with the applicable law or the AIF management policy;

d) ensure that in transactions involving the AIF's assets any consideration is remitted to the AIF within the usual time limits;

e) ensure that an AIF's income is applied in accordance with the law and the AIF management policy;

f) in the case of real estate funds, granting consent in accordance with Subsection (1) of Section 6:118 of the Civil Code for the entry into effect of contracts relating to the transfer and encumbrance of real estate properties, provided that the given transaction is in compliance with the laws governing investment funds.

(10) The depositary shall act honestly, fairly, professionally, independently and in the interest of the AIF and the investors of the AIF. A depositary shall not carry out activities with regard to the AIF that may create conflicts of interest between the AIF, the investors in the AIF, the AIFM and itself, unless the depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF. The assets referred to in Subsection (8) shall not be reused by the depositary without the prior consent of the AIF.

(11) The depositary shall not delegate to third parties its functions, save for those referred to in Subsection (8). The depositary may delegate to third parties the functions referred to in Subsection (8) subject to the following conditions:

a) the tasks are not delegated with the intention of avoiding the requirements of this Act;

b) the depositary can demonstrate that there is an objective reason for the delegation;

c) the depositary has exercised all due skill, care and diligence - having regard to Article 98 of the AIFM Regulation - in the selection and the appointment of any third party to whom it wants to delegate parts of its tasks, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it;

d) the depositary ensures that the third party meets the following conditions at all times during the performance of the tasks delegated to it:

da) the third party has the structures and the expertise that are adequate and proportionate to the nature and complexity of the assets of the AIF which have been entrusted to it,

db) for the tasks referred to in Paragraph *a)* of Subsection (8), the third party is subject to effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned and the third party is subject to an external periodic audit to ensure that the financial instruments are in its possession,

dc) the third party segregates the assets of the depositary's clients from its own assets and from the assets of the depositary - having regard to Article 99 of the AIFM Regulation - in such a way that they can at any time be clearly identified as belonging to clients of a particular depositary,

dd) the third party does not make use of the assets without the prior consent of the AIF and prior notification to the depositary, and

de) the third party complies with the general obligations and prohibitions set out in Subsections (8) and (10).

(12) Where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy the delegation requirements laid down in Subparagraph *db)* of Paragraph *d)* of Subsection (11), the depositary may delegate its functions to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the delegation requirements, subject to the following requirements:

a) the investors of the relevant AIF must be duly informed that such delegation is required due to legal constraints in the law of the third country and of the circumstances justifying the delegation; and

b) the AIF must instruct the depositary to delegate the custody of such financial instruments to such local entity.

(13) The third party may, in turn, sub-delegate those functions, subject to the requirements provided for in Subsection (12). In such a case, Subsection (16) shall apply mutatis mutandis to the relevant parties.

(14) The depositary shall be liable to the AIF or to the investors of the AIF, for the loss - as provided for in Article 100 of the AIFM Regulation - by the depositary or a third party to whom the custody of financial instruments held in custody in accordance with Paragraph *a)* of Subsection (8) has been delegated. In the case of such a loss of a financial instrument held in custody, the depositary shall return a financial instrument of identical type or the corresponding amount to the AIF or the AIFM acting on behalf of the AIF without undue delay. The depositary shall not be liable if it can prove - in accordance with Article 101 of the AIFM Regulation - that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

(15) The depositary shall be liable to the AIF, or to the investors of the AIF, for all other losses suffered by them as a result of the depositary's negligent or intentional failure to properly fulfill its obligations pursuant to this Act.

(16) The depositary's liability shall not be affected by any delegation referred to in Subsections (11)-(13), however, in case of a loss of financial instruments held in custody by a third party, the depositary may discharge itself of liability if it can prove that:

a) all requirements for the delegation of its tasks set out in Subsection (11) are met;

b) a written contract between the depositary and the third party expressly transfers the liability of the depositary to that third party and makes it possible for the AIF to make a claim against the third party in respect of the loss of financial instruments or for the depositary to make such a claim on their behalf; and

c) a written contract between the depositary and the AIF expressly allows a discharge of the depositary's liability and establishes the objective reason - provided for in detail in Article 102 of the AIFM Regulation - to contract such a discharge.

(17) Where the law of a third country requires that certain financial instruments are held in custody by a local entity and there are no local entities that satisfy the delegation requirements laid down in Subparagraph *db)* of Paragraph *d)* of Subsection (1), the depositary can discharge itself of liability provided that the following conditions are met:

a) the management policy of the AIF concerned expressly allows for such a discharge under the conditions set out in this Subsection;

b) the investors of the relevant AIF have been duly informed of that discharge and of the circumstances justifying the discharge prior to their investment;

c) the AIF instructed the depositary to delegate the custody of such financial instruments to such local entity;

d) there is a written contract between the depositary and the AIF which expressly allows such a discharge; and

e) there is a written contract between the depositary and the third party that expressly transfers the liability of the depositary to that local entity and makes it possible for the AIF to make a claim against that local entity in respect of the loss of financial instruments or for the depositary to make such a claim.

(18) Liability to the investors of the AIF may be invoked directly or indirectly through the AIFM.

(19) The depositary shall make available to the Authority, on request, all information which it has obtained while performing its duties and that may be necessary for the supervisory authorities of the AIF or the AIFM. The Authority shall share the information received without delay with the supervisory authorities of the AIF and the AIFM.

PART THREE

PROVISIONS RELATING TO COLLECTIVE INVESTMENT TRUSTS

Chapter X

Creation of Investment Funds

27. Registration of investment funds

Section 65

(1) Investment funds are recognized as legal entities, and shall be deemed established when registered by the Authority, and shall be deemed terminated when withdrawn from the register. In its capacity as the investment fund's lawful representative, the investment fund manager shall act in the name of the investment fund.

(2) The investment fund manager shall be entitled to take action on the investment fund's behalf before it is registered.

Section 66

Unless otherwise provided for in this Act, investment funds may be managed exclusively by investment fund managers authorized under this Act for the pursuit of investment fund management activities.

Section 67

(1) An investment fund may be established:

a)[1] in the form of private or public investment funds (form of operation);

b) based on the sphere of potential investors, in the form of an investment fund offered to professional or retail investors (mode of marketing);

c) in the form of open-ended or closed-ended investment funds, according to the type of redemption of their investment units (type of investment fund);

d) for a fixed or unfixed term (maturity of the investment fund);

e) in the form of securities fund, real estate fund, venture capital fund or private equity fund, based on the primary assets in which the investment fund may invest (type of primary category of assets);

f) on the basis of harmonization as UCITS or AIF (type of harmonization).

(2) Public investment fund means any fund which offers at least one series of its investment units to the public.

(3)[2] Private investment fund means any fund which markets its investment units privately as provided for in Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (hereinafter referred to as "Regulation 2017/1129/EU"), and any public investment fund that is transformed into a private investment fund. Until the conversion of a private investment fund into a public investment fund, investment units previously offered privately may be offered to investors in accordance with Article 1(4) of Regulation 2017/1129/EU relating to private offering, and within the limits set out therein.

(4) Investors may purchase the investment units open-ended investment funds in distribution during the term of the fund, and may redeem such investment units during the term of the fund in accordance with the rules set out in the investment fund's management policy.

(5) The investment units of closed-ended investment funds may not be redeemed during the term of the fund at the investors' initiative, except in exceptional cases defined in this Act. The investment fund manager shall be entitled to provide for the redemption of investment units in exceptional cases during the term of the fund, and - where provided for in the investment fund's management policy - to withdraw the fund's investment units according to the conditions originally laid down in the management policy.

1 Amended by Paragraph b) of Section 115 of Act CXVIII of 2019.
2 Established by Subsection (1) of Section 111 of Act CXVIII of 2019, effective as of 26 December 2019.

(6) Investors may not redeem their investment units during the original term of the venture capital fund and private equity fund, however, in the cases defined by the fund's management policy, the fund manager may authorize reduction of the fund's subscribed capital by way of withdrawal of investment units or temporary investment units. The procedures for settlement with holders of temporary investment units in connection with the reduction of the venture capital fund's and private equity fund's subscribed capital are laid down in the fund's management policy.

(7)[1] Venture capital funds and private equity funds may be established in the form of a private investment fund for fixed periods by the private offering of non-redeemable investment units to professional investors exclusively. The investment units issued for a particular fund may be of different nominal value and may carry different rights.

(8) Venture capital funds and private equity funds may only be established for a fixed duration of not less than six full calendar years.

(9)[2] Venture capital fund managers may extend the term of the venture capital fund or private equity fund, if so allowed by the fund's management policy, by a period of time not exceeding the original term.

(9a)[3] Venture capital funds and private equity funds may provide loans with the proviso that the term of the loan may not exceed the period remaining from the full term of the venture capital fund or the private equity fund as of the date of lending.

(10) The investment units of securities funds and real estate funds may be offered to professional and retail investors alike.

Section 68

(1) The minimum initial capital of public investment funds shall be:

a) two hundred million forints when investing in securities;

b) one billion forints when investing in real estate properties.

(2) The minimum initial capital of private investment funds shall be:

a) one hundred million forints when investing in securities;

b) five hundred million forints when investing in real estate;

c) two hundred and fifty million forints in the case of venture capital funds and private equity funds.

(3) Where investment units are issued in more than one series, the requirement of minimum initial capital as prescribed by law shall be satisfied only at the investment fund level.

(4) After the closure of subscription, the investment fund manager shall take immediate action for registration.

(5) If an investment fund fails to raise enough funds to cover the initial capital requirement prescribed by law - or by the investment fund's management policy if this is higher - within the prescribed time limit, the funds paid up by the investors shall be refunded in full within seven days following the date of closure of subscription.

(6) The subscribed capital of a venture capital fund or a private equity fund may be increased or decreased during the fund's original term, however, the subscribed capital may not be allowed to drop below two hundred and fifty million forints under any circumstances.

1 Established by Subsection (2) of Section 111 of Act CXVIII of 2019, effective as of 26 December 2019.
2 Amended by Point 4 of Section 110 of Act CIV of 2014.
3 Established by Section 134 of Act XXXIX of 2023, effective as of 1 September 2023.

(7) The subscribed capital of venture capital funds and private equity funds shall consist of cash contributions only. At least ten per cent, or not less than two hundred and fifty million forints of the subscribed capital of venture capital funds and private equity funds has to be paid up at the time of subscription of investment units, where payments to be made by persons subscribing investment units of the same series shall be identical. The remaining sum shall be paid up as provided for in the fund's management policy, at the latest within six years following the time of foundation, on the understanding that the fund manager shall ensure in the management policy that in the event of subscribing investment units of the same securities series investors holding temporary investment units of the same series shall be subject to identical payment obligations under the same terms as to scheduling.

Section 69

(1) Registration of a public investment fund shall be executed on condition that the depositary verifies the subscription and payment, or performance of the initial capital of the investment fund to the Authority.

(2) Registration of a private investment fund shall be carried out on condition that the investment fund manager submits to the Authority:

a) the contract concluded with a depositary;

b) the investment fund's management policy;

c) proof of subscription of the initial capital, or payment or performance of the initial capital;

d) the contract concluded with an auditor in the case of real estate funds.

(3) In the case of real estate funds, in addition to the conditions set out in Subsections (1) and (2), in accordance with the Government Decree on the Investment and Borrowing Policies of Collective Investment Trusts the contract of the real estate appraiser, and any amendment thereof, shall be approved by the Authority as a precondition for registration.

(4) In the case of venture capital funds and private equity funds managed by AIFM provided for in Subsection (2) of Section 2, of the conditions provided for in Subsection (2) hereof the ones set out in Paragraphs *b)* and *c)* shall be met for registration.

(5)[1] Within thirty days after the registration of the venture capital fund, the venture capital fund manager shall take measures to produce investment units or temporary investment units subscribed before the time of registration of the venture capital fund and private equity fund. After the venture capital fund is registered it shall issue temporary investment units on the sum of the nominal value of the investment units subscribed by the investor (venture capital fund's subscribed capital) covering the time period until the capital contribution is paid up in full, on the understanding that the sum of the capital contribution paid for the investment units subscribed by the investor shall be indicated on the temporary investment unit in the case of printed units, or on the document provided for in Subsection (3) of Section 101 in the case of dematerialized units, with the proviso that for each additional payment of capital contribution another document provided for in Subsection (3) of Section 101 shall be made out covering the percentage of the capital contributions the investor has paid up to that point in time, showing also the amount paid.

1 Amended by Point 5 of Section 110 of Act CIV of 2014.

(6)[1] Temporary investment units are treated as securities, and they are subject to the provisions on investment units, with the exception that the amount of capital contribution paid up by the investor for investment units subscribed shall be indicated on the temporary investment units. When subscribing temporary investment units of the same series the amount of capital contribution paid up may not differ. When the capital contribution for investment units of the same series is paid up in full, the venture capital fund manager shall invalidate the temporary investment units according to the procedure laid down in the fund's management policy, and shall issue investment units in their stead.

(7)[2] In the interest of keeping track of the capital contributions paid by investors for investment units subscribed, the venture capital fund manager shall maintain a register with facilities for the identification of investment unit holders, temporary investment unit holders, and the investment units and temporary investment units in their possession.

(8) In so far as the capital contribution is paid up in full, investors shall be able to exercise their voting right in proportion of the capital contribution already paid up, in possession of the temporary investment units issued by the venture capital fund and private equity fund.

(9) Where a holder of temporary investment units fails to provide the capital contribution as agreed upon at the time of subscription according to the conditions laid down in the fund's management policy, the fund manager shall demand payment within a thirty-day deadline. The notice shall contain a warning that any further failure to comply shall result in the forfeiture of rights attached to the temporary investment units.

(10)[3] In the event of non-compliance with the thirty-day time limit specified in Subsection (9), the rights attached to the temporary investment units shall terminate on the following day, of which the venture capital fund manager shall notify the member affected in writing.

(11)[4] In the event of non-compliance with the thirty-day time limit specified in Subsection (9), the venture capital fund manager shall settle accounts with the former holder of temporary investment units as provided for in detail in the fund's management policy, at the latest at the end of the term of the venture capital fund and/or private equity fund. If the term of the venture capital fund and/or private equity fund is extended, the obligation of settlement shall arise at the end of the original term.

(12) Where a new investment fund is created upon the merger or division of investment funds, the Authority shall decide as regards the registration of the new investment fund within the framework of the merger or division procedure, where the new investment fund shall be registered on the day when the merger or division takes effect.

(13) The Authority shall refuse the application for registration of an investment fund if the formation of the investment fund did not comply with the provisions of this Act, or if the investment fund manager, the depositary, the auditor or the real estate appraiser fails to meet the conditions laid down in this Act or in other relevant regulations adopted under authorization by this Act.

28. Investment compartments of funds

Section 70

1 Amended by Point 6 of Section 110 of Act CIV of 2014.
2 Amended by Point 6 of Section 110 of Act CIV of 2014.
3 Amended by Point 8 of Section 110 of Act CIV of 2014.
4 Amended by Point 8 of Section 110 of Act CIV of 2014.

(1) An investment fund may have different investment compartments, where separate accounts shall be maintained for those investment compartments.

(2) The different investment compartments of an investment fund may not differ based on the criteria defined in Paragraphs *c), e), f)* of Subsection (1) of Section 67. Within an investment compartment more than one set of investment units may be issued.

(3) If an investment fund comprise different investment compartments:

a) each compartment shall be regarded as a separate investment fund for the purposes of the rules of foundation, operation, information and termination, excluding the rules on minimum initial capital requirements;

b) investment limits and other provisions on investments, registers, bookkeeping and other accounts, and the rules on the calculation of net asset value shall apply to each investment compartment separately; and

c) the common features of investment compartments indicated in the prospectus and/or in the management policy shall be defined uniformly, at fund level, with the features unique to each compartment indicated as well.

(4) The investment fund's depositary shall also function as the depositary of the investment compartments.

(5) If an investment fund comprise one or more investment compartments, the investment fund may not itself dispose directly over the assets and liabilities, and its net asset value shall be the same as the total net asset value of all investment compartments.

(6) The claims of investors and other claims against any investment compartment may not be enforced against another investment compartment of the same fund.

29. Investment units issued in sets

Section 71[1]

(1) All investment units issued under the name of an investment fund must comprise one or more series and must be of the same nominal value and must have the same rights attached in any one series. The fund's management policy shall specify in detail the differences between the different sets of investment units. Sets of investment units that differ in terms of distribution of earnings, and the sequence in which they are distributed, and sharing of losses, and the sequence in which they are covered, may be set up by private investment fund only.

(2) The assets of a given investment fund may not be divided among the different sets of investment units, except:

a) upon the segregation under Section 128 of assets which have become illiquid; and

b) in the case of transactions for hedging against currency risk, the purpose of which is to reduce the foreign currency risk in a specific series of the investment fund, in accordance with the investment policy of the investment fund.

30. The management policy

Section 72

1 Established by Section 183 of Act LXIX of 2017, effective as of 1 July 2017.

(1)[1] The rules for the management and administration of an investment fund shall be laid down in the management policy, that is to be approved by the Authority in the case of public investment funds, or submitted to the Authority in the case of private investment funds. The management policy shall contain all information necessary for investors to make an informed judgment of the operation, investment strategy and management of the investment fund. In the case of AIFs the management policy shall make reference to any arrangement made by the depositary to contractually discharge itself of liability in accordance with Subsection (16) of Section 64. The management policy shall be drawn up according to the formal and content requirements of the templates set out in Chapter I of Annex 3 for public investment funds, in Chapter II of Annex 3 for private investment funds, and in Chapter III of Annex 3 for venture capital funds and private equity funds.

(1a)[2] In the case of private investment funds, as regards the contents of the management policy, Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (hereinafter referred to as “Regulation 2015/2365/EU”) shall apply mutatis mutandis.

(2) When purchasing investment units, investors shall supply a statement of acknowledgement of the terms and conditions contained in the management policy, in particular the risks associated with the investment units and the investor’s preferences regarding risk taking and his risk tolerance.

(3) The investors’ consent is not required for the investment fund manager to amend the management policy of a public investment fund, however, it shall be authorized by the Authority.

(4) The Authority’s approval is not required if the amendment:

a) entails the unilateral reduction of costs charged to investors, or if the overall level of costs remains the same following changes in the costs structure;

b) concerns the addition of new distributors or the number of points of sale;

c) is made to comply with legislative amendments, except if it concerns the fund’s investment strategy or exposure factor;

d) is for updating company information, market information or the accounts prescribed by the Accounting Act;

e) concerns changes in the persons of senior executives of the investment fund manager or the depositary, or any changes in third parties performing outsourced functions;

f) concerns changes in the particulars of senior executives of the investment fund manager or the depositary, or in the particulars of distributors, the investment fund’s auditor, the real estate appraiser, the valuer or the third parties performing outsourced functions;

g) applies, after the admission of the investment fund into the register, to abolishing provisions from the prospectus or management policy relating to subscription, underwriting guarantee, under and oversubscription, or to allocation connected to the subscription procedure;

h)[3] pertains to changes which have already been authorized by the Authority, where this is required, or that has already been decided by the Authority;

i)[4] concerns changes in the depositary or the auditor.

Section 73

1 Established by Section 107 of Act CIV of 2014, effective as of 1 January 2015.
2 Enacted by Section 184 of Act LXIX of 2017, effective as of 13 July 2017.
3 Established by Section 136 of Act LIII of 2016, effective as of 1 July 2016.
4 Enacted by Section 245 of Act LXXXV of 2015, effective as of 7 July 2015.

(1) The management policy of private investment funds shall contain detailed provisions governing the procedures for future amendments, covering the cases where majority support or unanimous decision is required in accordance with the number of investment units held by investors of the investment fund. In all other cases the investment fund manager is allowed to amend the management policy unilaterally.

(2) Where the investors' consent is required, the management policy shall specify the procedure for obtaining such consent, and the time limit within which to obtain it.

(3) If the management policy is amended, the investment fund manager shall send a copy of the amended management policy to the Authority within five days after the amendment taking effect for information purposes.

(4) By way of derogation from Subsection (3), where the amendment of the management policy is for extending the term of the venture capital fund or private equity fund, the Authority shall be notified thereof at least six months before the expiry of the original term of the venture capital fund or private equity fund.

Chapter XI

Transfer of Management of an Investment Fund

Section 74

(1) Investment fund managers shall be entitled to transfer the management of any public investment fund they manage, subject to prior authorization by the Authority, to another investment fund manager authorized to manage the type of fund in question.

(2) By way of derogation from Subsection (1), investment fund managers shall be allowed to transfer the management of private investment funds under the approval of 75 per cent of the investment unit holders concerned, where prior authorization by the Authority is not required.

(3)[1] The transfer of management functions by an investment fund manager shall be governed by the provisions of the Civil Code on the assumption of debt, on the understanding that:

a) authorization by the Authority in the case under Subsection (1),

b) approval by 75 per cent of the investment unit holders concerned in the case under Subsection (2),

shall suffice in lieu of the investment fund's legal statement provided for in Subsection (1) of Section 6:203 of the Civil Code.

(4) In delegating the functions referred to in Subsection (3) the delegating investment fund manager shall inform the investors fifteen days before the delegation arrangement taking effect concerning:

a) the proposed delegation;

b) the provisions contained in Subsection (5); and

c) the new investment fund manager's contact information and the place where information concerning the marketing of investment units is available.

(5) At the time of the transfer agreement entering into effect the receiving investment fund manager shall take over the management of the investment funds previously managed by the transferring investment fund manager.

(6) The rights of the transferring investment fund manager relating to the investment fund shall be governed by Subsections (2) and (3) of Section 6:193 of the Civil Code.

(7) The costs and expenses incurred in the process of transferring the management of investment funds may not be charged to the investment fund or the investors.

1 Established by Section 246 of Act LXXXV of 2015, effective as of 7 July 2015.

Chapter XII

Termination of Investment Funds Without Succession

31. General provisions relating to dissolution

Section 75

(1) The decision for the opening of procedures for the dissolution of an investment fund lies with the investment fund manager or the Authority.
(2) The dissolution procedure must be opened:
a) if the net asset value of the publicly available open-ended investment fund remains below twenty million forints on the average over a period of three months;
b) if the net asset value of the investment fund becomes negative;
c) if the Authority has withdrawn the investment fund manager's authorization for the pursuit of investment fund management activities;
d) if the Authority has ordered the investment fund manager to transfer the management of the investment fund, however, no other investment fund manager has agreed to take over such management functions;
e) if the conditions for distribution remain unsatisfactory following suspension of the distribution of investment units or suspension of the redemption of investment units.
(3) The dissolution procedure shall be opened automatically:
a) at the end of maturity of a fixed-term investment fund;
b) upon receipt of redemption orders from all investors for the redemption of all investment units; or
c) in the case of closed-ended funds, if all investment units has been withdrawn according to the conditions originally laid down in the management policy.
(4) The investment fund manager shall immediately notify the Authority upon having decided to the open dissolution procedure, as well as the investors and creditors of the investment fund by means of special notice.
(5) The dissolution procedures under Paragraphs *c)* and *d)* of Subsection (2) shall be conducted by the depositary.
(6)[1] By way of derogation from Subsection (5), the functions arising upon the dissolution of venture capital funds and private equity funds managed by AIFM provided for in Subsection (2) of Section 2 shall be carried out by the venture capital fund manager, or by the nonprofit business association established by the Authority exclusively for the liquidation of organizations covered by the MNB Act if the venture capital fund manager is unable to do so, or if undergoing liquidation.

Section 76

(1) During the dissolution procedure, investment funds shall continue to operate in accordance with the general provisions, save where Subsection (2) applies.
(2) During the dissolution procedure:
a) the net asset value of the investment fund shall be established once a month, and shall be published according to the general rules, with an indication that the fund is undergoing dissolution;
b) distribution of the investment units shall be suspended, and in the case of closed-ended funds new investment units may not be issued;

1 Amended by Point 8 of Section 110 of Act CIV of 2014.

c) proceeds from the sale of the investment fund's assets may be invested in liquid assets only, until the notice of dissolution is completed.

32. Sale of assets, distribution of funds

Section 77

(1)[1] When undergoing dissolution the investment fund's financial instruments and real estate properties shall be sold, respectively, within one month or twelve months, and the assets comprised in the portfolio of venture capital funds and private equity funds shall be sold within eighteen months. The above-specified assets shall be offered at the prevailing market price in the case of financial instruments, and at the price set by the real estate appraiser in the case of real estate properties contained in the portfolio of a real estate fund, and at the price set by the valuer provided for in Section 38 in the case of assets comprised in the portfolio of a venture capital fund or private equity fund. The time limit for sale may be extended under authorization by the Authority in the interest of the investors by 3 months in the case of financial instruments, and by 6 months in the case of real estate properties and other assets. The securities owned by the venture capital fund or private equity fund,

a) which are listed on a regulated market, may be distributed among the holders of investment units in accordance with the rules laid down in the fund's management policy.

b) the instruments which are not listed on a regulated market, may be distributed among the holders of investment units with the unanimous consent of all holders of investment units, in accordance with the rules laid down in the fund's management policy.

(2) If the sale of real estate properties contained in the portfolio of a real estate fund is not realized within the time limit referred to in Subsection (1), these properties shall be sold by way of public auction. The auction notice shall be published through the investment fund's official means of publication at least ten days prior to the scheduled date of the auction.

Section 78

(1) Upon receipt of the proceeds from the sale of the investment fund's assets in full and after all liabilities are satisfied, a notice of dissolution shall be prepared within five working days, or within fifteen working days for real estate funds, venture capital funds and private equity funds. The notice of dissolution shall be submitted to the Authority and shall be made available to the investors at the same time. The notice of dissolution shall inter alia contain the information specified in Annex 4. Following publication of the notice of dissolution the pay out of funds may commence.

(2) At the investment fund manager's request, the Authority shall remove the fund from the register on the day immediately following the date of submission of the notice of dissolution. The investment fund shall be deemed terminated when withdrawn from the register.

Section 79

(1) If the capital of an investment fund is positive, the proceeds from the sale of the investment fund's assets, if any capital remains after the fund's debts and liabilities are deducted, shall be distributed among the investors according to the percentage of the value of their holdings of investment units.

1 Established by Section 109 of Act LVIII of 2021, effective as of 2 August 2021.

(2) In the course of the dissolution procedure, prepayments may be made to the investors from the proceeds from the sale of assets, or from the investment fund's bank account, if its balance is positive. The decision for making prepayments shall be disclosed in a special notice. Prepayments shall be proportionately consistent with the net asset value of investment units held. Prepayments shall not be made from funds set aside to cover the investment fund's liabilities (creditor's claims from the investment fund).

(3) The depositary shall begin to distribute the funds available to the investors within five working days following the date of submission of the notice of dissolution to the Authority, taking into account the prepayments effected in accordance with Subsection (2). Commencement of the distribution of funds shall be announced in a special notice. The depositary shall place the funds earmarked for payment to the investors in a discretionary account until payment is remitted.

(4) If the capital of an investment fund is negative, creditors' claims shall be satisfied according to the order of satisfaction defined in the Bankruptcy Act, up to the amount available.

Chapter XIII

Restructuring of Investment Funds

Section 80

(1) Within the meaning of this Chapter, any modification in the attributes specified in Subsection (1) of Section 67 of an investment fund shall be treated as restructuring, however, a UCITS may not be converted to an AIF.

(2) In connection with the restructuring of a public investment fund, the investment fund manager shall submit a revised prospectus to the Authority for approval, explaining the reasons, the date and the conditions of restructuring (including a description of the tax implications). The restructuring of the investment fund shall take effect upon receipt of the Authority's permission for restructuring and its approval of the revised prospectus, on the date of restructuring specified therein.

(3) Upon receipt of the Authority's authorization provided for in Subsection (2), the investment fund manager shall publish a notice concerning the restructuring and the fundamental conditions thereof at least thirty days before the date of restructuring. Between the time of publication of the notice of restructuring and the date of restructuring investors shall be given a period of at least thirty days during which they shall have the right to request the redemption of their investment units without any special charges and commissions, which the fund manager shall account for at the latest on the date of restructuring. If there is any reason to believe that providing a period of at least thirty days for investors to request the redemption of their investment units before the date of restructuring without any special charges and commissions is likely to harm the interest of the investors or the fund, such redemption may be provided after the date of restructuring by decision of the investment fund manager.

(4) In connection with the restructuring of a closed-ended investment fund into an open-ended investment fund, investors shall have the right to request the redemption of their investment units without any special charges and commissions within thirty days following the first day of trading after the date of restructuring.

(5) In connection with any extension of the term of a closed-ended fund the provisions on restructuring shall apply.

Section 81

(1) Following the conversion of a public investment fund into a private investment fund, the investment fund's investment units may no longer be offered to the public; such investment units may be offered to investors within the limits provided for in Paragraphs *a)-e)* of Subsection (1) of Section 14 of the CMA.

(2) The investment fund manager shall decide on the conversion of the private investment fund by way of amending the investment fund's management policy as defined therein. The conversion of a private investment fund into a public investment fund shall be subject to authorization by the Authority. The Authority shall authorize the conversion on condition that the investment fund is able to satisfy the requirements set out in this Act for public investment funds following the conversion.

Chapter XIV

Provisions Relating to Mergers

33. General provisions

Section 82

(1) As regards the merger of AIFs and UCITS established in Hungary, where investment units of neither had been marketed in other EEA Member States, the provisions of Sections 85-99 shall apply subject to the exceptions set out in Subsections (2)-(7) hereof.

(2) Investment funds registered under this Act shall be allowed to merge only with other investment funds registered under this Act.

(3) In the case of public funds, those operating in the same form and of the same type in terms of harmonization and primary category of assets shall be allowed to merge.

(4) In the case of public funds, with respect to the holders of investment units of the merging investment fund the provisions on restructuring shall apply mutatis mutandis, if the merger constitutes changes equivalent to restructuring from the investors point of view.

(5) As regards the information to be provided in connection with the merger to holders of investment units of the merging and receiving funds the general provisions of this Act shall apply along with the provisions of the given investment fund's management policy for the information of investors.

(6) For the merger of a private fund the Authority's prior consent is not required if the fund's management policy contains provisions for authorizing the fund manager to make such decision, or it renders such decision conditional subject to approval by a specific majority percentage of investment unit holders. The management policy of a private fund may impose limitations as to the rights of investment unit holders defined in Subsection (1) of Section 95.

(7) Subsection (2) of Section 86, Subsection (1) of Section 90, Subsection (1) of Section 95 and Subsection (4) of Section 99 shall not apply if an investment fund specified in Subsection (1) hereof becomes a newly constituted investment compartment upon merger with another investment fund managed by the same investment fund manager and depositary, provided that:

a) the newly constituted investment compartment takes over only the assets and liabilities of that investment fund;

b) the net asset value of the investment fund remains unaltered following the merger;

c) the merger does not affect the management conditions of the given investment fund, or other rights of investors.

34. Provisions on mergers of venture capital funds and private equity funds

Section 83

(1) Venture capital funds and private equity funds shall be allowed to merge only upon the prior written, unanimous consent of all holders of investment units of the venture capital funds and private equity funds participating.

(2)[1] The venture capital fund manager managing the successor venture capital fund or private equity fund shall submit a document containing the reasons for, and the date and the conditions of, the merger to the Authority for approval.

(3) The net asset value per investment unit of the venture capital funds or private equity funds participating in the merger shall be determined for the transaction date of the merger.

(4) The information document supplied for the merger referred to in Subsection (2) shall indicate the successor venture capital fund or private equity fund. The successor venture capital fund or private equity fund shall issue investment units to be distributed among the holders of investment units of the venture capital funds or private equity funds participating in the merger as commensurate according to the effective net asset value of units.

(5) The manager of the surviving venture capital fund or private equity fund shall draw up a report about the merger, and on its portfolios effective for the day of merger, and shall submit it to the Authority within eight working days following the merger. The report shall contain an itemized list of the assets which are part of the portfolios and their value, furthermore, the aggregate net asset values, the quantity of investment units, the net asset value per investment unit, and the conversion rate. The report shall be signed by the manager and the auditor of the surviving venture capital fund or private equity fund.

35. Provisions on mergers of UCITS

Section 84

(1) For the purposes of Sections 85-99, ‘merger’ shall mean an operation whereby:

a) one or more UCITS or investment compartments thereof (hereinafter referred to as “merging UCITS”) on being dissolved transfer all of their assets and liabilities to another existing UCITS or an investment compartment thereof (hereinafter referred to as “receiving UCITS”) in exchange for the issue to their investors of collective investment instruments, as appropriate, of the receiving UCITS and a cash payment not exceeding 10 per cent of the net asset value of those collective investment instruments; or

b) two or more UCITS or investment compartments thereof (hereinafter referred to as “merging UCITS”) on being dissolved transfer all of their assets and liabilities to a UCITS which they form or an investment compartment thereof (hereinafter referred to as “receiving UCITS”) in exchange for the issue to their investors of collective investment instruments of the receiving UCITS and a cash payment not exceeding 10 per cent of the net asset value of those collective investment instruments; or

c) one or more UCITS or investment compartments thereof (hereinafter referred to as “merging UCITS”) which continue to exist until the liabilities have been discharged, transfer their net assets to another investment compartment of the same UCITS, to a UCITS which they form or to another existing UCITS or an investment compartment thereof (hereinafter referred to as “receiving UCITS”).

1 Amended by Point 7 of Section 110 of Act CIV of 2014.

(2) For the purposes of Sections 85-99, ‘domestic merger’ shall mean a merger between UCITS established in Hungary where cross-border marketing of the investment units of at least one of the involved UCITS has been notified pursuant to Section 118.

(3) For the purposes of Sections 85-99, ‘cross-border merger’ shall mean:

a) the merger of a UCITS established in Hungary with a UCITS established in another EEA Member State; or

b) the merger of two or more UCITS established in Hungary into a newly constituted UCITS established in another EEA Member State.

(4) The provisions of Sections 85-99 on mergers shall apply:

a) to the domestic merger of a UCITS established in Hungary;

b) to cross-border mergers under Paragraph *a)* of Subsection (3) where the merging UCITS is established in Hungary; and

c) to cross-border mergers under Paragraph *b)* of Subsection (3).

(5) The Authority shall have jurisdiction in accordance with Subsections (7) and (10) of Section 86 in connection with cross-border mergers provided for in Paragraph *a)* of Subsection (3) where the receiving UCITS is established in Hungary.

Section 85

Cross-border merger of UCITS shall be allowed.

Section 86

(1) Mergers of UCITS shall be subject to prior authorization by the Authority.

(2) The merging UCITS shall provide the documents in proof of the following information to the Authority with the application for authorization:

a) the common draft terms of the proposed merger duly approved by the merging UCITS and the receiving UCITS;

b) an up-to-date version of the prospectus and the key investor information, referred to in Section 130, of the receiving UCITS, if established in another EEA Member State;

c) a statement referred to in Section 88 by each of the depositaries of the merging and the receiving UCITS;

d) the information on the proposed merger that the merging and the receiving UCITS intend to provide to their respective investors.

(3) The documents specified in Subsection (2) shall be provided in one of the official languages of both the merging and the receiving UCITS home Member State, or in a language approved by the competent authorities.

(4) If the documents supplied in accordance with Subsection (2) are found deficient, the Authority may request to have the deficiencies remedied within ten working days from the date of receipt thereof.

(5) Upon receipt of the application for authorization for merging, the Authority shall immediately transmit copies of the documents referred to in Subsection (2) to the competent authorities of the receiving UCITS home Member State.

(6) In the assessment of applications for authorization of merger, the Authority shall consider whether appropriate information is being provided to investors of the UCITS - or of the merging UCITS where Paragraph *b)* of Subsection (4) of Section 84 applies - during the proposed merger. If the Authority considers that the information provided to investors of the UCITS - or of the merging UCITS where Paragraph *b)* of Subsection (4) of Section 84 applies - is inadequate, it may require, in writing, that the information to investors be clarified.

(7) In connection with the merger of receiving UCITS established in Hungary with a merging UCITS established in another EEA Member State, the Authority may require, in writing, and within no later than fifteen working days of receipt of the copies of the documents referred to in Subsection (2), that the receiving UCITS manager modify the information to be provided to its investors, and shall - at the same time - notify the supervisory authority of the merging UCITS of this request. The Authority shall inform the supervisory authority of the merging UCITS home Member State if satisfied with the modified information to be provided to the investors within twenty working days.

(8) The Authority shall authorize the proposed merger of the merging UCITS established in Hungary if the following conditions are met:

a) the proposed merger complies with all of the requirements set out in this Section and in Sections 87-89;

b) cross-border marketing of the collective investment instruments of the receiving UCITS has been notified, in accordance with Section 99, in all EEA Member States where the merging UCITS has been notified to market its collective investment instruments;

c) neither the Authority nor the supervisory authority of the receiving UCITS home Member State made any indication of dissatisfaction with the proposed information to be provided to investors.

(9) The Authority shall inform the merging UCITS manager, within twenty working days of submission of the complete documentation, in accordance with Subsection (2), whether or not the merger has been authorized, and shall notify the supervisory authority of the receiving UCITS home Member State concerning its decision.

(10) If the receiving UCITS is established in Hungary, the Authority may authorize for the receiving UCITS temporary exemption from investment regulations for a period of six months following the date of authorization of the merger, taking also into account the provisions of the Government Decree on the Investment and Borrowing Policies of Collective Investment Trusts.

Section 87

The common draft terms of merger drawn up by the merging and the receiving UCITS under Paragraph *a)* of Subsection (2) of Section 86 shall set out the following particulars:

a) an identification of the type of merger and of the UCITS involved;

b) the background to and rationale for the proposed merger;

c) the expected impact of the proposed merger on the investors of both the merging and the receiving UCITS;

d) the criteria adopted for valuation of the assets and the liabilities on the date for calculating the exchange ratio;

e) the calculation method of the exchange ratio;

f) the planned effective date of the merger;

g) the rules applicable, respectively, to the transfer of assets and the exchange of the collective investment instruments;

h) in the case of a merger upon which a new UCITS is established, the management policy of the newly constituted receiving UCITS.

Section 88

The depositaries of the merging and of the receiving UCITS are required to verify the conformity of the particulars set out in Paragraphs *a), f)* and *g)* of Section 87 of the common draft terms of the merger, and to provide a statement as to their conformity with legal requirements and the UCITS’s management policy.

Section 89

(1) In the case of a merging UCITS established in Hungary, the depositary of the UCITS or a registered independent auditor (audit firm) with a valid authorization shall be entrusted to validate the following:

a) the criteria adopted for valuation of the assets and, where applicable, the liabilities on the date for calculating the exchange ratio, as referred to in Section 97;

b) the cash payment per collective investment instrument;

c) the calculation method of the exchange ratio as well as the actual exchange ratio determined at the date referred to in Section 97.

(2) The auditors of the merging UCITS or the auditor of the receiving UCITS shall be considered independent auditors for the purposes of Subsection (1).

(3) A copy of the reports made according to Subsection (1) shall be made available on request and free of charge to the investors of both the merging UCITS and the receiving UCITS and to their respective supervisory authorities.

Section 90

(1) Merging and receiving UCITS are required to provide appropriate and accurate information on the proposed merger to their respective investors so as to enable them to make an informed judgment of the impact of the proposal on their investment. Information shall be written in a concise manner and shall be presented without using any nonsensical language which is incomprehensible for the investors.

(2) The information referred to in Subsection (1):

a) shall include, in the case of a proposed cross-border merger, any terms or procedures relating to the other UCITS established in other EEA Member States which differ from those commonly used in Hungary;

b) shall meet, if provided to investors of the merging UCITS, the needs of investors who have no prior knowledge of the features of the receiving UCITS or of the manner of its operation, and it shall draw their attention to the key investor information of the receiving UCITS;

c) as regards the information to be provided to the investors of the receiving UCITS, it shall focus on the operation of the merger and its potential impact on the receiving UCITS.

(3) The information referred to in Subsections (1) and (2) shall be given to investors of the merging and receiving UCITS if:

a) the proposed merger was authorized by the Authority, if the merging UCITS is established in Hungary;

b) the proposed merger was authorized by the supervisory authority of the merging UCITS home EEA Member State, if the receiving UCITS is established in Hungary.

(4) The information shall be provided at least thirty days before the last date for requesting repurchase, redemption or conversion free of charge under Subsection (1) of Section 95.

Section 91

(1) The information to be provided to investors of the merging and of the receiving UCITS, shall include - in accordance with Subsection (2) - appropriate and accurate information on the proposed merger such as to enable the investors to take an informed decision on the possible impact thereof on their investment and shall contain an indication to advise the investors to exercise their rights under Section 95.

(2) The information referred to in Subsection (1) shall include:

a) the background to and the rationale for the proposed merger;

b) the possible impact of the proposed merger on investors, including but not limited to any material differences in respect of investment policy and strategy, costs of the merger, expected outcome, periodic reporting and possible dilution in performance, in particular:

ba) details of any differences in the rights of investors of the merging UCITS before and after the proposed merger takes effect,

bb) if the key investor information of the merging UCITS and the receiving UCITS show synthetic risk and reward indicators in different categories within the meaning of Article 8 of Commission Regulation 583/2010/EU, or identify different material risks in the accompanying narrative, a comparison of those differences,

bc) a comparison of all charges, fees and expenses for both UCITS, based on the amounts disclosed in their respective key investor information,

bd) if the merging UCITS applies a performance-related fee, an explanation of how it will be applied up to the point at which the merger becomes effective,

be) if the receiving UCITS applies a performance-related fee, an explanation of how it will subsequently be applied to ensure fair treatment of those investors who previously held collective investment instruments in the merging UCITS,

bf) an explanation of whether the management company of the merging UCITS intends to undertake any rebalancing of the portfolio before the merger takes effect,

bg) information to the investors of the receiving UCITS in regards to whether the management company of the receiving UCITS expects the merger to have any material impact on the portfolio of the receiving UCITS, and whether it intends to undertake any rebalancing of the portfolio either before or after the merger takes effect,

bh) where relevant, a prominent warning to investors that their tax treatment may be changed following the merger of UCITS;

c) any specific rights investors have in relation to the proposed merger, such as:

ca) the right to obtain information in relation to the merger,

cb) the right to obtain a copy of the report of the auditor or the depositary on request, and an indication of how the report may be obtained,

cc) the right to request the repurchase or redemption or, where applicable, the conversion of their collective investment instruments without charge as specified in Subsection (1) of Section 95 and the last date for exercising that right; and details of how any accrued income in the respective UCITS is to be treated;

d) the relevant procedural aspects and the planned effective date of the merger; and the details and rules of any intended suspension of dealing in collective investment instruments;

e) a copy of the key investor information, referred to in Section 130 of the merging and the receiving UCITS;

f) if the terms of the proposed merger include provisions for a cash payment, the information shall contain details of that proposed payment, including when and how investors of the merging UCITS will receive the cash payment;

g) the period during which the investors shall be able to continue making subscriptions and requesting redemptions of collective investment instruments in the merging UCITS;

h) the time when those investors not making use of their rights granted pursuant to Subsection (1) of Section 95, within the relevant time limit, shall be able to exercise their rights as investors of the receiving UCITS.

(3) If a summary of the key points of the merger proposal is provided in the information document, it must cross-refer to the parts of the information document where further information is provided.

(4) If the collective investment instruments of the merging or the receiving UCITS are marketed in other EEA Member States as well in accordance with Section 118, the information referred to in Subsection (1) hereof shall be provided in the official language of the relevant UCITS host Member State, or in a language approved by its supervisory authorities. The UCITS manager required to provide the information shall be responsible for producing the translation. That translation shall faithfully reflect the content of the original.

Section 92

(1) An up-to-date version of the key investor information of the receiving UCITS shall be provided free of charge to existing investors of the merging UCITS.
(2) Where the key investor information of the receiving UCITS has been amended for the purpose of the proposed merger, it shall be provided free of charge to existing investors of the receiving UCITS as well.

Section 93

Between the date when the information document pursuant to Subsection (1) of Section 91 is provided to investors and the date when the merger takes effect, the information document and the up-to-date key investor information of the receiving UCITS shall be provided to each person who purchases or subscribes collective investment instruments in either the merging or the receiving UCITS or asks to receive copies of the management policy, prospectus or key investor information of either UCITS.

Section 94

(1) The information document referred to in Subsection (1) of Section 91 shall be provided to investors on paper or in another durable medium.
(2) Where the information is to be provided to all or certain investors using a durable medium, it shall be made in accordance with the rules laid down in the management policy of the given UCITS for appropriate means of communication, where electronic communications shall be treated as appropriate.
(3) Information may be provided to investors by way of the means specified in Subsection (2), if the investor, when offered the choice between information on paper or in another durable medium, specifically chooses the durable medium other than paper.
(4) For the purposes of this Section, the provision of information by means of electronic communications shall be treated as appropriate if there is evidence that the investor has regular access to the Internet. The provision by the investor of an e-mail address for the purposes of the carrying on of that business shall be treated as such evidence.

Section 95

(1) Investors of both the merging and the receiving UCITS shall have the right to request, without any charge other than those retained by the UCITS to meet disinvestment costs, the redemption of their collective investment instruments or, where possible, to convert them into collective investment instruments in another UCITS with similar investment policies and managed by the same fund manager or by any other company with which the fund manager is linked by common management or control, or by way of qualifying interest. That right shall become effective from the moment that the investors of the merging UCITS and those of the receiving UCITS have been informed of the proposed merger in accordance with Sections 90 and 91 and shall cease to exist five working days before the date for calculating the exchange ratio referred to in Section 97.

(2) Without prejudice to the right of investors provided under Subsection (1), the Authority may allow the merging and the receiving UCITS the temporary suspension of the marketing of collective investment instruments for the time of completion of the merger, provided that such suspension is justified for the protection of the investors.

Section 96

Legal, advisory or administrative costs associated with the preparation and the completion of the merger shall not be charged to the merging or the receiving UCITS, or to any of their investors.

Section 97

For domestic mergers of UCITS, and for cross-border mergers where the receiving UCITS is established in Hungary, the exchange ratio to be used during the merger for the collective investment instruments of the merging and receiving UCITS shall be calculated as follows:

a) for the effective date of the merger, the net asset value per unit of each set of collective investment instruments of the merging and the receiving UCITS both shall be established, taking into account any cash payment in the case of the merging]UCITS, where applicable;

b) the net asset value of the merging UCITS shall be determined by the same valuation methods as is used for the receiving UCITS;

c) the exchange ratio for a given set of the collective investment instruments of the merging UCITS shall be determined by dividing the net asset value per unit of the above-mentioned set by the net asset value per unit of the collective investment instruments of the receiving UCITS to be supplied in exchange.

Section 98

(1) As regards the domestic mergers of UCITS, and cross-border mergers where the receiving UCITS is established in Hungary, information to be provided on the merger entering into effect shall be published by way of the means specified in this Act.

(2) A merger which has taken effect shall not be declared null and void subsequently.

Section 99

(1) In connection with a merger effected in accordance with Paragraph *a)* of Subsection (1) of Section 84:

a) all the assets and liabilities of the merging UCITS are transferred to the receiving UCITS;

b) the investors of the merging UCITS become holders of the collective investment instruments of the receiving UCITS and, where applicable, they are entitled to a cash payment not exceeding 10 per cent of the net asset value of their collective investment instruments in the merging UCITS;

c) the merging UCITS cease to exist on the entry into effect of the merger.

(2) In connection with a merger effected in accordance with Paragraph *b)* of Subsection (1) of Section 84:

a) all the assets and liabilities of the merging UCITS are transferred to the newly constituted receiving UCITS;

b) the investors of the merging UCITS become investors of the newly constituted receiving UCITS and, where applicable, they are entitled to a cash payment not exceeding 10 per cent of the net asset value of their collective investment instruments in the merging UCITS;

c) the merging UCITS cease to exist on the entry into effect of the merger.

(3) In connection with a merger effected in accordance with Paragraph *c)* of Subsection (1) of Section 84:

a) the assets of the merging UCITS corresponding to the net asset value are transferred to the receiving UCITS;

b) the investors of the merging UCITS become holders of the collective investment instruments of the receiving UCITS;

c) the merging UCITS continues to exist until the liabilities have been discharged.

(4) The manager of the receiving UCITS shall prepare a merger report on the fund's assets on the effective date of the merger, following consultation with the fund's depositary. The report shall be sent to the Authority for information purposes within eight working days of the merger, and shall be made available to investors upon request. The merger report shall contain:

a) a list of all the assets and liabilities of the merging UCITS and the receiving UCITS, and their value before and after the merger;

b) the net asset values in total for each set of collective investment instruments;

c) the amount of collective investment instruments;

d) the net asset value per collective investment instrument; and

e) the exchange ratio used for the merger.

(5) The merger report shall be signed by the fund managers and depositaries of both the merging UCITS and the receiving UCITS, thus accepting responsibility for the correctness of the contents thereof.

Chapter XV

Divisions

Section 100

(1) 'Division' shall mean an operation whereby:

a) a collective investment trust or an investment compartment thereof on being dissolved transfers all of its assets and liabilities to two or more newly constituted or another existing collective investment trust or investment compartment (hereinafter referred to as "receiving collective investment trust") in exchange for the issue to its investors of collective investment instruments, as appropriate, of the receiving collective investment trust; or

b) a collective investment trust or an investment compartment thereof transfers, without going into liquidation, some of its assets to one or more newly constituted or another existing collective investment trust or investment compartment (hereinafter referred to as "receiving collective investment trust") in exchange for the issue to its investors of collective investment instruments, as appropriate, of the receiving collective investment trust.

(2) The provisions on mergers shall also apply to the division of collective investment trusts.

(3) As regards each collective investment trust newly constituted upon division the provisions on foundation shall apply.

Chapter XVI

Investment Units

Section 101

(1) The claims of investors on the investment fund, and their other rights are embodied in the investment units issued by the investment fund.

(2) All investment units must contain the following information:

a) name of the investment fund;

b) designation of the investment unit series;

c) registered address of the investment fund, its form of operation, sphere of potential investors, type, term, primary category of assets and harmonization type;

d) nominal value of the investment units, securities registration code;

e) the holder's name;

f) the rights of the investor attaching to investment units, as stipulated in the investment fund's management policy;

g) date of registration of the investment fund, register number;

h) name and registered address of the investment fund manager acting in the name of the investment fund.

(3) The information specified in Paragraphs *c)* and *d)* of Subsection (2) of Section 7 of the CMA are not required for the document made out for the issue of dematerialized investment units.

(4) The investment units of venture capital funds or private equity funds may also be produced in consolidated denominations, or may be subsequently converted into consolidated denominations upon the request and at the expense of the holder of the investment units. Consolidated denomination investment units of venture capital funds and private equity funds may be broken up into consolidated denomination investment units of lower nominal value or converted back to the original nominal value upon the request and at the expense of the holder of such investment units.

(5)[1] The venture capital fund or private equity fund's management policy may restrict the transfer of investment units or temporary investment units, making it subject to the approval of the venture capital fund manager and/or the consent of all or the majority of the other investors. The venture capital fund and private equity fund's management policy may prescribe additional requirements for such transfers.

Section 102

1 Amended by Point 8 of Section 110 of Act CIV of 2014.

Dematerialized investment units are registered and withdrawn under the investment fund manager's instructions, including the date set by the investment fund manager, by the central depository. As regards the investment units of open-ended investment funds, the central depository shall register and withdraw investment units as instructed by the investment fund manager or its authorized representative, as appropriate based on the trading-settlement dates.

Chapter XVII

Marketing and Distribution of Investment Units

Section 103

(1) As a precondition for the marketing of investment units the investment fund manager shall accept the investment fund's management policy.

(2)[1] Open-ended investment units may be offered to the public on condition that the investment fund manager makes public, before marketing, a management policy drawn up according to Chapter I of Annex 3 and approved by the Authority, and a prospectus containing the information in the layout defined in the template under Annex 5, key investor information according to Section 130, or a key information document provided for in Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (hereinafter referred to as "Regulation 1286/2014/EU"), and a public notice provided for in Section 104. Subscription of investment units shall be null and void if - with the exception under Subsection (1) of Section 105 - the units are marketed in the absence of a management policy, prospectus, key investor information, key information document or a public notice which has been approved by the Authority.

(2a)[2] The key investor information under Subsection (2) shall not be required if the investment fund manager prepares a key information document provided for in Regulation 1286/2014/EU.

(3) The marketing of closed-ended investment units promoted to the public shall be governed by Part Two of the CMA.

(4)[3] Investment units of a private investment fund may be distributed only if the investment fund manager has made available the management policy drawn up according to Chapter II of Annex 3 to potential investors at least seven days before the scheduled date of subscription. Availability in the case of private investment funds shall mean non-public communication to the investors.

(5) Selection of investors by drawing among investors having subscribed investment units in the marketing process is prohibited, as well as the publication of any information to that effect in the documents referred to in Subsections (2) and (4) and in the investment fund's marketing communication.

Section 104[4]

Investment units of open-ended investment funds may be offered to the public upon publication of a public notice, that shall contain:

a) the number and date of the Authority's approval of the related prospectus;

b) a description of the investment units offered and the name of the issuing investment fund;

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1 Established by Section 27 of Act XX of 2022, effective as of 1 January 2023.
2 Enacted by Section 27 of Act XX of 2022, effective as of 1 January 2023.
3 Established by Section 247 of Act LXXXV of 2015, effective as of 7 July 2015.
4 Established by Section 248 of Act LXXXV of 2015, effective as of 7 July 2015.

c) the quantity (amount) of investment units offered, their nominal value and selling price or the applied pricing method;
d) the approved duration of the marketing procedure and the locations where the investment units can be subscribed;
e) the method of offering and the terms of payment; and
f) information as to where the prospectus is published or circulated, including the date indicating when and the medium where inserted.

Section 105

(1) A subscription procedure is not required for the marketing of a new series of investment units by an open-ended investment fund that has already been registered.
(2) Closed-ended investment funds may issue additional investment units by way of marketing during the original term of the fund.
(3) Investment units of a closed-ended investment fund may also be marketed within the framework of an offering program. Within the framework of an offering program investment units are issued in sequence, in one or more sets, by means of the placement of securities, where the investment fund manager is required to define the basic conditions for the offering program in the documentation containing the terms and conditions of issue at the time when the program is initiated, and where the investment fund manager specifies the individual characteristics and particulars of each issue within the framework of final terms of the offering program. In the case of public funds, the Authority's authorization is not required for the final terms of issue of each set within an offering program, the investment fund manager, however, is required to disclose such final terms to the Authority at least ten days before the date of the issue for information purposes.

Section 106

(1) The distributor is required to inform - according to the time limits set out in the management policy - the investment fund manager and the depositary affected concerning the subscription and redemption orders or the quantity of investment units, and shall disclose to them the particulars of investors and their representatives collected, where this is permitted by the prospectus or the management policy, and if so agreed between the distributor and the investment fund manager. Such data disclosure shall not be recognized as a breach of securities secrets or business secrets under the CMA. The investment fund manager affected shall be allowed to use the data received as described above solely within the framework of the provisions relating to securities secrets, for the purposes of investment fund management activities, such as the provision of information to investors, and for the marketing communication of the investment fund manager or the investment funds.
(2) Where the investment fund manager sets the maximum number of investment units to be offered (issue limit), the distributor shall stop accepting subscription offers when this limit is achieved.

Section 107

(1) Investment units issued by open-ended investment funds may be offered on a continuous basis to investors by the investment fund manager itself or by one or more distributors on its behalf. Responsibility for the execution of subscription and redemption orders received from investors in the course of distribution lies with the distributor.
(2) The provisions of Subsection (1) of Section 106 shall apply mutatis mutandis to the distribution of investment units.

Section 108

(1) In the case of publicly available open-ended investment funds, during the term of the investment funds the distributor, or the investment fund manager if engaged in offering investment units directly to investors, shall honor all requests for the purchase and redemption of investment units on each and every working day, except when trading has been temporarily suspended or discontinued, or when the distributor affected has suspended customer services to clients.

(2) The subscription and redemption orders submitted by investors and received by the time defined in the fund's management policy shall be accounted on the trading-settlement date specified therein, and the sum due shall be credited or paid to the investors by the trading-settlement date specified in the investment fund's management policy.

(3) In the case of publicly available open-ended funds investing in securities at least one trading-settlement date shall be provided per week, including for publicly available open-ended funds investing in derivatives and in the case of a fund of funds at least one per month, and in the case of private and open-ended funds at least one trading-settlement date per quarter shall be provided. In the case of publicly available open-ended funds, the trading-payment date shall not be later than the tenth day following the trading-settlement date. Where an investment fund invests more than 20 per cent of its assets in another specific investment fund, it may choose to employ the same marketing rules as the fund that comprises over 20 per cent of its portfolio.

(4) If the trading-settlement date, or the trading-payment date falls on the day of suspension or discontinuation of sale or redemption, the deadline shall be extended to the next trading-settlement date or trading-payment date, when the suspension of purchase or redemption, as appropriate, is lifted. When the purchase or redemption order of an investor is suspended as provided for above, the investor shall be entitled to withdraw the order affected in writing. If the order is withdrawn, the investor shall not be charged any fee or commission.

(5) In the case of publicly available open-ended investment funds, the fund manager shall be entitled to alter the condition of redemption to the investors' detriment only if the investors are informed concerning the amendment of the management policy thereof, at least thirty days in advance and at least one trading-settlement day before the effective date of such change.

Section 109

(1) In connection with the purchase and redemption of investment units, the consideration for the investment unit may be provided in money, or - if expressly permitted in the management policy with the relevant conditions defined - in other assets, in whole or in part, which are deemed appropriate based on the fund's investment policy. In the latter case, at the time of redemption the type of assets to be provided in consideration shall be determined based on the share such assets represent in the fund's portfolio.

(2) In the process of distribution, the investor may be charged a sales (purchase or redemption) fee or commission payable - in part or in full, as specified in the investment fund's management policy - to the investment fund, the distributor or to the investment fund manager involved. The principle of equal treatment shall not be considered breached, where the fees or commissions charged to investors for distribution services are determined by the distributors, or if the investment fund manager sets different contractual terms and conditions for different distributors.

Section 110

(1) Where the investment fund manager sets the maximum number of investment units in circulation (circulation limit), when this limit is reached new investment units shall not be issued in so far as the amount of investment units in circulation drops below the circulation limit.

(2) The prospectus and the key investor information shall contain the specific details upon which marketing may be resumed. When reaching the circulation limit, the suspension of marketing of investment units under Subsection (1), including the resumption of marketing shall be published.

Section 111

The rules for the distribution of investment units of private open-ended investment funds are set out in the investment fund's management policy.

36. Provisions relating to the activities of intermediaries in the process of distribution

Section 112

Distributors of investment units may carry out the marketing and redemption of investment units through intermediaries. The provisions of Sections 111-116, Paragraph *e)* of Subsection (1) of Section 123, Paragraph *a)* of Subsection (4) of Section 123, and Subsections (2)-(4) of Section 159 of the IRA shall also apply to intermediaries. Distributors shall be subject to full and unlimited liability to the investors for the services provided by their intermediaries.

37. General rules for the suspension and discontinuation of the distribution of investment units

Section 113

(1) The distribution of investment units may be discontinued for not more than three working days, if the sale or redemption of investment units cannot be carried on due to reasons attributable to the investment fund manager, the depositary, the distributor or to the central depository. Investors shall be informed of the suspension by means of special notice, and the Authority shall also be notified without delay thereof.

(2) The marketing of investment units shall be suspended in the case provided for in Subsection (1) of Section 110.

Section 114

(1) The investment fund manager may suspend the distribution of investment units - including sale and redemption - under the following circumstances:

a) the investment fund's net asset value for the series in question cannot be determined, in particular if the trading of the given assets is suspended and these assets represent more than 10 per cent of the investment fund's own capital, or if no reliable information is available on market prices due to other reasons;

b) if the sale or redemption of investment units cannot be carried on due to reasons attributable to the investment fund manager, the depositary, the distributor or the central depository, and during the existence of such hindrance it is likely to exceed or has already exceeded the maximum period of cessation of distribution specified in Subsection (1) of Section 113;

c) the net asset value of the investment fund becomes negative.

(2) The investment fund manager may temporarily suspend the redemption of investment units if the redemption orders submitted represent a quantity that would jeopardize the investment fund's liquidity in light of the time available for realizing the investment fund's assets.

(3) The investment fund manager shall without delay inform the investors concerning the suspension specified in Subsections (1) and (2) by means of a special notice, and shall notify the Authority thereof, as well as the supervisory authorities of all EEA Member States where the investment units are marketed.

Section 115

(1) The Authority shall have powers to initiate the suspension of distribution of investment units in the interest of investors:

a) if the investment fund manager fails to comply with the obligation of disclosure of information; or

b) if the statutory requirements for the investment fund's operation are not satisfied.

(2) In the event of the investment fund manager's failure to take action, the Authority shall have powers to initiate the suspension of marketing of investment units in the cases defined in Subsection (1) of Section 114, as well as the redemption of investment units in the cases defined in Subsection (2) of Section 114.

Section 116

(1) The period of suspension may not exceed one year in the case of real estate funds, or thirty days for all other investment funds, however, in the case of investment funds investing at least 20 per cent of their assets in other funds in accordance with the investment strategies set out in the fund's management policy, the period of suspension shall be determined according to the suspension rules of the underlying fund. In justified cases the Authority may extend the period of suspension by up to one year at the request of the investment fund manager.

(2) The marketing of investment units shall resume immediately when the reason for the suspension ceases to exist, or if so ordered by the Authority by means of a resolution.

(3) With the exception set out in Paragraph *a)* of Subsection (1) of Section 114, the net asset value of the investment fund shall be determined and published during the period of suspension as well.

Chapter XVIII

Marketing of Collective Investment Instruments and Distribution on a Cross-border Basis

38. Marketing of collective investment instruments issued by UCITS in other EEA Member States

Section 117[1]

(1) UCITS established in Hungary shall make available, in each EEA Member State where it intends to market its investment units, facilities to perform the following tasks:

1 Established by Section 110 of Act LVIII of 2021, effective as of 2 August 2021.

a) process subscription, repurchase and redemption orders and make other payments to unit-holders relating to the investment units of the UCITS, in accordance with the conditions set out in the management policy;

b) provide investors with information on how orders referred to in Paragraph *a)* can be made and how repurchase and redemption proceeds are paid;

c) facilitate the handling of information relating to the exercise of investors' rights arising from their investment in the investment units of the UCITS, and access to complaints handling in the EEA Member State where the investment units of the UCITS is marketed;

d)[1] make the information and documents required pursuant to Chapter XX available to investors as set out in Chapter XX in any of the official languages of the given EEA Member State or in a language accepted by the competent authorities of that EEA Member State, for the purposes of inspection and obtaining copies thereof;

e) provide investors with information relevant to the tasks that the facilities perform in a durable medium provided for in Point 93 of Subsection (1) of Section 4; and

f) act as a contact point for communicating with the competent authorities.

(2) An UCITS shall not be required to have a physical presence in the UCITS host Member State or to appoint a third party for the purposes of Subsection (1).

(3) The UCITS shall ensure that the facilities to perform the tasks referred to in Subsection (1), including electronically, are provided:

a) in the official language or one of the official languages of the EEA Member State where the investment units of the UCITS are marketed or in a language approved by the competent authorities of that EEA Member State;

b)[2] by the UCITS itself, by a third party which is subject to regulation and supervision governing the tasks to be performed, or by both;

(4) For the purposes of Paragraph *b)* of Subsection (3), where the tasks are to be performed by a third party, the written contract on the appointment of that third party shall specify which of the tasks referred to in Subsection (1) are to be performed by that third party and that the third party will receive all the relevant information and documents from the UCITS.

Section 118

(1)[3] Where a UCITS manager intends to market investment units in another EEA Member State, it shall submit a notification letter to the Authority. The notification letter drawn up according to Commission Regulation 584/2010/EU shall include information on arrangements made for marketing investment units of the UCITS in the host Member State, including, where relevant, in respect of share classes, and the name of the distributor. The notification letter shall also include:

a) the details necessary, including the address, for the invoicing or for the communication of any applicable regulatory fees or charges by the supervisory authorities of the UCITS host Member State; and

b) information on the facilities for performing the tasks referred to in Subsection (1) of Section 117.

1 Established by Subsection (1) of Section 135 of Act XXXIX of 2023, effective as of 24 June 2023.
2 Established by Subsection (2) of Section 135 of Act XXXIX of 2023, effective as of 24 June 2023.
3 Established by Subsection (1) of Section 111 of Act LVIII of 2021, effective as of 2 August 2021.

(2) The Authority shall, within ten working days, forward the documents referred to in Subsection (1), together with the notification received from the UCITS, to the supervisory authorities of the home EEA Member State in which the investment units of the UCITS are proposed to be marketed. Enclosed with the documentation shall be an attestation, subject to formal and content requirements set out in Commission Regulation 584/2010/EU, that the UCITS fulfills the conditions imposed by the UCITS Directive upon transposition into Hungarian law. Upon receipt of the transmission notification the UCITS may start to market its investment units and may start to provide its services in the host Member State. As regards other details of the notification procedure, the Authority and the UCITS shall proceed in accordance with Commission Regulation 584/2010/EU.

(3) The notification letter referred to in Subsection (1) and the attestation referred to in Subsection (2) are to be provided in a language customary in the sphere of international finance, unless the Authority and the supervisory authority of the UCITS host Member States agree otherwise.

(4)[1] The UCITS shall keep the documents enclosed with the notification referred to in Subsection (1) up to date, and shall forthwith notify any amendments to such documents to the supervisory authorities of the UCITS host Member State in the language specified in Subsection (3), and shall indicate where those documents can be obtained electronically.

(5)[2] In the event of a change to the information in the notification letter submitted in accordance with Subsection (1), or a change regarding share classes to be marketed, the UCITS shall give written notice thereof to the Authority and the competent authorities of the host Member State at least one month before implementing that change. Where, pursuant to the planned change, the UCITS would no longer comply with this Act, the Authority shall inform the UCITS within fifteen working days of receipt of all the information concerning the change that it is not to implement that change. In that case, the Authority shall notify the competent authorities of the UCITS host Member State accordingly. If the proposed change is implemented nevertheless, and pursuant to that change the UCITS no longer complies with this Act, the Authority shall take all appropriate measures, including, where necessary, the express prohibition of marketing of the UCITS and shall notify the competent authorities of the UCITS host Member State without undue delay of the measures taken.

Section 118/A[3]

(1) A UCITS may de-notify arrangements made for marketing as regards its investment units, including, where relevant, in respect of share classes, in an EEA Member State in respect of which it has made a notification in accordance with Section 118, where all the following conditions are fulfilled:

a) a blanket offer is made by the UCITS to repurchase or redeem, free of any charges or deductions, all such investment units held by investors in that EEA Member State, is publicly available for at least thirty working days, and is addressed, directly or through financial intermediaries, individually to all investors in that EEA Member State whose identity is known;

b) the intention to terminate arrangements made for marketing such investment units in that EEA Member State is made public by the UCITS by means of a publicly available medium, including by electronic means, which is customary for marketing the investment units of UCITS and suitable for a typical UCITS investor;

1 Established by Subsection (2) of Section 111 of Act LVIII of 2021, effective as of 2 August 2021.
2 Enacted by Subsection (3) of Section 111 of Act LVIII of 2021, effective as of 2 August 2021.
3 Enacted by Section 112 of Act LVIII of 2021, effective as of 2 August 2021.

c) any contractual arrangements with financial intermediaries or delegates are modified or terminated with effect from the date of de-notification in order to prevent any new or further, direct or indirect, offering or placement of the investment units identified in the notification referred to in Subsection (4).

(2) The information referred to in Paragraphs *a)* and *b)* of Subsection (1) shall clearly describe the consequences for investors if they do not accept the offer to redeem or repurchase their investment units.

(3) The information referred to in Paragraphs *a)* and *b)* of Subsection (1) shall be provided in the official language or one of the official languages of the EEA Member State in respect of which the UCITS has made a notification in accordance with Section 118 or in a language approved by the competent authorities of that EEA Member State. As of the date referred to in Paragraph *c)* of Subsection (1), the UCITS shall cease any new or further, direct or indirect, offering or placement of its investment units which were the subject of de-notification in that EEA Member State.

(4) The UCITS shall submit a notification to the Authority containing the information referred to in Paragraphs *a)*-*c)* of Subsection (1).

(5) The Authority shall verify whether the notification submitted under Subsection (4) is complete, and shall, no later than fifteen working days from the receipt of a complete notification, transmit that notification to the competent authorities of the EEA Member State identified in the notification, and to the European Securities and Markets Authority (hereinafter referred to as “ESMA”). After that the Authority shall promptly notify the UCITS of that transmission.

(6)[1] The UCITS shall provide investors who remain invested in the UCITS as well as the Authority with the information required under Chapter XX, as set out therein. Transmission of the information may be carried out with the use of any electronic or other distance communication means, provided that the information and communication means are available for investors in the official language or one of the official languages of the EEA Member State where the investor is located or in a language approved by the competent authorities of that EEA Member State.

(7)[2] The Authority shall transmit to the competent authorities of the EEA Member State identified in the notification referred to in Subsection (4) information on any changes to the documents referred to in Chapter XX in any of the official languages of the EEA Member State where the investor’s home or registered office is located or in a language approved by the competent authorities of that EEA Member State.

39. Marketing in Hungary of collective investment instruments issued by UCITS authorized in another EEA Member State

Section 119

(1) Where a UCITS authorized in another EEA Member State markets or distributes its collective investment instruments in Hungary, such UCITS must comply with the provisions of the Member State where registered, on the understanding that it shall provide to investors within the territory of Hungary all information and documents which it is required to provide to investors in the UCITS home Member State. Key investor information shall be made available in Hungarian. Other information and documents shall be provided, at the choice of the UCITS, in Hungarian or translated into the language approved by the Authority, or into a language customary in the sphere of international finance. Key investor information shall be provided at the investors’ request at the time of conclusion of the contract free of charge and in writing.

(2) The requirements set out in Subsection (1) shall also be applicable to any changes to the information and documents referred therein.

1 Established by Subsection (1) of Section 136 of Act XXXIX of 2023, effective as of 24 June 2023.
2 Established by Subsection (2) of Section 136 of Act XXXIX of 2023, effective as of 24 June 2023.

(3)[1] Following the notification procedure performed by the UCITS home Member State covering the adequacy of arrangements made for marketing, the UCITS shall send to the Authority before the commencement of marketing operations the distribution agreement between the UCITS and the distributor, where marketing is carried out by a contractor other than the investment fund manager. If an intermediary established in Hungary is also involved, the contract with such intermediary shall also be submitted.

(4) In the event of a change in the information regarding the arrangements made for marketing, or a change regarding share classes to be marketed, the UCITS shall give written notice thereof to the Authority before implementing the change. Furthermore, the UCITS shall notify any amendments to the documents referred to in Paragraph *b)* of Section 117 to the Authority and shall indicate where those documents can be obtained electronically.

(5)[2] In the case of de-notification of the marketing in Hungary of collective investment instruments by an UCITS authorized in another EEA Member State, the competent authorities of the EEA Member State identified in the notification referred to in Subsection (4) of Section 118/A, sent by the UCITS to the supervisory authority of its home Member State, shall have the same rights and obligations as the competent authorities of the UCITS host Member State as set out in Subtitle 71. Without prejudice to other supervisory powers referred to in Section 55 and Section 172, as from the date of transmission under Subsection (7) of Section 118/A to the Authority by the supervisory authority of the UCITS home Member State, the Authority shall not require the UCITS concerned to demonstrate compliance with national laws, regulations and administrative provisions governing marketing requirements as referred to in Article 5 of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No. 345/2013, (EU) No. 346/2013 and (EU) No. 1286/2014 (hereinafter referred to as "Regulation 2019/1156/EU of the European Parliament and of the Council").

(6)[3]

39/A.[4] Conditions for pre-marketing in the European Union by an AIFM

Section 119/A[5]

(1) An AIFM established in Hungary may engage in pre-marketing in the European Union, except where the information presented to potential professional investors:

a) is sufficient to allow investors to commit to acquiring the collective investment instruments of a particular AIF;

b) amounts to subscription forms or similar documents whether in a draft or a final form; or

c) amounts to constitutional documents, a prospectus or offering documents of a not-yet-established AIF in a final form.

(2) Where a draft prospectus or offering documents are provided, they shall not contain information sufficient to allow investors to take an investment decision and shall clearly state that:

a) they do not constitute an offer or an invitation to subscribe to collective investment instruments of an AIF; and

b) the information presented therein should not be relied upon because it is incomplete and may be subject to change.

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1 Amended by Paragraph d) of Section 121 of Act LVIII of 2021.
2 Established by Section 113 of Act LVIII of 2021, effective as of 2 August 2021.
3 Repealed by Paragraph e) of Section 121 of Act LVIII of 2021, effective as of 2 August 2021.
4 Enacted by Section 114 of Act LVIII of 2021, effective as of 2 August 2021.
5 Enacted by Section 114 of Act LVIII of 2021, effective as of 2 August 2021.

(3) An AIFM shall not be required to notify the Authority of the content or of the addressees of pre-marketing, and shall not be required to fulfill any conditions or requirements other than those set out in this subtitle, before it engages in pre-marketing. Nevertheless, an AIFM shall ensure that the provision of pre-marketing information is adequately documented.

(4) AIFMs shall ensure that investors do not acquire collective investment instruments in an AIF through pre-marketing and that investors contacted as part of pre-marketing may only acquire collective investment instruments in that AIF through marketing permitted under Section 120 or Section 121.

(5) Any subscription by professional investors, within eighteen months of the AIFM having begun pre-marketing, to

a) collective investment instruments of an AIF referred to in the information provided in the context of pre-marketing, or

b) collective investment instruments of an AIF established as a result of the pre-marketing,

shall be considered to be the result of marketing and shall be subject to the applicable notification procedures referred to in Section 120 or Section 121.

(6) An AIFM shall send, within two weeks of it having begun pre-marketing, an informal letter, in paper form or by electronic means, to the Authority. That letter shall specify the Member States in which and the periods during which the pre-marketing is taking or has taken place, a brief description of the pre-marketing including information on the investment strategies presented and, where relevant, a list of the AIFs and compartments of AIFs which are or were the subject of pre-marketing. The Authority shall promptly inform the competent authorities of the Member States in which the AIFM is or was engaged in pre-marketing.

(7) If pre-marketing is taking place in Hungary by an EU AIFM established in a place other than Hungary, the Authority may request the competent authorities of the home Member State of the EU AIFM to provide further information on the pre-marketing that is taking or has taken place in Hungary.

(8) A third party shall only engage in pre-marketing on behalf of an AIFM subject to the conditions set out in this subtitle, and if it is

a) an investment firm or an authorized investment firm established in any EEA Member State;

b) a credit institution or an authorized credit institution established in any EEA Member State;

c) an UCITS manager or an authorized management company engaged in the management of UCITS established in any EEA Member State;

d) an EU AIFM; or

e) a tied agent defined in the IRA.

40. Marketing in Hungary of collective investment instruments issued by EU AIFs authorized in other EEA Member States and managed by AIFM

Section 120

(1) An AIFM established in Hungary may market collective investment instruments of any EU AIF that it manages, authorized in any EEA Member State, to professional investors in Hungary as soon as the conditions laid down in this Section are met.

(2) Where the EU AIF managed by the AIFM is a feeder AIF the right to market referred to in Subsection (1) is subject to the condition that the master AIF is also an EU AIF and is managed by an authorized EU AIFM.

(3) The AIFM shall submit a notification containing the information specified in Annex 14 to the Authority in respect of each EU AIF that it intends to market.

(4) Twenty working days after receipt of a complete notification pursuant to Subsection (3), the Authority shall inform the AIFM whether it may start marketing the collective investment instruments of the AIF identified in the notification referred to in Subsection (3) in Hungary. The Authority may prohibit the marketing of the collective investment instruments of the AIF in Hungary only if the AIFM's management of the AIF does not comply with this Act or the AIFM does not comply with the provisions of this Act. The AIFM may start marketing the collective investment instruments of the AIF in Hungary from the date of the notification by the Authority to that effect. The Authority shall also inform the supervisory authorities of the home Member State of the AIF that the AIFM may start marketing collective investment instruments of the AIF in Hungary.

(5) In the event of a material change to any of the particulars communicated in accordance with Subsection (3), the AIFM shall give written notice of that change to the Authority at least one month before implementing a planned change, or immediately after an unplanned change has occurred. If, pursuant to a planned change, the AIFM's management of the AIF would no longer comply with this Act or the AIFM would otherwise no longer comply with this Act, the Authority shall inform the AIFM without undue delay that it is not to implement the change. If a planned change is implemented notwithstanding or if an unplanned change has taken place pursuant to which the AIFM's management of the AIF would no longer comply with this Act or the AIFM otherwise would no longer comply with this Act, the Authority shall take all due measures, including the prohibition of marketing of the collective investment instruments of the AIF.

(6) By way of derogation from Subsection (1), the Authority shall authorize the marketing in Hungary of collective investment instruments of an EU AIF authorized in another EEA Member State and managed by an AIFM to retail investors as well, if the following conditions are met:

a) the EU AIF is considered by the Authority equivalent to the type of AIF established in Hungary, that may be offered to retail investors;

b) the EU AIF complies with the provisions of Chapter XVII in marketing its collective investment instruments.

40/A.[1] Facilities available to retail investors

Section 120/A[2]

(1) Without prejudice to Article 26 of Regulation 2015/760/EU of the European Parliament and of the Council, an AIFM established in Hungary shall make available, in each EEA Member State where it intends to market its collective investment instruments to retail investors, facilities to perform the following tasks:

a) process investors' subscription, repurchase and redemption orders relating to the collective investment instruments of the AIF, in accordance with the conditions set out in the AIF's management policy;

b) provide investors with information on how orders referred to in Paragraph *a)* can be made and how repurchase and redemption proceeds are paid;

c) facilitate the handling of information relating to the exercise of investors' rights arising from their investment in the collective investment instruments of the AIF in the EEA Member State where the collective investment instruments of the AIF are marketed;

d) make the information and documents required pursuant to Section 131, Section 134, Section 140, Subsection (1) of Section 141 and in Annexes 3 and 6 available to investors for the purposes of inspection and obtaining copies thereof;

1 Enacted by Section 115 of Act LVIII of 2021, effective as of 2 August 2021.
2 Enacted by Section 115 of Act LVIII of 2021, effective as of 2 August 2021.

e) provide investors with information relevant to the tasks that the facilities perform in a durable medium as defined in Point 93 of Subsection (1) of Section 4; and

f) act as a contact point for communicating with the competent authorities.

(2) An AIFM shall not be required to have a physical presence in the host Member State of the AIFM or to appoint a third party for the purposes of Subsection (1).

(3) The AIFM shall ensure that the facilities to perform the tasks referred to in Subsection (1), including electronically, are provided:

a) in the official language or one of the official languages of the EEA Member State where the collective investment instruments of the AIF are marketed or in a language approved by the competent authorities of that EEA Member State;

b)[1] by the AIFM itself, by a third party which is subject to regulation and supervision governing the tasks to be performed, or by both.

(4) For the purposes of Paragraph *b)* of Subsection (3), where the tasks are to be performed by a third party, the written contract an the appointment of that third party shall specify which of the tasks referred to in Subsection (1) are to be performed by that third party and that the third party will receive all the relevant information and documents from the AIFM.

41. Marketing of collective investment instruments of EU AIFs in EEA Member States other than in the home Member State of the AIFM

Section 121

(1) An AIFM established in Hungary may market collective investment instruments of any EU AIF that it manages, to professional investors in another EEA Member State as soon as the conditions laid down in this Section are met.

(2) Where the EU AIF managed by the AIFM is a feeder AIF the right to market referred to in Subsection (1) is subject to the condition that the master AIF is also an EU AIF and is managed by an authorized EU AIFM.

(3) The AIFM shall submit a notification containing the information specified in Annex 15 to the Authority in respect of each EU AIF that it intends to market.

(4) The Authority shall, no later than twenty working days after the date of receipt of the complete notification, transmit the documents provided for in Subsection (3) to the supervisory authorities of the EEA Member States where it is intended that the collective investment instruments of the AIF be marketed. Such transmission shall occur only if the AIFM's management of the AIF complies with the provisions of this Act, and if the AIFM otherwise complies with this Act. The Authority shall enclose a statement to the effect that the AIFM concerned is authorized to manage AIFs with a particular investment strategy.

(5) The AIFM may start marketing the collective investment instruments of the AIF in the host Member States of the AIFM as of the date of the Authority's notification. In so far as they are different, the Authority shall also inform the supervisory authorities of the home Member State of the AIF that the AIFM may start marketing collective investment instruments of the AIF in the host Member State of the AIFM.

(6) Arrangements referred to in Paragraph *h)* of Annex 15 shall be subject to the laws and supervision of the host Member State of the AIFM.

(7) The notification referred to in Subsection (3) and the statement referred to in Subsection (4) shall be provided in a language customary in the sphere of international finance. The Authority shall receive and transmit the documents referred to in Subsection (4) by way of electronic means.

1 Established by Section 137 of Act XXXIX of 2023, effective as of 24 June 2023.

(8)[1] In the event of a material change to any of the particulars communicated in accordance with Subsection (3), the AIFM shall give written notice of that change to the Authority at least one month before implementing a planned change, or immediately after an unplanned change has occurred. If, pursuant to a planned change, the AIFM's management of the AIF would no longer comply with this Act or the AIFM would otherwise no longer comply with this Act, the Authority shall inform the AIFM within fifteen working days of receipt of all the information sent by the AIFM concerning the change that it is not to implement the change. In that case, the Authority shall notify the competent authorities of the AIFM host Member State accordingly. If a planned change is implemented notwithstanding or if an unplanned change has taken place pursuant to which the AIFM's management of the AIF would no longer comply with this Act or the AIFM otherwise would no longer comply with this Act, the Authority shall take all due measures, including the prohibition of marketing of the collective investment instruments of the AIF, and shall notify the competent authorities of the AIFM host Member State accordingly without undue delay.

(9)[2] If the changes are acceptable because they do not affect

a) compliance of the AIFM's management of the AIF with this Act, or

b) compliance by the AIFM with this Act,

the Authority shall inform the supervisory authorities of the host Member States concerning those changes within one month.

41/A.[3] Marketing in Hungary of collective investment instruments issued by EU AIFs authorized in other EEA Member States and managed by AIFM

Section 121/A[4]

(1) Where an AIFM authorized in another EEA Member State markets its collective investment instruments to professional investor in Hungary, such AIFM must comply with the provisions of the Member State where established, on the understanding that it shall provide the professional investor in Hungary with all information and documents which it is required to provide to investors in the home Member State of the AIFM.

(2) The requirements set out in Subsection (1) shall also be applicable to any changes to the information and documents referred therein.

(3) By way of derogation from Subsection (1), the Authority shall authorize the marketing in Hungary of collective investment instruments of an EU AIF authorized in another EEA Member State and managed by an AIFM to retail investors as well, if the following conditions are met:

a) the EU AIF is considered by the Authority equivalent to the type of AIF established in Hungary, that may be offered to retail investors; and

b) the AIFM authorized in another EEA Member State complies with the provisions of Chapter XVII in marketing its collective investment instruments.

1 Established by Section 116 of Act LVIII of 2021, effective as of 2 August 2021.
2 Enacted by Section 116 of Act LVIII of 2021, effective as of 2 August 2021.
3 Enacted by Section 117 of Act LVIII of 2021, effective as of 2 August 2021.
4 Enacted by Section 117 of Act LVIII of 2021, effective as of 2 August 2021.

(4) In the case of de-notification of the marketing in Hungary of some or all AIF collective investment instruments managed by an AIFM authorized in another EEA Member State, the competent authorities of the EEA Member State identified in the notification referred to in Subsection (3) of Section 121/B, sent by the AIFM to the supervisory authority of its home Member State, shall have the same rights and obligations as the competent authorities of the host Member State of the AIFM as set out in Subtitle 73. Without prejudice to other supervisory powers referred to in Section 60 and Section 177, as from the date of transmission under Subsection (7) of Section 121/B to the Authority by the competent authorities of the home Member State of the AIFM, the Authority shall not require the AIFM concerned to demonstrate compliance with national laws, regulations and administrative provisions governing marketing requirements as referred to in Article 5 of Regulation 2019/1156/EU of the European Parliament and of the Council.

41/B.[1] De-notification of arrangements made for the marketing of collective investment instruments of EU AIFs in EEA Member States managed by an AIFM

Section 121/B[2]

(1) An AIFM established in Hungary may de-notify arrangements made for marketing as regards collective investment instruments of some or all of its AIFs in an EEA Member State in respect of which it has made a notification in accordance with Section 121, where all the following conditions are fulfilled:

a) except in the case of closed-ended AIFs and AIFs regulated by Regulation 2015/760/EU of the European Parliament and of the Council, a blanket offer is made to repurchase or redeem, free of any charges or deductions, all such AIF collective investment instruments held by investors in that Member State, is publicly available for at least thirty working days, and is addressed, directly or through financial intermediaries, individually to all investors in that EEA Member State whose identity is known;

b) the intention to terminate arrangements made for marketing such collective investment instruments of some or all of its AIFs in that EEA Member State is made public by the AIFM by means of a publicly available medium, including by electronic means, which is customary for marketing AIFs and suitable for a typical AIF investor;

c) any contractual arrangements with financial intermediaries or delegates are modified or terminated with effect from the date of de-notification in order to prevent any new or further, direct or indirect, offering or placement of the collective investment instrument identified in the notification referred to in Subsection (3).

(2) As of the date referred to in Paragraph *c)* of Subsection (1), the AIFM shall cease any new or further, direct or indirect, offering or placement of collective investment instruments of the AIF it manages in the EEA Member State in respect of which it has submitted a notification in accordance with Subsection (3).

(3) The AIFM shall submit a notification to the Authority containing the information referred to in Paragraphs *a)-c)* of Subsection (1).

(4) The Authority shall verify whether the notification is complete, and shall, no later than fifteen working days from the receipt of a complete notification, transmit that notification to the competent authorities of the EEA Member State identified in the notification, and to the ESMA. After that the Authority shall promptly notify the AIFM of that transmission.

1 Enacted by Section 117 of Act LVIII of 2021, effective as of 2 August 2021.
2 Enacted by Section 117 of Act LVIII of 2021, effective as of 2 August 2021.

(5) Inside a period of thirty-six months from the date referred to in Paragraph *c)* of Subsection (1), the AIFM shall not engage in pre-marketing of collective investment instrument referred to in the notification, or in respect of similar investment strategies or investment ideas, in the EEA Member State identified in the notification referred to in Subsection (3).

(6) The AIFM shall provide investors who remain invested in the EU AIF as well as the Authority with the information required under Section 131, Section 134, Section 140, Subsection (1) of Section 141 and in Annexes 3 and 6. Transmission of the information may be carried out with the use of any electronic or other distance communication means.

(7) The Authority shall transmit to the competent authorities of the EEA Member State identified in the notification referred to in Subsection (3) information on any changes to the documents referred to in Paragraphs *b)-f)* of Annex 15.

42. Marketing in Hungary of collective investment instruments issued by non-EU AIFs managed by AIFM

Section 122

(1) An AIFM shall be allowed to market to professional investors, in Hungary, collective investment instruments of non-EU AIFs it manages and of EU feeder AIFs that do not fulfill the requirements referred to in Subsection (2) of Section 120, provided that:

a) the AIFM complies with all the requirements established in this Act with the exception of Section 64, ensuring, however, that one or more entities - other than AIFM - are appointed to carry out the duties referred to in Subsections (7)-(9) of Section 64;

b) appropriate cooperation arrangements for the purpose of systemic risk oversight and in line with international standards are in place between the Authority and the supervisory authorities of the third country where the non-EU AIF is established in order to ensure an efficient exchange of information that allows the Authority to carry out their duties in accordance with this Act;

c) the third country where the non-EU AIF is established is not listed as a non-cooperative country and territory by the FATF.

(2) Pursuant to Paragraph *a)* of Subsection (1), the entity appointed to carry out the duties referred to in Subsections (7)-(9) of Section 64 shall be notified to the Authority.

(3) The Authority shall conclude the cooperative arrangement provided for in Subsection (1) with the supervisory authorities of the third country having regard to the requirements set out in Articles 113-115 of the AIFM Regulation.

43.[1]

Section 123[2]

Chapter XIX

Net Asset Value, General Provisions on Making Distributions to Investors, Segregation of Illiquid Assets

1 Repealed by Paragraph c) of Section 112 of Act CIV of 2014, effective as of 1 January 2015.
2 Repealed by Paragraph c) of Section 112 of Act CIV of 2014, effective as of 1 January 2015.

44. General rules for the calculation of net asset value

Section 124

(1) The valuation of the units held by investors shall be determined based on the net asset value of the investment fund. In the process of marketing, distribution or withdrawal of investment units, the purchase and redemption price of investment units shall be calculated based on the prevailing net asset value per investment unit.
(2) The net asset value of the investment fund and the net asset value per investment unit shall be determined separately for each series of investment units, using the latest market price indices relating to the investment fund’s assets, or based on professional appraisal in the case of illiquid assets, following the instructions set out in the investment fund’s management policy.
(3) The net asset value of an investment fund shall be established based on the fund’s management policy by the depositary, the valuer or the AIFM.
(4) The investment fund manager shall supply - without undue delay - documents to the depositary, or the valuer which are required to determine the investment fund’s net asset value, consistent with the frequency of determining the fund’s net asset value.

Section 125

(1) The net asset value of an open-ended investment fund and the net asset value per investment unit shall be established for each trading-settlement date, at least once a week.
(2) The net asset value of a publicly available closed-ended investment fund investing in securities and the net asset value per investment unit shall be established at least once a week.
(3) The net asset value of a fund investing in securities listed in the stock exchange, and the net asset value per investment unit shall be established for each trading day.
(4) The net asset value of each and every investment fund investing in securities and the net asset value per investment unit shall be established at least once a month.

45. Procedure applicable in the case of any error in the calculation of the net asset value

Section 126

(1) In the event of any error in the calculation of the net asset value of an investment fund, the erroneous net asset value shall be corrected at the time of the next assessment of net asset value with retroactive effect to the time when the error was made, if the error exceeds one thousandth of the net asset value of the investment fund. In the correction process the erroneous net asset value shall be adjusted as commensurate according to the error as established for each day for which the net asset value was calculated, and that was affected by the error. The adjusted net asset value shall be published.
(2) Any error in the market price or other information disclosed shall not be treated as an error if it cannot be attributed to the investment fund manager or the depositary, provided that the investment fund manager and the depositary has acted prudently and with reasonable care in calculating the net asset value.

(3) If any investment units have been marketed on the erroneous net asset value, the difference between the erroneous and the correct net asset value must be settled with the investor affected within thirty days from the date when the error was discovered, except if:

a) the difference between the price of one investment unit calculated based on the erroneous net asset value and the correct price is less than one thousandth of the price calculated based on the correct net asset value or the value stipulated in the investment fund's management policy, if this is lower;

b) the amount to be settled on account of the difference in price calculated based on the erroneous and the correct net asset value is less than one thousand forints for each investor, or less than the amount stipulated in the investment fund's management policy, if this is lower; or

c) the investment fund manager has decided - if an error has been detected in the calculation of net asset value - to remit the investor's repayment obligation in connection with the difference in the marketing price of the investment unit resulting from the adjustment of the error, where the investment fund manager or the depositary shall be liable to cover such difference for the investment fund.

46. Distributions to investors

Section 127

(1) During the term of the investment fund the investment fund manager shall be entitled to make payments to investors from the assets of the investment fund in the form of income from the investment fund's capital gains, or from the fund's capital embodied by the nominal value of the investment units. In the latter case payment may be effected also by reducing the nominal value of the investment units.

(2) The terms and conditions of distributions are laid down in the management policy. Distributions within the same set of investment units shall be made under the same conditions.

(3) The responsibility and the obligation of making distributions to investors as per Subsection (1) lies with the distributor.

47. Segregation of assets which have become illiquid

Section 128

(1) As regards open-ended investment funds investing in securities, if more than 5 per cent of the investment fund's assets have become illiquid, the investment fund manager may decide to segregate such illiquid assets within the investment fund's portfolio, or to segregate illiquid investment units within a portfolio, so as to ensure the principle of equal treatment among investors and to maintain the distribution of other investment units.

(2) In the application of this section, an asset shall be deemed illiquid if it is not readily marketable under the prevailing market conditions, or that could be sold only with considerable loss due to extraordinary decline in trading, taking also into account the arrangements in place for the redemption of the investment units.

(3) Once the decision on segregation is made, the assets deemed illiquid are to be shown separate from the investment fund's other assets for the purposes of calculating the net asset value. Moreover, the units of the investment fund shall be allocated among the investors in the percentage the illiquid assets represent in the net asset value of the investment fund. Following segregation the investment units embodying illiquid assets shall be marked "IL".

(4) For the purposes of calculating the net asset value the assets which have become illiquid shall be segregated, and the costs of management of these assets may be claimed against this portfolio of assets. If the costs incurred cannot be satisfied from the illiquid asset portfolio, they shall be temporarily covered by the investment fund manager. The fund manager's and depositary's fees, and marketing fees and commissions may not be charged to the illiquid asset portfolio. The price of an investment unit marked "IL" shall be determined having regard to the assets and liabilities shown under the illiquid asset portfolio, and shall be published according to the general provisions pertaining to the calculation of net asset value.

(5) Investment units marked "IL" may not be redeemed, except if the investment fund manager presents this option and the investor agrees to permit the investment fund manager to satisfy the redemption price using the assets underlying such "IL" marked investment units.

(6) When the reasons for segregation no longer apply, the investment fund manager shall decide on terminating the segregation in part or in whole, and shall replace the investment units marked "IL" with the fund's investment units based on the exchange ratio as commensurate according to the prevailing price of the investment units.

(7) The investment fund manager shall - in accordance with the provisions on extraordinary disclosure of information - notify the investors and the Authority on the segregation of assets, on the termination of segregation in part or in whole, and the reasons therefor. The annual and semi-annual accounts of investment funds shall contain detailed information as to the composition of segregated assets.

(8) The investment fund manager shall suspend the marketing of the investment fund's investment units when the decision on segregation is published, until segregation is in fact implemented.

Chapter XX

Obligation to Provide Information

48. The prospectus

Section 129[1]

In connection with the public offering of investment units the prospectus shall - in addition to what is set out in Annex 5 - include the information necessary for investors to be able to make an informed judgment of the investment proposed to them, and, in particular, of the risks attached thereto, including the information provided for in Regulation 2015/2365/EU. The prospectus shall include a clear and easily understandable explanation of the investment fund's risk profile.

49. Key investor information

Section 130

1 Established by Section 185 of Act LXIX of 2017, effective as of 13 July 2017.

(1) In the case of publicly available open-ended investment funds, key investor information shall include appropriate information about the essential characteristics of the investment fund, so as to ensure that investors are reasonably able to understand the nature and the risks of the investment product and to take investment decisions on an informed basis. In the document containing key investor information the words “key investor information” shall be clearly stated. Key investor information shall provide information on the following essential elements clearly and concisely:

a)[1] identification of the investment fund, and of the competent supervisory authority of the investment fund;

b) a short description of the investment fund’s investment objectives and investment policy;

c) past-performance presentation of the investment fund or, where relevant in connection with the investment objectives of the given investment fund, performance scenarios shown in said objectives;

d) costs and associated charges to be covered by the investment fund;

e) risk/reward profile of the investment fund, including appropriate guidance and warnings in relation to the risks associated with investments in the relevant investment fund.

(2) Key investor information may not contain references, with the exception that it shall clearly specify where and how to obtain additional information relating to the investment fund, where and how the prospectus and the annual and half-yearly report can be obtained on request and free of charge, and the language in which such information is available to investors.

(2a)[2] In the case of UCITS, the key investor information shall be accompanied by the statement referred to in Point 7.15 of Annex 5 as well.

(3) Key investor information shall contain a clear warning that no claims may be enforced under civil liability solely on the basis of the key investor information, unless it is misleading, inaccurate or inconsistent with the relevant parts of the prospectus.

(4) Key investor information shall be used without alterations or supplements as to contents, except translation, in all States where the investment units are marketed.

(5) Key investor information shall be provided to investors at least seven days before the subscription period in a durable medium or by means of a website. At the time of conclusion of the contract, a paper copy shall be delivered to the investor on request and free of charge, and shall be published during distribution. Key investor information shall be updated on a daily basis.

(6) As regards the detailed contents, the form and publication of key investor information the provisions of Commission Regulation 583/2010/EU shall be taken into consideration as well.

(7)[3] If the key investor information document complies with the requirements set out in Regulation 1286/2014/EU for key information documents, it shall be construed to satisfy the requirements set out in Subsections (1)-(6).

50. Regular disclosure of information and reporting obligations of public investment funds

Section 131

(1) Investment fund managers shall disclose essential details to the public on a regular basis of the financial position and the general course of business of the public investment funds they manage.

1 Established by Subsection (1) of Section 158 of Act CCXV of 2015, effective as of 18 March 2016.
2 Enacted by Subsection (2) of Section 158 of Act CCXV of 2015, effective as of 18 March 2016.
3 Enacted by Section 28 of Act XX of 2022, effective as of 1 January 2023.

(2)[1] Investment fund managers shall discharge their obligation of disclosure of information on a regular basis as specified in Subsection (1) hereof in connection with publicly available closed-ended investment funds in accordance with Chapter V of the CMA, taking into account the provisions of Regulation 2015/2365/EU as well.

(3) Investment fund managers shall discharge their obligation of disclosure of information as specified in Subsection (1) in connection with publicly available open-ended investment funds:

a) in the form of an annual report for each complete business year;

b) in the form of a half-yearly report covering the first six months of the business year;

c) in the form of a monthly portfolio report.

(4) The annual and half-yearly reports referred to Subsection (3), and the monthly portfolio report shall be published within the following time limits, with effect from the end of the period to which they relate:

a) four months in the case of the annual report;

b) two months in the case of the half-yearly report;

c) by the 10th working day in the case of the monthly portfolio report;

on the understanding that annual and half-yearly reports shall be available to the public for at least a period of five years.

Section 132

(1) The annual report of a publicly available open-ended investment fund shall include a detailed income and expenditure account for the investment fund, a report on the activities performed during the given period and the other information provided for in Annex 6, and in Annex 7 in the case of real estate funds, as well as any significant information which will enable investors to make an informed judgment on the development of the activities of the investment fund and its results.

(2) The half-yearly report of a publicly available open-ended investment fund shall include the information specified in sections I-IV of Annex 6, and in sections 2-3 of Annex 7 in the case of real estate funds. Where an investment fund pays an interim dividend, the balance sheet must indicate the results after tax for the half-year concerned and the interim dividend paid or proposed.

(3)[2] As regards the content of the yearly and half-yearly reports of publicly available open-ended investment funds the provisions of Regulation 2015/2365/EU shall apply mutatis mutandis.

Section 133

The monthly portfolio report shall include, relying on the last net asset value of the month:

a) a description of the portfolio broken down by main categories according to the investment objectives and limits set out in the investment policy (types of major assets, geographical diversification, currency diversification), or, if the investment policy contains no such limits, according to the types of major assets (shares, bonds, investment units, deposits, other);

b) the net total level of risk exposure (leverage) imminent in the investment assets as calculated in consideration of derivative transactions;

c) the details of assets (issuers) representing more than 10 per cent of the portfolio;

d) the net asset value of the investment fund on the aggregate and for each investment unit.

Section 134

1 Established by Section 186 of Act LXIX of 2017, effective as of 1 July 2017.
2 Enacted by Section 187 of Act LXIX of 2017, effective as of 1 July 2017.

Publicly available open-ended investment funds shall provide to investors periodic reports by way of the means specified in the prospectus, management policy and the key investor information document. A paper copy shall be delivered to the investor on request and free of charge. At the same time, such periodic reports shall be sent to the Authority and, upon request, to the supervisory authority of the Member State in which the investment fund manager is established.

Section 135

(1) The accounting information given in the annual report shall be audited by the investment fund's auditor. The audit shall cover:

a) the inventory of assets and liabilities at the end of the given period;

b) management charges shown for the given period, based on the assessment provided by the depositary.

(2) The independent auditor's report covering the information referred to in Subsection (1), including any qualifications, shall be reproduced in full in the annual report.

51. Publication of other information regarding public investment funds, and other provisions relating to information

Section 136

(1) The investment fund manager, or a depositary on its behalf shall publish the net asset value per unit of the public investment funds they manage, by way of the means specified in the investment fund's management policy, for each day for which it is calculated, within two working days from the day when calculated.

(2) The investment fund manager, or a depositary on its behalf shall provide access for the general public to information on past-performance of the public investment fund they manage, showing the net asset value of an investment unit. If the investment fund has been in existence for a period longer than five years, it shall suffice to make available the net asset value of an investment unit for the past five years.

(3) Upon request of an investor, the investment fund manager shall provide information relating to the quantitative limits that apply in the risk management of the UCITS, to the methods chosen to this end and to the recent evolution of the main risks and yields of the instrument categories.

Section 137[1]

Section 138[2]

52. Obligation of extraordinary disclosure of information of public investment funds

Section 139

1 Repealed by Paragraph f) of Section 121 of Act LVIII of 2021, effective as of 2 August 2021.
2 Repealed by Section 139 of Act LIII of 2016, effective as of 1 July 2016.

(1) The obligation of extraordinary disclosure of information of investment fund managers shall cover the publication on their website of the following information with respect to publicly available open-ended investment funds they manage, with paper copies made available at points of sale, and shall send such information to the Authority as well:

a) the notice of restructuring or merger, at the latest thirty days before the planned or proposed restructuring or merger;

b) the amendments to the investment fund's management policy representing changes in its investment rules, at the latest thirty days before the effective date of such amendments;

c) the amendments to the management policy representing a reduction in the fixed period of maturity, at the latest thirty days before the effective date of such amendments;

d)[1] the amendments to the investment fund's management policy representing changes to the investors' detriment in relation to charges for the redemption of investment units, or representing changes in the rules pertaining to the redemption of investment units if they entail any increase in the settlement or redemption period, at least thirty days before the effective date of such amendments;

e) the amendments to the investment fund's management policy representing any restriction in the opportunities for the redemption of investment units - excluding the discontinuation or suspension of marketing - at least thirty days before the effective date of such amendments so as to permit investors to redeem their investment units before the amendments in question enter into effect;

f) any other amendment in the management policy on or before the effective date;

g)[2] any decision to withdraw the authorization of the investment fund manager, within two working days following the date when the decision on the withdrawal of the authorization became definitive;

h) the decision to transfer investment fund management activities, within fifteen days before it takes effect;

i) the date and the manner of payment of capital and dividends (if the investment fund's management policy does not provide for automatic payment of dividends), on or before the due date;

j) the suspension or discontinuation of the marketing of investment units, including when marketing is resumed, the segregation of illiquid financial assets, including when segregation is terminated, immediately;

k) the notice of liquidation of the investment fund manager, within two working days after the ruling ordering liquidation becomes legally binding;

l) the notice of dissolution if the investment fund is terminated, at the same time when it is sent to the Authority;

m) with the exception of payment of dividends, the net asset value of each unit as compared to the previous net asset value, and, if a significant (more than 20 per cent) drop occurs within three days if evaluated daily, an explanation for such a decline, within two working days from the time of occurrence;

n) any change in the means of publication used for publication obligations, at least ten days before the effective date thereof;

o)[3]

p) any change in the distributors, on or before the working day immediately preceding the effective date of the change, or within two working days following the effective date of the change if the fund manager is notified after the fact that the list of distributors is reduced;

q) if the investment fund provides key investor information, any changes therein, at the time when the up-to-date version is made available to the investors;

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1 Established by Section 249 of Act LXXXV of 2015, effective as of 7 July 2015.
2 Amended by Paragraph d) of Section 471 of Act L of 2017.
3 Repealed by Subsection (1) of Section 256 of Act LXXXV of 2015, effective as of 7 July 2015.

r) any changes in the criteria stipulated in the Authority's authorization or in the approved management policy, within two days following the effective date thereof.

(2) Investment fund managers shall discharge their obligation of extraordinary disclosure of information provided for in Subsection (1) in connection with publicly available closed-ended investment funds in accordance with Chapter V of the CMA.

(3) The Authority may prescribe the deadlines for disclosure obligations on a case-by-case basis when it deems it necessary for the protection of the investors.

(4) If the entry into force following publication under Subsection (1) does not take place within sixty days following receipt of the Authority's authorization, entry into force shall be permitted only if the authorization procedure is repeated.

53. Provisions relating to private investment funds

Section 140

(1)[1] Investment fund managers shall satisfy the obligation to provide information on a regular basis relating to the private investment funds they manage by making available annual and half-yearly reports to investors in the manner specified in the management policy, on the understanding that Section 135 shall apply to accounting information given in the annual reports. At the same time, the annual report shall be sent within six months from the end of the financial year to the Authority and, upon request, to the supervisory authority of the Member State where the private AIF is established. In the case of private investment funds managed by AIFM provided for in Subsection (2) of Section 2, the duty to provide information relating to half-yearly reports shall not apply, and the accounting information given in the annual reports shall not be audited, which fact shall be brought to the investors' attention in the management policy.

(1a)[2] As regards the content of the yearly reports of private investment funds the provisions of Regulation 2015/2365/EU shall apply mutatis mutandis.

(2) As regards the information to be provided in connection with a private investment fund's investment policy the provisions applicable to public funds shall apply, with the exception that the information shall be made available in the management policy instead of the prospectus.

(3) Private investment funds shall not seek investors publicly, and shall not advertise the marketing and/or distribution of investment units publicly, or by any means accessible for the general public. This restriction shall be without prejudice to the publication of net asset values.

54. Means of compliance with the obligation of disclosure

Section 141

(1) As regards the provisions on disclosure prescribed in this Act relating to investment fund managers and to the investment funds they manage, it shall be satisfied, unless otherwise provided for by the relevant legislation:

a) via the website of the investment fund manager and the investment fund affected; and

b) by means of the officially appointed information storage mechanism, if the Authority provides such service in compliance with the obligation of publication prescribed in this Act, with the exception of net asset values.

1 Established by Section 250 of Act LXXXV of 2015, effective as of 7 July 2015.
2 Enacted by Section 188 of Act LXIX of 2017, effective as of 1 July 2017.

(2) As regards the provisions on disclosure relating to depositaries and distributors, it shall be satisfied on their own websites, or by means of the officially appointed information storage mechanism, if the Authority provides such service in compliance with the obligation of publication prescribed in this Act.

PART FOUR

PROVISIONS RELATING TO MASTER UCITS AND FEEDER UCITS

Chapter XXI

Special Provisions Relating to Master UCITS and Feeder UCITS

55. Authorization of master UCITS and feeder UCITS

Section 142

(1) The investment of a feeder UCITS into a given master UCITS shall be subject to prior approval by the Authority.

(2) The Authority shall inform the manager of the feeder UCITS within fifteen days following the submission of a complete application on its approval.

(3) The Authority shall grant approval under Subsection (1) if the feeder UCITS, its depositary and its auditor, as well as the master UCITS, comply with all the requirements set out in this Chapter. For approval the following documents shall be submitted:

a) the management policy of the feeder UCITS and the master UCITS;

b) the prospectus and the key investor information referred to in Section 130 of the feeder UCITS and the master UCITS;

c) the agreement between the feeder UCITS and the master UCITS or the internal conduct of business rules referred to in Subsection (1) of Section 143;

d) the information to be provided to investors in accordance with Section 147;

e) if the master UCITS and the feeder UCITS have different depositaries, the information-sharing agreement referred to in Subsections (1) and (2) of Section 144 between their respective depositaries;

f) if the master UCITS and the feeder UCITS have different auditors, the information-sharing agreement referred to in Subsection (1) of Section 145 between their respective auditors.

(4) Where the feeder UCITS wishes to invest in a master UCITS that is established in a Member State other than the master UCITS home Member State, the feeder UCITS shall also provide with the application for approval an attestation by the competent authorities of the master UCITS home Member State that the master UCITS is a UCITS, or an investment compartment thereof, which fulfills the provisions adopted upon the transposition of the conditions set out in Article 58(3)(b) and (c) of the UCITS Directive into the laws of a given EEA Member State. Documents shall be provided in a language approved by the Authority.

56. Common provisions for feeder and master UCITS

Section 143

(1) The master UCITS is required to provide the feeder UCITS with all documents and information necessary for the latter to meet the requirements laid down in this Act. For this purpose, the feeder UCITS shall enter into an agreement with the master UCITS. Having regard to the Government Decree on the Investment and Borrowing Policies of Collective Investment Trusts, the feeder UCITS shall not invest in excess of 20 per cent in units of that master UCITS until the agreement referred to above has become effective. In the event that both master and feeder UCITS are managed by the same UCITS manager, the agreement may be replaced by internal conduct of business rules ensuring compliance with the requirements set out in this Subsection. The particulars that need to be included in the agreement or in the internal rules are contained in Annex 10. That agreement or the internal rules shall be made available, on request and free of charge, to all investors.

(2) The master and the feeder UCITS shall take appropriate measures to coordinate the timing of their net asset value calculation and publication in order to avoid market timing in their units, preventing arbitrage opportunities in connection with the marketing of the collective investment instruments of the feeder UCITS.

(3) If a master UCITS temporarily suspends the marketing and/or distribution of its units, the feeder UCITS is entitled to suspend the marketing and/or distribution of its collective investment instruments within the same period of time as the master UCITS.

(4) If a master UCITS is liquidated, the feeder UCITS shall also be liquidated, unless the Authority approves:

a) the investment of at least 85 per cent of the assets of the feeder UCITS in units of another master UCITS; or

b) the amendment of its management policy in order to enable the feeder UCITS to convert into a UCITS which is not a feeder UCITS.

(5) Unless otherwise provided for by law, the UCITS manager shall inform the investors and the Authority concerning the proposed liquidation of the feeder UCITS three months before the opening of the liquidation procedure, or the supervisory authority of the given EEA Member State if the feeder UCITS is established in another EEA Member State.

(6) If a master UCITS merges with another UCITS or is divided into two or more UCITS, the feeder UCITS shall be liquidated, unless the Authority grants approval to the feeder UCITS to:

a) continue to be a feeder UCITS of the master UCITS or another UCITS resulting from the merger or division of the master UCITS;

b) invest at least 85 per cent of its assets in collective investment instruments of another master UCITS not resulting from the merger or the division; or

c) amend its management policy in order to convert into a UCITS which is not a feeder UCITS.

(7) The master UCITS shall inform the investors and the competent supervisory authority of its feeder UCITS on the merger or division at the latest sixty days before the proposed effective date of the merger or division. Unless the Authority has granted approval pursuant to Paragraph *a)* of Subsection (6), the feeder UCITS shall be entitled to repurchase or redeem all collective investment instruments in the master UCITS before the merger or division of the master UCITS becomes effective.

57. Special provisions relating to depositaries and auditors

Section 144

(1) If the master and the feeder UCITS have different depositaries, those depositaries are required to enter into an information-sharing agreement in order to ensure the fulfillment of their depositary duties. The particulars that need to be included in the agreement are referred to in Annex 11. The feeder UCITS shall not invest in units of the master UCITS until such agreement has become effective.

(2) The manager of the feeder UCITS shall communicate to the depositary of the feeder UCITS any information about the master UCITS which is required for the completion of the duties of the depositary.

(3) The depositary of the master UCITS shall immediately inform the Authority, the manager or the depositary of the feeder UCITS about any irregularities - referred to in Subsection (4) - it detects with regard to the master UCITS which are deemed to have a negative impact on the feeder UCITS.

(4) The irregularities referred to in Subsection (3) shall include:

a) errors in the net asset value calculation of the master UCITS;

b) errors in transactions for or settlement of the purchase, subscription or request to repurchase or redeem collective investment instruments in the master UCITS undertaken by the feeder UCITS;

c) errors in the payment or capitalization of income arising from the master UCITS, or in the calculation of any related withholding tax;

d) breaches of the investment objectives, policy or strategy of the master UCITS, as described in its management policy, prospectus or key investor information;

e) breaches of investment and borrowing limits set out in the relevant legislation or in the UCITS management policy, prospectus or key investor information.

(5) Disclosures of information and data which is required for the completion of the duties of depositaries as set out in this Chapter shall not constitute a violation of data protection and confidentiality requirements provided for in this Act and in the CMA.

Section 145

(1) If the master and the feeder UCITS have different auditors, those auditors are required to enter into an information-sharing agreement in order to ensure the fulfillment of their respective duties. The feeder UCITS shall not invest in the collective investment instruments of the master UCITS until such agreement has become effective. The particulars that need to be included in the agreement are referred to in Annex 12.

(2) In its independent audit report, the auditor of the feeder UCITS shall take into account the independent audit report of the master UCITS, and shall report on any irregularities revealed in the independent audit report of the master UCITS and on their impact on the feeder UCITS. If the feeder and the master UCITS have different business years, the auditor of the master UCITS shall make an ad hoc report on the closing date of the feeder UCITS.

(3) Disclosures of information and data which is required for the completion of the duties of auditors as set out in this Chapter shall not constitute a violation of data protection and confidentiality requirements provided for in this Act and in the CMA.

Section 146

(1) In addition to the information provided for in Annex 5, the prospectus of the feeder UCITS shall contain the following information:

a) a declaration that the feeder UCITS is a feeder of a particular master UCITS and as such permanently invests 85 per cent or more of its assets in collective investment instruments of that master UCITS;

b) the investment objective and policy, including the risk profile and whether the performance of the feeder and the master UCITS are identical, or to what extent and for which reasons they differ, including a description of investments made not in the master UCITS;

c) a brief description of the master UCITS, its organization, its investment objective and policy, including the risk profile, and an indication of how the prospectus of the master UCITS may be obtained;
d) a summary of the agreement entered into between the feeder UCITS and the master UCITS or of the internal conduct of business rules;
e) how the investors may obtain further information on the master UCITS and the agreement entered into between the feeder UCITS and the master UCITS;
f) a description of all remuneration or reimbursement of costs payable by the feeder UCITS by virtue of its investment in collective investment instruments of the master UCITS, as well as of the aggregate charges of the feeder UCITS and the master UCITS; and
g) a description of the tax implications of the investment into the master UCITS for the feeder UCITS.
(2) In addition to the information provided for in Annex 6, the annual report of the feeder UCITS shall include a statement on the aggregate charges of the feeder UCITS and the master UCITS. The annual and the half-yearly reports of the feeder UCITS shall indicate how the annual and the half-yearly report of the master UCITS can be obtained.
(3) The feeder UCITS shall send the prospectus, the key investor information and any amendment thereto, as well as the annual and half-yearly reports of the master UCITS, to the Authority, and a paper copy thereof shall be delivered to investors on request and free of charge.
(4) A feeder UCITS shall disclose in any relevant marketing communications that it permanently invests 85 per cent or more of its assets in collective investment instruments of a given master UCITS.

58. Conversion of existing UCITS into feeder UCITS and change of master UCITS

Section 147

(1) Where an existing UCITS wishes to convert into a feeder UCITS, or a feeder UCITS wishes to convert its master UCITS, such UCITS shall provide the following information to its investors:
a) a statement that the Authority approved the investment of the feeder UCITS in collective investment instruments of such master UCITS;
b) the key investor information concerning the feeder and the master UCITS;
c) the date when the feeder UCITS is to start to invest in the master UCITS or, if it has already invested therein, the date when its investment is expected to exceed the 20 per cent limit applicable under the Government Decree on the Investment and Borrowing Policies of Collective Investment Trusts;
d) a statement that the investors have the right to request within thirty days the repurchase or redemption of their collective investment instruments without any charges other than those retained by the UCITS to cover disinvestment costs; that right shall become effective from the moment the feeder UCITS has provided the information referred to in this Subsection.
(2) The manager of the feeder UCITS shall provide the information referred to in Subsection (1) to the investors at least thirty days before the date referred to in Paragraph *c)* of Subsection (1). In the event that the feeder UCITS established in Hungary has sent to the Authority a notification letter in accordance with Section 97, the information referred to in Subsection (1) shall be provided in the official language of the host Member State mentioned in Section 97 or in the language approved by the Authority. The feeder UCITS shall be responsible for producing the translation. That translation shall faithfully reflect the content of the original.

(3) The feeder UCITS shall not be allowed to invest into the collective investment instruments of the given master UCITS in excess of the 20 per cent limit applicable under the Government Decree on the Investment and Borrowing Policies of Collective Investment Trusts before the period of thirty days referred to in Subsection (2) has elapsed.

(4) The provisions of Section 72 shall apply as to the means of providing the information specified above.

59. Other obligations relating to feeder UCITS and master UCITS

Section 148

(1) The feeder UCITS shall monitor the activity of the master UCITS. In performing that obligation, the feeder UCITS may rely on information and documents received from the master UCITS or, where applicable, its management company, depositary and auditor, unless there is reason to doubt their accuracy.

(2) Where, in connection with an investment in the collective investment instruments of the master UCITS, a distribution fee, commission or other monetary benefit is received by the feeder UCITS, its management company, or any person acting on behalf of either the feeder UCITS or the management company thereof, the fee, commission or other monetary benefit shall be paid into the assets of the feeder UCITS.

Section 149

(1) The master UCITS shall immediately inform the Authority of the identity of each feeder UCITS which invests in its collective investment instruments. If the feeder UCITS is established in another EEA Member State, the Authority shall immediately inform the competent authority of the feeder UCITS home Member State of such investment.

(2) The master UCITS shall not charge subscription or redemption fees for the investment of the feeder UCITS into its collective investment instruments or the divestment thereof.

(3) The manager of the master UCITS shall ensure the availability of all information that is required in accordance with the relevant legislation, the management policy to the feeder UCITS or, where applicable, its management company, and to the supervisory authorities, the depositary and the auditor of the feeder UCITS.

Section 150

(1) The Authority shall immediately inform the feeder UCITS of any decision, measure, observation of non-compliance with the conditions of this part or of any information reported pursuant to Subsection (1) of Section 360 of the CMA with regard to the master UCITS or, where applicable, its management company, depositary or auditor.

(2) If the feeder UCITS is established in another EEA Member State, the Authority shall communicate the information referred to in Subsection (1) to the supervisory authority of the feeder UCITS home Member State. If the master UCITS is established in another EEA Member State, the Authority shall without undue delay communicate the information received from the supervisory authority of the home Member State to the feeder UCITS established in Hungary.

60. Liquidation of master UCITS

Section 151

(1) The feeder UCITS shall submit to the Authority no later than two months after the date on which the master UCITS informed it of the decision to liquidate, the following documents:

a) where the feeder UCITS intends to invest at least 85 per cent of its assets in units of another master UCITS in accordance with Paragraph *a)* of Subsection (4) of Section 143:

aa) its application for approval for the investment referred to in Paragraph *a)* of Subsection (4) of Section 143,

ab) its application for approval of the proposed amendments to its management policy,

ac) the amendments to its prospectus and its key investor information in accordance with Section 129 and Section 130,

ad) the other documents required pursuant to Subsections (3) and (4) of Section 142;

b) where the feeder UCITS intends to convert into a UCITS that is not a feeder UCITS in accordance with Paragraph *b)* of Subsection (4) of Section 143:

ba) its application for approval of the proposed amendments to its management policy,

bb) the amendments to its prospectus and its key investor information in accordance with Sections 129 and Section 130;

c) where the feeder UCITS intends to be liquidated, a notification of that intention for the opening of liquidation procedure.

(2) Where the master UCITS informed the feeder UCITS of its decision to open a liquidation procedure more than five months before the date at which the liquidation will start, the feeder UCITS shall submit to the Authority the documents referred to in Subsection (1) at the latest three months before the date of the opening of the liquidation procedure.

(3) The feeder UCITS shall inform its investors of its intention to be liquidated without undue delay.

Section 152

(1) The feeder UCITS shall be informed within fifteen working days following the complete submission of the documents referred to in Paragraph *a)* or *b)* of Subsection (1) of Section 151, as to whether the Authority has granted the required approvals.

(2) On receiving the approval pursuant to Subsection (1), the feeder UCITS shall inform the master UCITS thereof.

(3) The feeder UCITS shall take necessary measures to comply with the requirements set out Subsections (1) and (2) of Section 147 as soon as possible after the Authority has granted the necessary approvals pursuant to Paragraph *a)* of Subsection (1) of Section 151.

(4) Where the payment of liquidation proceeds of the master UCITS is to be executed before the date on which the feeder UCITS is to start to invest in either a different master UCITS pursuant to Paragraph *a)* of Subsection (1) of Section 151 or in accordance with its new investment objectives and policy pursuant to Paragraph *b)* of Subsection (1) of Section 151, the Authority shall grant approval subject to the following conditions:

a) the feeder UCITS shall receive the proceeds of the liquidation:

aa) in cash, or

ab) some or all of the proceeds as a transfer of assets in kind; and

b) any cash held or received in accordance with this Subsection may be re-invested only for the purpose of efficient cash management before the date on which the feeder UCITS is to start to invest.

(5) The option referred to in Subparagraph *ab)* of Paragraph *a)* of Subsection (4) is available where the feeder UCITS so wishes and where the agreement between the feeder UCITS and master UCITS or the internal conduct of business rules and the binding decision to liquidate provide for it. The feeder UCITS may realize any part of the assets transferred in kind for cash at any time.

61. Merger or division of master UCITS

Section 153

(1) The feeder UCITS shall submit to the Authority, no later than one month after the date on which the feeder UCITS received the information under Subsection (5) of Section 143, the following documents:
a) where the feeder UCITS intends to continue to be a feeder UCITS of the same master UCITS:
aa) its application for approval thereof,
ab) its application for approval of the proposed amendments to its fund rules or instrument of constitution,
ac) the amendments to its prospectus and its key investor information in accordance with Section 129 and Section 130;
b) where the feeder UCITS intends to become a feeder UCITS of another master UCITS resulting from the proposed merger or division of the master UCITS or where the feeder UCITS intends to invest at least 85 per cent of its assets in units of another master UCITS not resulting from the merger or division:
ba) its application for approval for that investment,
bb) its application for approval of the proposed amendments to its fund rules or instrument of constitution,
bc) the amendments to its prospectus and its key investor information in accordance with Section 129 and Section 130,
bd) the other documents required pursuant to Subsections (3) and (4) of Section 142;
c) where the feeder UCITS intends to convert into a UCITS that is not a feeder UCITS in accordance with Paragraph *b)* of Subsection (4) of Section 143:
ca) its application for approval of the proposed amendments to its fund rules or instrument of constitution,
cb) the amendments to its prospectus and its key investor information in accordance with Sections 129 and Section 130;
d) where the feeder UCITS intends to be liquidated, a document of that intention for the opening of the liquidation procedure.
(2) Paragraph *a)* of Subsection (1) shall apply where:
a) the master UCITS is the receiving UCITS in a proposed merger;
b) the master UCITS is to continue materially unchanged as one of the resulting UCITS in a proposed division.
(3) Paragraph *b)* of Subsection (1) shall apply where:
a) the master UCITS is the merging UCITS and, due to the merger, the feeder UCITS becomes an investor in the receiving UCITS;
b) the feeder UCITS becomes an investor of a UCITS resulting from a division that is materially different to the master UCITS.
(4) In cases where the master UCITS provided the information referred to in Section 68 and Section 69 to the feeder UCITS more than four months before the proposed effective date of the merger or division, the feeder UCITS shall submit to the Authority the documents referred to in Subsection (1) hereof at the latest three months before the proposed effective date of the merger or division of the master UCITS.

(5) The feeder UCITS shall inform its investors and the master UCITS of its intention to be liquidated without undue delay.

Section 154

(1) The feeder UCITS shall be informed within fifteen working days following the complete submission of the documents referred to in Paragraphs *a)-c)* of Subsection (1) of Section 153, as to whether the Authority has granted the required approvals.

(2) Upon receipt of the approval pursuant to Subsection (1), the feeder UCITS shall inform the master UCITS thereof.

(3) After the feeder UCITS has been informed as provided for in Subsection (1), the feeder UCITS shall take the necessary measures to comply with the requirements set out in Subsections (1) and (2) of Section 147 without undue delay.

(4) In the cases of Paragraphs *b)* and *c)* of Subsection (1) of Section 153, the feeder UCITS shall exercise the right to request repurchase and redemption of its investment units in the master UCITS in accordance with the third subparagraph of Subsection (5) of Section 143 and Subsection (1) of Section 95, where the Authority has not granted the necessary approvals required pursuant to Subsection (1) of Section 153 by the working day preceding the last day on which the feeder UCITS can request repurchase and redemption of its investment units in the master UCITS before the merger or division is effected.

(5) The feeder UCITS shall also exercise the right of repurchase or redemption referred to in Subsection (4) hereof in order to ensure that the right of its own investors to request repurchase or redemption of their units in the feeder UCITS according to Paragraph *d)* of Subsection (1) of Section 147 is not affected.

(6) Before exercising the right of repurchase or redemption referred to in Subsection (4), the feeder UCITS shall consider available alternative solutions which may help to avoid or reduce transaction costs or other negative impacts.

(7) Where the feeder UCITS requests redemption under Subsection (4) of its investment units in the master UCITS, it shall receive the repurchase or redemption proceeds in cash, or some or all of the repurchase or redemption proceeds as a transfer in kind, where the feeder UCITS so wishes and where the agreement between the feeder UCITS and the master UCITS provides for it. Where redemption is provided in kind, the feeder UCITS may realize any part of the transferred assets for cash at any time.

(8) The Authority shall grant approval on the condition that any cash held or received in accordance with Subsection (7) may be re-invested only for the purpose of efficient cash management before the date on which the feeder UCITS is to start to invest either in the new master UCITS or in accordance with its new investment objectives and policy.

PART FIVE[1]

Chapter XXII[2]

Section 155[3]

1 Shall enter into force on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 67(6) of the AIFM Directive.

2 Shall enter into force on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 67(6) of the AIFM Directive.

3 Shall enter into force on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 67(6) of the AIFM Directive.

Chapter XXIII[1]

62-63.[2]

Sections 156--161[3]

PART SIX

SUPERVISION OF INVESTMENT FUND MANAGERS AND COLLECTIVE INVESTMENT TRUSTS

Chapter XXIV

General Provisions

64. Supervision fee

Section 162[4]

(1) Investment funds and investment fund managers - with the exception of venture capital fund managers provided for in Subsection (2) of Section 2 (including the venture capital fund and private equity fund they manage), and AIFMs managing one or more, but only private AIFs -, whose only investors are the AIFM or the parent companies or the subsidiaries of the AIFM or other subsidiaries of those parent companies, provided that none of those investors is itself an AIF shall be liable to pay a supervision fee to the Authority. The supervision fee shall comprise the basic fee provided for in Subsection (2), plus the variable-rate fee calculated according to Subsections (3) and (4).

(2) Investment fund managers (including branches) shall pay a fee of three hundred thousand forints per annum to the Authority.

(3) The annual variable-rate fee payable by investment fund managers (including branches) shall be 0.35 ‰ of the average annual net asset value of the portfolio managed, not including the portfolio management services provided to voluntary mutual insurance funds, private pension funds, institutions for occupational retirement provision, financial institutions and insurance companies.

(4) The variable-rate fee payable to the Authority by an investment fund shall be 0.35 ‰ of the average annual net asset value.

65. Proceedings of the Authority

1 Shall enter into force on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 67(6) of the AIFM Directive.
2 Shall enter into force on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 67(6) of the AIFM Directive.
3 Shall enter into force on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 67(6) of the AIFM Directive.
4 Established by Section 112 of Act CXVIII of 2019, effective as of 18 January 2020.

Section 163

(1) Where an investment fund offers investment units to the public for the first time, the administrative time limit for the Authority's proceedings shall be twenty working days. The duration of proceedings for the authorization of the amendment of a public investment fund's management policy in connection with the marketing of an investment compartment or a new series of securities shall be twenty working days. The time limit for the Authority's proceedings for the authorization of any amendment of a public investment fund's management policy for other reasons, or for the approval of prospectus relating to restructuring shall be twenty working days.

(2) The time limit for the Authority's proceedings for the registration of an investment fund shall be ten working days, and twenty working days for the withdrawal of registration of an investment fund.

(3) In the case of the merger or division, or transferring the management of investment funds, the Authority shall decide whether or not to grant approval for the merger or division, or for the transfer of management within twenty working days.

(4)[1]

(5) In connection with applications for authorization, or with official proceedings related to termination, the Authority may request to have the deficiencies remedied within ten working days from the date of receipt thereof if the application is not in conformity with regulations or if the Authority considers it necessary that the information to investors be clarified.

(6) As regards the creation, operation and liquidation of investment funds, applications for the registration, authorization or withdrawal of registration thereof, and for the authorization of the appointment of a real estate appraiser in accordance with the rules on the investment and borrowing policies of collective investment trusts shall be submitted using the standard electronic form prescribed for this purpose.

66. The Authority's registers of investment fund managers and investment funds

Section 164

(1) The Authority shall register the following data and any changes therein:

a) in the case of investment fund managers:

aa) name, registered address and registered number,

ab) means of publication,

ac) date of foundation, date of commencement of activities,

ad) scope of activities,

ae) amount of subscribed capital,

af) persons subject to authorization or notification requirement as regards the acquisition of a participating interest,

ag) senior executives,

ah) date and place of foundation of any branch,

ai) name, registered address, branch of any intermediary employed,

aj) certificate of authorization verifying that the authorization is in compliance with the provisions of the UCITS Directive or the AIFM Directive upon transposition into the legal system of the home Member State, including any restriction in the investment fund manager's entitlement in managing certain funds;

b) in the case of investment funds:

ba) the investment fund's register number, and the ISIN codes of investment units marketed,

1 Repealed by Subsection (1) of Section 256 of Act LXXXV of 2015, effective as of 7 July 2015.

bb) name of the investment fund or investment compartment, description of the given securities series, type, term and harmonization type, and - in the case of investment compartments - name of the investment fund to which they belong,
bc)[1] the form in which the investment fund operates (public or private),
bd) maturity of the investment fund (fixed or unfixed term),
be) category of assets in which the investment fund may invest in accordance with the investment rules (securities fund, real estate fund, venture capital fund or private equity fund),
bf) a list of countries in which the securities marketed by the collective investment trust are authorized,
bg) name, registered address and registered number of the fund management company,
bh) name, registered address and registered number of the depositary,
bi) name of the audit firm indicating also the legal form, address, chamber registration number, and the auditor's name, address and chamber registration number if a natural person,
bj) name and registered address of the real estate appraiser in the case of real estate funds,
bk) means of publication,
bl) for public funds, number of the authorization granted by the Authority, the date of issue,
bm) date of registration and withdrawal of registration,
bn) date of last amendment of the prospectus and management policy,
bo) name of the predecessor, successor investment fund.
(2) The Authority's register referred to in Subsection (1) is available to the general public. The Authority shall make available the data specified in Subsection (1) on its website in Hungarian and English, in a downloadable format.
(3) In the event of any change in the particulars of investment fund managers referred to in Subsection (1), the Authority shall inform the supervisory authority of the host Member State thereof.

67. Data processing by the Authority

Section 165

(1) The Authority is authorized to process data obtained to the extent necessary in discharging its functions delegated in this Act for a period of five years.
(2) The data processed by the Authority may be used for statistical purposes if the data subject cannot be identified.
(3) The Authority may request electronic data of the type specified in this Act, with the purpose indicated, from other authorities and from providers of electronic communications services in discharging its duties. Any transfer of data shall be documented by the transferor and by the Authority as well.
(4) Unless otherwise provided for by law, the Authority may supply compilations of data on investment fund managers and others, and/or on their activities, to third persons or to any authority only if the data subject cannot be identified.

Section 166

(1) In order to perform its functions the Authority shall be authorized to process:
a) the data of executive officers and employees of investment fund managers in order to verify their compliance with the requirements specified in this Act;
b) the data of the clients of investment fund managers available at the investment fund managers in connection with any pending procedure it conducts;

1 Established by Section 113 of Act CXVIII of 2019, effective as of 26 December 2019.

c) in order to check compliance with regulations on conflicts of interest, the particulars of the senior executives and employees of investment fund managers, and the particulars of senior executives of any depositary and real estate appraiser delegated by the investment fund manager in connection with their activities, and their employees engaged in a field directly associated with investment fund management.

(2) The Authority shall, in the case of termination of the managing director's mandate, supervisory board membership or employment, be entitled to process data for a period of five years from the date of termination; in the case of intermediaries for a period of five years following termination of their activity; in the case of the acquisition of a participating interest for a period of five years from the time it is alienated; or in other cases for a period of five years from the time of possession by the Authority.

68. Disclosures to the Authority

Section 167

(1) Investment fund managers shall notify the Authority concerning:

a) the taking up of an activity for which they are authorized, within five days from the date of decision;

b) the name (corporate name) of their shareholders, and their respective holding or percentage of voting rights, by 15 January of the following year;

c) when any of their shareholders acquires an interest in excess of 5 per cent of the fund's capital, as well as any subsequent acquisition or disposal of interest by such a shareholder, within two days from the date of the contract;

d) the acquisition or disposal of a share in an ancillary services company provided for in the CMA, within five days;

e) staff changes which are subject to authorization or notification, immediately after the effective date of the appointment or change, at the latest within five days following the date of the appointment or change;

f) the conclusion of a contract with an intermediary, including when amended or terminated, within five days after the relevant decision is made;

g) the opening and closure of a permanent establishment, branch or representation, within two days after the relevant decision is made;

h) the calling of a general meeting, including the agenda, and the resolutions adopted by the general meeting and/or the founders, including a summary of the key events of the latter, within five days after the relevant decision is made;

i) the audited annual account approved by the general meeting, together with the independent auditor's report, within fifteen days following approval of the annual account;

j) any changes in its particulars shown in the register of companies, within five days after the resolution of the court of registry taking effect;

k) if undergoing judicial supervisory proceedings, within five days from the time of gaining knowledge; and

l) any change in the data specified in Paragraph *b)* of Subsection (1) of Section 164 of the investment fund it manages, within five working days from the effective date of such change, indicating also the effective date of that change.

(2) Upon notifying the Authority of the changes referred to in Paragraphs *a), c), e), f), g), i), j)* and *k)* of Subsection (1), the investment fund manager shall publish them on its website as well.

(3) In addition to the requirements specified in Subsection (1), branches shall be required to notify the Authority, and publish at the same time:

a) the ownership structure of their founders, and any changes therein of over 5 per cent, within five days following the change taking effect;

b) if the founder or any other branch of the founder in another state has become insolvent, or is undergoing bankruptcy or liquidation proceedings, within two days from the time of gaining knowledge;

c) if the founder or any other branch of such a founder in another state has been disciplined or penalized by the supervisory authority competent for the place where the founder is established, within two days from the time of gaining knowledge.

(4) Investment fund managers shall inform the Authority quarterly concerning the type of derivative transactions of the investment funds they manage, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

(5) An AIFM shall report to the Authority at the frequency prescribed in Article 110 of the AIFM Regulation concerning the markets where it actively trades and the main instruments in which it is trading in the name of the AIFs it manages, including the principal exposures and most important concentrations of the AIFs it manages.

(6) An AIFM shall, for each of the EU AIFs it manages and for each of the AIFs it markets in the Union, provide the following to the Authority:

a) the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature, and any new arrangements for managing the liquidity of the AIF;

b) the current risk profile of the AIF and the risk management systems employed by the AIFM to manage the market risk, liquidity risk, counterparty risk and operational risk;

c) information on the main categories of assets in which the AIF invested;

d) the results of the stress tests performed in accordance with Paragraph *b)* of Subsection (3) of Section 35 and Subsection (1) of Section 36.

(7) The AIFM shall, on request, provide the following documents to the Authority:

a) an annual report of each EU AIF managed by the AIFM and of each AIF marketed by it in EEA Member States, for each business year;

b) for the end of each quarter a detailed list of all AIFs which the AIFM manages in the given period.

(8) An AIFM managing AIFs employing leverage on a substantial basis shall make available information about the overall level of leverage employed by each AIF it manages, a break-down between leverage arising from borrowing of cash or securities and leverage embedded in financial derivatives and the extent to which the AIF's assets have been reused under leveraging arrangements to the Authority, at the frequency prescribed in Article 110 of the AIFM Regulation. That information shall include the identity of the five largest sources of borrowed cash or securities for each of the AIFs, and the amounts of leverage received from each of those sources for each of those AIFs. For non-EU AIFMs, the reporting obligations referred to in this Subsection are limited to EU AIFs managed by them and non-EU AIFs marketed by them in EEA Member States.

(9) Where necessary for the effective monitoring of systemic risk, the Authority may require information in addition to that described in Subsections (5)-(8) from the AIFM, on a periodic as well as on an ad-hoc basis, and shall inform ESMA thereof.

(10) AIFMs shall carry out the provisions referred to in Subsections (5)-(8) having regard to the requirements set out in Articles 110-111 of the AIFM Regulation.

(11) The requirements concerning the content and form of data disclosures to be sent to the Authority, and the manner of disclosure is decreed by the Governor of the MNB (hereinafter referred to as "MNB Decree on reporting obligations").

(12)[1] If the share of the holder of qualifying interest in an AIFM reaches 10 per cent or exceeds the 20, 33 or 50 per cent limit, the holder of qualifying interest shall report to the Authority such acquisition of qualifying interest within two working days after the time of conclusion of the agreement with proof of good business reputation under Section 21 and a statement pertaining to the requirements set out in Subsection (1) of Section 21 enclosed.

1 Enacted by Section 251 of Act LXXXV of 2015, effective as of 7 July 2015.

69. Authority measures and sanctions

Section 168

The Authority is vested with powers to take measures and to impose sanctions under an international cooperation agreement with a foreign supervisory authority, when initiated by the foreign supervisory authority in connection with any violation of the provisions laid down in foreign laws, in the foreign supervisory authorities' resolutions, as well as in the articles of association and internal regulations of a foreign stock exchange, and in the articles of association and internal regulations of foreign clearing houses, and in the articles of association and internal regulations of foreign central depositories.

Section 169

(1) In the event of any infringement of the provisions of this Act and other legislation covering the activities for which the investment fund manager is authorized, any breach of internal regulations and conditions of the authorization, the Authority shall have powers to take the following measures and/or to impose the following sanctions:

a) issue an official warning to organizations under its supervision, to their senior executives and employees, or - if necessary - order compliance within the prescribed deadline;

b) prohibit the activity of unauthorized investment fund management, and that of depositories;

c) appoint an auditor or other expert to carry out verifications or investigations;

d) initiate the dismissal of a senior executive or the auditor of the investment fund manager, or initiate disciplinary action against an employee of such;

e) order the investment fund manager to call an extraordinary general meeting, and may specify the mandatory agenda for such sessions;

f) instruct the investment fund manager to draw up a recovery plan within the prescribed deadline, and submit it to the Authority;

g) order the investment fund manager to disclose specific data or information which are required for carrying out its functions provided for in this Act;

h) order the suspension of all or part of investment fund management activities for a fixed period of time;

i) revoke the investment fund manager's authorization;

j) order the investment fund manager to transfer its pending contractual commitments to another service provider, or transfer the right of management of investment funds to another investment fund manager;

k) appoint a supervisory commissioner to the investment fund manager;

l) impose fines in the cases and in the measure prescribed by the MNB Act;

m) suspend the marketing and distribution of investment units and collective investment instruments for a specific period of time;

n) initiate procedures with other competent authorities;

o) if the investment fund manager is unable to meet the capital requirements prescribed by law, ban, restrict or impose conditions on the investment fund manager, in terms of:

oa) the payment of dividends,

ob) any payment made to a senior executive,

oc) providing a loan or credit to its shareholders, or the provision of any services which may involve any degree of exposure,

od) providing a loan or credit to, or any similar transaction with, companies in which its shareholders or managing directors have any interest, or the provision of any services which may involve any degree of exposure,

oe) the extension (prolongation) of deadlines specified in loan or credit agreements,

of) the opening of any new branches, introducing new services and new operations;

p) order the investment fund manager:

pa) to draw up internal policies, or to revise or apply the existing policies along specific guidelines,

pb) to provide further training to employees, or to hire employees with adequate professional experience and expertise,

pc) to reduce operating expenses,

pd) to set aside adequate reserves;

q) if before the closing of the marketing procedure the Authority learns about any material fact or circumstance, based on which authorization for the publication of the prospectus should have been rejected or that is of significant injury to the investors' interests, the Authority shall withdraw its authorization granted for the publication of the prospectus and shall compel the investment fund manager and its distributor to terminate the marketing procedure within the prescribed deadline;

r) in the event of any failure to comply with the obligation of information as prescribed in this Act, the Authority shall publish the information in question at the expense of the investment fund manager.

(2)[1]

70. Supervisory commissioner

Section 170

(1) The Authority may appoint one or more supervisory commissioners to oversee the activities of an investment fund manager, if:

a) it is in a situation where there is imminent danger that it cannot meet its material liabilities towards its clients;

b) its management body or any senior executive is unable to carry out his assigned duties, hence jeopardizing the interests of investors;

c) any discrepancies in its accounting system or internal control regime are of a magnitude whereby it is no longer possible to receive a true and fair view of its financial position.

(2) The supervisory commissioner shall be responsible:

a) to assess the financial situation of investment fund managers;

b) to analyze the affordability of satisfying the claims of investors and clients;

c) to restore the records and registers of investment fund managers to the extent necessary for the purposes of Paragraphs *a)* and *b)*; and

d) to run the operations of investment fund managers in accordance with Section 171.

(3) The supervisory commissioner shall present his report to the Authority within ninety days after the time of appointment in which to outline the situation of the investment fund manager in question, including any recommendations for further action. In justified cases, this time limit may be extended by the Authority on one occasion by a maximum of thirty days. Based on the supervisory commissioner's recommendations the Authority shall decide on the course of further measures within thirty days.

Section 171

1 Repealed by Section 472 of Act L of 2017, effective as of 1 January 2018.

(1) For the period of appointment, beginning at the time of receipt of the resolution on the appointment of the supervisory commissioner, the supervisory commissioner shall exercise the rights and obligations delegated upon the investment fund manager's management body by law and the articles of association.

(2)[1] Members of the management body and the supervisory board shall be entitled - also during the period of appointment of the supervisory commissioner - to bring administrative action, acting as the legal representative of the investment fund manager, to challenge the resolution on the appointment of the supervisory commissioner, and the Authority's resolutions adopted against the investment fund manager.

70/A.[2] On-site inspector

Section 171/A[3]

(1) In the interest of exercising its supervisory control function in upholding the provisions of this Act and other regulations relating to investment fund management activities, the Authority shall have powers to appoint one or more on-site inspectors without causing unnecessary disturbance in the investment fund manager's operations, as often as deemed necessary, on a provisional basis, for a fixed period of time.

(2) The Authority shall provide letters of authorization to its officers conducting site inspections.

(3) The delegated on-site inspector shall be entitled:

a) to perform any supervisory activity;

b) to participate and make comments as an observer at the meetings of the management, the executive board, any body or committee empowered to make decisions relating to exposures, the supervisory board or at the general meeting;

c) consult with the investment fund manager's auditor.

(4) The on-site inspector shall be appointed for a term of thirty days, that may be extended by another thirty days in duly justified cases.

(5) If the on-site inspector provided for in this Section finds any infringement, the Authority shall - at the inspector's motion - conduct direct inquiries or special inquiries taking into consideration the gravity of the infringement.

(6) The mandate of the on-site inspector shall terminate upon the expiry of the fixed term or upon the ruling of the Authority.

71. Supervision of the branches of investment fund managers established in other EEA Member States

Section 172

(1) If the Hungarian branch of an investment fund manager established in another EEA Member State fails to comply with Hungarian regulations, or if the Authority finds any discrepancy in the operation of the branch, the Authority shall call upon the branch in question to remedy the situation.

(2) If the branch fails to comply with the above-specified request, the Authority shall notify the supervisory authority of the other EEA Member State concerning the unlawful situation, and/or shall request the supervisory authority to take the actions deemed necessary.

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1 Established by Subsection (8) of Section 470 of Act L of 2017, effective as of 1 January 2018.
2 Enacted by Section 252 of Act LXXXV of 2015, effective as of 7 July 2015.
3 Enacted by Section 252 of Act LXXXV of 2015, effective as of 7 July 2015.

(3) The Authority shall have powers to take direct action of its own accord regarding any infringement of Hungarian law or if it deems that the unlawful situation poses a substantial threat to the stability of the capital market or to the interests of the clients. The Authority shall inform the investment fund manager, the Commission, ESMA and the supervisory authorities of the Member States concerned. In each case, the notification shall include a justification. The European Commission shall review the Authority's measures implemented in connection with any violation of prudential requirements and subsequently determine their legality.

(4) Before following the procedure laid down in Subsection (3), the Authority may, in emergencies, take any precautionary measures necessary to protect the interests of investors. The Authority shall inform the Commission, ESMA and the supervisory authorities of the other EEA Member States concerned of such measures at the earliest opportunity.

Section 173

(1) The Authority shall cooperate with the supervisory authorities of other EEA Member States. Cooperation shall, in particular, cover the following:

a) the Authority shall disclose documents relating to the operations of investment fund managers, and/or UCITS and AIFs to the supervisory authorities of other EEA Member States, and shall receive such documents from the supervisory authorities of other EEA Member States;

b) the Authority shall carry out oversight proceedings with respect to the services offered by an investment fund manager in another EEA Member State.

(2) In the cases referred to in Subsection (1) the Authority shall be authorized to transmit information to the supervisory authorities of other EEA Member States in carrying out its duties delegated by this Act, or may receive information from the supervisory authorities of other EEA Member States relating to issuers, securities, or to the special characteristics of the market of another EEA Member State. Information shall not be disclosed without the express consent of the competent authorities which have disclosed it and, where appropriate, may be used solely for the purposes for which those authorities gave their consent.

(3) The Authority may request the cooperation of the supervisory authorities of another EEA Member State in a supervisory activity or for an on-the-spot verification or in an investigation on the territory of the latter. Where the Authority receives a request with respect to an on-the-spot verification or investigation, it shall carry out the verification or investigation itself, or allow the requesting authority, or the delegated auditors or experts to carry out the verification or investigation. If the verification or investigation is carried out by the Authority, it shall allow the other supervisory authority to be present at such on-the-spot verification or investigation. The Authority may refuse to exchange information or to act in carrying out an investigation or on-the-spot verification, only where this might adversely affect the sovereignty, security or public policy of Hungary, or if judicial proceedings have already been initiated in respect of the same persons and the same actions before a Hungarian court or authority, or if final judgment in respect of the same persons and the same actions has already been delivered in Hungary.

(4) An on-the-spot verification or investigation shall be carried out in accordance with the provisions of Articles 6-11 of Commission Regulation 584/2010/EU.

72. Obligation of confidentiality in oversight proceedings

Section 174

(1)[1] Unless otherwise provided for by law, the Authority shall be bound by the obligation of professional secrecy without any time limitation with respect to any information obtained in connection with investment fund managers and investment funds, recognized as business secrets under Act LIV of 2018 on the Protection of Business Secrets, and shall be authorized to process such information to the extent required for discharging its functions delegated by this Act, and - subject to the exceptions set out in this Act - shall not be allowed to disclose such information to third parties without the classifier's prior consent. The Authority shall be responsible to ensure that its employees and delegates observe the obligation of professional secrecy.

(2) The obligation of professional secrecy shall not prevent the competent authorities of EEA Member States from exchanging information in accordance with the Community law applicable or from the transmission of information to ESMA and the European Systemic Risk Board (hereinafter referred to as "ESRB"), where the information disclosed in this manner is subject to guarantees of professional secrecy by the receiving authority, such that it may not be disclosed without the express prior consent of the competent authorities which have disclosed it, and may be used only in the course of their duties, subject to approval by the authority which have disclosed it, for the purposes of:

a) checking that the conditions governing the taking-up of business of UCITS or AIFs, or of companies contributing towards their business activity are met and facilitating the monitoring of the conduct of that business, administrative and accounting procedures and internal-control mechanisms;

b) imposing penalties;

c) conducting administrative appeals against decisions by the competent authorities; and

d)[2] bringing administrative actions against the proceedings of authorities.

Chapter XXIV/A[3]

Special Regulations Relating to UCITS Managers and the Depositaries of UCITS[4]

Section 174/A[5]

In the event of any breach by a UCITS manager or by the depository of UCITS of the provisions of this Act and other legislation implemented by authorization of an act, the Authority shall have power to impose, apart from the sanctions provided for in Subsection (1) of Section 169, the following measures and sanctions:

a) issue a public statement on its website after the finding of the breach, indicating the person responsible and the nature of the breach;

b) issue an order requiring the person responsible for the infringement to cease the conduct constituting the breach and to desist from any repetition of that conduct; or

c) impose a fine.

Section 174/B[6]

1 Amended by Section 40 of Act LIV of 2018.
2 Amended by Paragraph e) of Section 471 of Act L of 2017.
3 Enacted by Section 159 of Act CCXV of 2015, effective as of 18 March 2016.
4 Enacted by Section 159 of Act CCXV of 2015, effective as of 18 March 2016.
5 Enacted by Section 159 of Act CCXV of 2015, effective as of 18 March 2016.
6 Enacted by Section 159 of Act CCXV of 2015, effective as of 18 March 2016.

(1) UCITS managers and the depositary of the UCITS shall establish effective and reliable mechanisms to encourage reporting of potential or actual breaches of the provisions of this Act and other legislation implemented by authorization of an act by senior executives and employees.

(2) The mechanisms referred to in Subsection (1) shall include:

a) procedures for the receipt of reports on breaches and their follow-up;

b) appropriate protection for employees who report breaches committed within the UCITS manager and the depositary of the UCITS against discrimination or other types of unfair treatment; and

c) protection of personal data concerning both the person who reports the breaches committed within the UCITS manager and the depositary of the UCITS and the natural person who is allegedly responsible for a breach.

(3) Reports made by employees of UCITS managers and depositaries of UCITS under Subsection (1) shall not constitute a violation of data protection and confidentiality requirements provided for in this Act and in the CMA.

(4) If a report is filed in good faith, the employee reporting shall not be held liable if the report ultimately proves to be unsubstantiated.

(5) UCITS managers and depositaries of UCITS are required to have in place appropriate procedures for their employees to report breaches internally through a specific and independent channel.

Chapter XXV

Special Provisions Relating to the Supervision of AIFMs

Section 175

In addition to Chapter XXIV, the provisions of this Chapter shall also apply to the supervision of AIFMs.

73. Responsibility of supervisory authorities

Section 176

The Authority shall establish appropriate methods to monitor that AIFMs comply with their obligations under this Act, where relevant on the basis of guidelines developed by ESMA.

Section 177

(1) The Authority shall have powers to exercise supervision over the Hungarian branches of AIFMs established in other EEA Member States, with the exception of remuneration, including their compliance with operating conditions and with requirements relating to conflict of interest.

(2) Where an AIFM established in another EEA Member State, managing AIFs or managing and marketing the collective investment instruments of AIFs in Hungary, whether or not through a branch, is in breach of one of the relevant Hungarian regulations in relation to which the Authority has responsibility for supervising compliance, the Authority shall require the AIFM concerned to put an end to that breach and inform the supervisory authority of the EEA Member State where the AIFM is established.

(3) If the AIFM provided for in Subsection (2) fails to comply with the above-specified request, the Authority shall notify the supervisory authority of the other EEA Member State concerning the unlawful situation, and/or shall request the supervisory authority to take the actions deemed necessary.

(4) If the AIFM provided for in Subsection (2) continues to refuse to provide the information requested by the Authority in cases in its fields of competence, or fails to take measures to terminate the infringement, the Authority may, after informing the supervisory authorities of the home EEA Member State of the AIFM, take appropriate measures to prevent or penalize further irregularities and, in so far as necessary, to prevent that AIFM from initiating any further transactions in the territory of Hungary.

(5) Where the Authority have clear and demonstrable grounds for believing that the AIFM established in another EEA Member State, managing AIFs or managing and marketing the collective investment instruments of AIFs, whether or not through a branch, is in breach of the obligations arising from rules in relation to which it has no responsibility for supervising compliance, the Authority shall refer those findings to the supervisory authority of the home Member State of the AIFM.

(6) If despite the measures taken by the supervisory authority of the home EEA Member State of the AIFM or because such measures prove to be inadequate, or because the home EEA Member State of the AIFM fails to act, the AIFM provided for in Subsection (2) persists in acting in a manner that is clearly prejudicial to the interests of the investors of the relevant AIF, the financial stability or the integrity of the market in Hungary, the Authority may, after informing the supervisory authorities of the home EEA Member State of the AIFM, take all appropriate measures, including the possibility of preventing the AIFM concerned to further market the collective investment instruments of the relevant AIF in Hungary.

(7) The procedure laid down in Subsections (5) and (6) shall also apply in the event that the Authority in its function as the supervisory authority of the host EEA Member State - has clear and demonstrable grounds for disagreement with the authorization of a non-EU AIFM by the Member State of reference.

Section 178

(1) If an AIFM established in Hungary, managing AIFs or managing and marketing the collective investment instruments of AIFs in another EEA Member State, whether or not through a branch, refuses to provide the supervisory authorities of its host EEA Member State with information falling under their responsibility, or fails to take the necessary steps to put an end to the infringement, the Authority shall inform the host Member State thereof and shall, without delay:

a) take all appropriate measures to ensure that the AIFM concerned provides the information requested by the supervisory authorities of its host EEA Member State, or puts an end to the infringement;

b) request the necessary information from the relevant supervisory authorities in third countries.

(2) The Authority shall communicate the nature of the measures referred to in Paragraph *a)* of Subsection (1) to the supervisory authorities of the host Member State of the AIFM.

(3) If an AIFM provided for in Subsection (1) is in breach of one of the rules in relation to which the supervisory authority of the host EEA Member State have no responsibility for supervising compliance, the Authority shall inform the host Member State thereof and shall take all appropriate measures and shall, if necessary, request additional information from the supervisory authorities of third countries.

74. Powers of the Authority relating to AIFMs

Section 179

(1) In addition to its general competence, the Authority shall have the power to:
a) require existing telephone and existing data traffic records of AIFMs;
b) request the temporary prohibition of professional activity in respect of the executive officers and employees of AIFMs;
c) order an AIFM to appoint a new real estate appraiser if there is any doubt as to the independence, and the qualifications, ability and experience of the real estate appraiser.
(2) Where the Authority, acting as the supervisory authority of the Member State of reference considers that an authorized non-EU AIFM is in breach of its obligations under this Act, it shall notify ESMA, setting out full reasons as soon as possible.

75. Disclosure of the Authority's measures and sanctions

Section 180[1]

(1) The Authority may disclose to the public any measure or penalty it has imposed, unless such disclosure would seriously jeopardize the financial markets of the EEA, be detrimental to the interests of the investors or cause disproportionate damage to the parties involved.
(2)[2] Investment fund managers are required to publish - having regard to Section 53 of the MNB Act - on their website within fifteen days from the date of delivery of the resolution in question the operative part of any resolution the Authority has adopted against them.
(3) The obligation of publication referred to in Subsection (2) shall remain in effect for a period of five years from the date of delivery of the resolution in question.
(4) Additionally, investment fund managers are allowed to publish the statement of the reasons for the resolution specified in Subsection (2). When releasing the statement of reasons, information branded privileged by confidentiality regulations relating to securities and trade secrets shall not be disclosed, however, the investment fund manager may decide to publish its own trade secrets at its own discretion.

76. Disclosure of information to third countries

Section 181

(1)[3] The Authority may transfer to the supervisory authority of a third country data and the analysis of data on a case-by-case basis where the conditions relating to the disclosure of personal data to third countries are met and where the Authority is satisfied that the transfer is necessary. At the time of disclosure the Authority shall provide that the supervisory authority of the third country shall not transfer the data to another third country without the express written authorization of the Authority.
(2) The Authority shall only disclose information received from a supervisory authority of another EEA Member State to a supervisory authority of a third country if it has obtained express agreement of the authority which transmitted the information and the information is disclosed solely for the purposes for which that authority gave its agreement.

1 Established by Section 253 of Act LXXXV of 2015, effective as of 7 July 2015.
2 Established by Section 160 of Act CCXV of 2015, effective as of 1 January 2016.
3 Amended by Paragraph a) of Section 136 of Act XXXIV of 2019.

77. Cooperation in supervisory activities with other EEA Member States

Section 182

(1) The Authority shall cooperate with the supervisory authorities of other EEA Member States and with ESMA and the ESRB whenever necessary for the purpose of carrying out its duties or of exercising its powers.

(2) The Authority, if requested to cooperate, shall use its powers for the purpose of cooperation under Subsection (1), even in cases where the conduct under investigation constitutes an infringement of the regulations of the requesting EEA Member State only.

(3)[1] The Authority shall immediately supply to the supervisory authority of another EEA Member State and ESMA with the information required for the purposes of carrying out their duties.

(4) The Authority shall forward a copy of the relevant cooperation arrangements entered into by it to those host Member States where an AIFM established in Hungary establishes a branch or provides cross-border services.

(5) The Authority shall, in accordance with procedures relating to the applicable ESMA regulatory technical standards, forward the information received from third-country supervisory authorities in accordance with cooperation arrangements with such supervisory authorities in respect of AIFMs, or by other means, to the supervisory authorities of the host Member State of the AIFM concerned.

(6) Where the Authority, functioning as the supervisory authority of the host EEA Member State considers that the contents of the cooperation arrangement entered into by the home EEA Member State of the AIFM operating in Hungary incorporated as a branch or providing cross-border services does not comply with what is required pursuant to the applicable ESMA regulatory technical standards, the Authority may refer the matter to ESMA together with the supervisory authority of the home Member State.

(7) Where the Authority has clear and demonstrable grounds to suspect that acts contrary to this Act are being or have been carried out by an AIFM not subject to its supervision, the Authority shall notify ESMA and the supervisory authorities of the home and host EEA Member States of the AIFM concerned thereof in as specific a manner as possible.

(8) If the Authority is notified in accordance with Subsection (7) by the supervisory authority of another EEA Member State, it shall take appropriate action, and shall inform ESMA and the notifying supervisory authorities of the outcome of that action and, to the extent possible, of significant interim developments. This Subsection shall be without prejudice to the competences of the notifying supervisory authority.

Section 183

(1) The Authority shall cooperate with the supervisory authorities of other EEA Member States in a supervisory activity or for an on-the-spot verification or in an investigation in the territory of each other.

(2) If the Authority receives a request with respect to an on-the-spot verification or investigation, it shall carry out the verification or investigation itself, or allow the requesting authority, or the delegated auditors or experts to carry out the verification or investigation.

1 Amended by Paragraph b) of Section 136 of Act XXXIV of 2019.

(3) If the procedure provided for in Subsection (2) is conducted by the Authority, the Authority shall ensure - at the request of the authority which has requested cooperation - that members of its own personnel may assist the personnel carrying out the verification or investigation, on the understanding that verification or investigation shall be the subject of the overall control of the Authority.

(4) If the procedure provided for in Subsection (2) is conducted by the requesting authority, the Authority may request that members of its own personnel assist the personnel carrying out the verification or investigation.

(5) The Authority may refuse to exchange information or to act on a request for cooperation in carrying out an investigation or on-the-spot verification only if:

a) it might adversely affect the sovereignty, security or public order of Hungary;

b) judicial proceedings have already been initiated in respect of the same actions and the same persons before the court or authorities of Hungary;

c) final judgment in respect of the same persons and the same actions has already been delivered in Hungary.

(6) The Authority shall inform the requesting authority of any decision taken under Paragraph *a)* of Subsection (5), stating the reasons therefor.

78. Cooperation between the Authority and ESMA in connection with AIFMs

Section 184

(1) All the information exchanged between the Authority and ESMA shall be considered confidential, except where ESMA or the Authority states at the time of communication that such information may be disclosed or where such disclosure is necessary for legal proceedings.

(2) In accordance with Article 9 of Regulation 1095/2010/EU, ESMA may request the Authority to take any of the following measures, as appropriate:

a) prohibit the marketing in the Union of collective investment instruments of AIFs managed by non-EU AIFMs or of non-EU AIFs managed by EU AIFMs without authorization or without notification, or without being allowed to do so by the relevant EEA Member States;

b) impose restrictions on non-EU AIFMs relating to the management of an AIF in case of excessive concentration of risk in a specific market on a cross-border basis;

c) impose restrictions on non-EU AIFMs relating to the management of an AIF where its activities potentially constitute an important source of counterparty risk to a credit institution or other systemically relevant institutions.

(3) The measures taken by the Authority pursuant to Subsection (2) shall:

a) effectively address the threat to the orderly functioning and the integrity of the financial market or to the stability of the whole or a part of the financial system in the Union or significantly improve the ability of supervisory authorities to monitor the threat;

b) not create a risk of regulatory arbitrage;

c) not have a detrimental effect on the efficiency of the financial markets, including reducing liquidity in those markets or creating uncertainty for market participants, in a way that is disproportionate to the benefits of the measures.

(4) The Authority - in its function as the supervisory authority of the Member State of reference of the non-EU AIFM concerned - may request ESMA to reconsider its decision, where the procedure set out in the second subparagraph of Article 44(1) of Regulation 1095/2010/EU shall apply.

79. Exchange of information on the potential systemic consequences of AIFM activity

Section 185

(1) The Authority shall communicate information to the supervisory authorities of other EEA Member States, and to ESMA and the ESRB, where this is relevant for monitoring and responding to the potential implications of the activities of individual AIFMs or AIFMs collectively for the stability of systemically relevant financial institutions and the orderly functioning of markets on which AIFMs are active.

(2) Subject to the conditions laid down in Article 35 of Regulation 1095/2010/EU, the Authority shall communicate aggregated information relating to the activities of AIFMs under its responsibility to ESMA and the ESRB.

80. Dispute settlement in the cooperation of supervisory authorities

Section 186

In case of disagreement between the Authority and any supervisory authority of another EEA Member State on an assessment, action or omission of that authority in areas where this Chapter requires supervisory cooperation, the Authority may refer the matter to the ESMA.

81. Use of information by the Authority, supervisory cooperation and limits to leverage in the case of AIFMs managing leveraged AIFs

Section 187

(1) The Authority shall use the information gathered under the MNB Decree on reporting obligations for the purposes of identifying the extent to which the use of leverage contributes to the build-up of systemic risk in the financial system, risks of disorderly markets or risks to the long-term growth of the economy.

(2) The Authority shall ensure that all information gathered under Section 11 and the MNB Decree on reporting obligations in respect of all AIFMs under its supervision is made available to the supervisory authorities of other relevant EEA Member States, ESMA and the ESRB by means of the procedures set out in Section 182. The Authority shall, without delay, also provide information by means of those procedures, and bilaterally to the supervisory authorities of other EEA Member States directly concerned, if an AIFM under its responsibility, or AIF managed by that AIFM could potentially constitute an important source of counterparty risk to a credit institution or other systemically relevant institutions in other EEA Member States.

(3) The AIFM shall demonstrate that the leverage limits set by it for each AIF it manages are reasonable and that it complies with those limits at all times. In order to ensure the stability and integrity of the financial system, the Authority - in the case of the use of leverage by an AIFM under its supervision with respect to the AIFs it manages, after having notified ESMA, the ESRB and the supervisory authorities of the relevant AIF - shall impose limits in accordance with Article 112 of the AIFM Regulation to the level of leverage that an AIFM are entitled to employ or other restrictions on the management of the AIF with respect to the AIFs under its management to limit the extent to which the use of leverage contributes to the build up of systemic risk in the financial system or risks of disorderly markets. The Authority shall duly inform ESMA, the ESRB and the supervisory authorities of the AIF, of actions taken in this respect, through the procedures set out in Section 182.

(4) The notification referred to in Subsection (3) shall be made not less than ten working days before the proposed measure is intended to take effect or to be renewed. The notification shall include details of the proposed measure, the reasons for the measure and when the measure is intended to take effect. In exceptional circumstances, the Authority may decide that the proposed measure takes effect within the period referred to in the first sentence.

(5) If the Authority proposes to take action contrary to ESMA's advice received upon the notification it shall inform ESMA, stating its reasons.

82. Provisions relating to AIFMs managing AIFs which acquire control of non-listed companies and issuers

Section 188

(1) The provisions of Sections 189-192 shall apply to AIFMs:

a) managing one or more AIFs which either individually or jointly on the basis of an agreement aimed at acquiring control, acquire controlling influence in a non-listed company in accordance with Subsections (5)-(6);

b) cooperating with one or more other AIFMs on the basis of an agreement pursuant to which the AIFs managed by those AIFMs jointly, acquire controlling influence in a non-listed company in accordance with Subsections (5)-(6).

(2) Sections 189-192 shall not apply where the non-listed companies concerned are:

a) small and medium-sized enterprises within the meaning of Point 69 of Subsection (1) of Section 5 of the CMA; or

b) special purpose vehicles with the purpose of purchasing, holding or administrating real estate properties.

(3) Without prejudice to Subsections (1) and (2), Subsection (1) of Section 189 shall also apply to AIFMs managing AIFs that acquire a non-controlling participation in a non-listed company.

(4) Subsections (1)-(3) of Section 190, and Section 192 shall apply also to AIFMs managing AIFs that acquire control over issuers.

(5) For the purpose of Sections 189-192, for non-listed companies, controlling influence shall mean more than 50 per cent of the voting rights of the companies. When calculating the percentage of voting rights held by the relevant AIF, in addition to the voting rights held directly by the relevant AIF, the voting rights of the following shall be taken into account for determining the extent of controlling influence:

a) a company controlled by the AIF; and

b) a natural or legal person acting in its own name but on behalf of the AIF or on behalf of a company controlled by the AIF.

(6) The percentage of voting rights provided for in Subsection (5) shall be calculated on the basis of all the shares to which voting rights are attached even if the exercise thereof is suspended.

(7) Sections 189-192 shall apply subject to the conditions and restrictions set out in Section 234 of the Labor Code, and upon the transposition of the conditions set out in Article 6 of Directive 2002/14/EC into the laws of a given EEA Member State.

(8) Further, Sections 189-192 shall apply having regard to Section 61 of the CMA.

Section 189

(1) If an AIF acquires, disposes of or holds shares of a non-listed company, the AIFM managing such an AIF notify the Authority of the proportion of voting rights of the non-listed company held by the AIF any time when that proportion reaches, exceeds or falls below the thresholds of 10, 20, 30, 50 and 75 per cent.

(2) If an AIF acquires, individually or jointly, control over a non-listed company pursuant to Subsection (1) of Section 188, in conjunction with Subsections (5)-(6) of Section 188, the AIFM managing such an AIF notify the following of the acquisition of control by the AIF:

a) the non-listed company;

b) the shareholders of which the identities and addresses are available to the AIFM or can be made available by the non-listed company or through a register to which the AIFM has or can obtain access; and

c) the Authority.

(3) The notification required under Subsection (2) shall contain the following information:

a) the resulting situation in terms of voting rights;

b) the conditions subject to which control was acquired, including information about the identity of the different shareholders involved, any natural person or legal entity entitled to exercise voting rights on their behalf and, if applicable, the chain of companies through which voting rights are effectively held;

c) the date on which control was acquired.

(4) In its notification to the non-listed company, the AIFM shall request the board of directors of the company to inform the employees' representatives or, where there are none, the employees themselves, without undue delay of the acquisition of control by the AIF managed by the AIFM and of the information referred to in Subsection (3). The AIFM shall use its best efforts to ensure that the employees' representatives or, where there are none, the employees themselves, are duly informed by the board of directors in accordance with this Section.

(5) The notifications referred to in Subsections (1)-(3) shall be made as soon as possible, but no later than ten working days after the date on which the AIF has reached, exceeded or fallen below the relevant threshold or has acquired control over the non-listed company.

Section 190

(1) If an AIF acquires control of a non-listed company or an issuer pursuant to Subsection (1) of Section 188, in conjunction with Subsections (5) and (6) of Section 188, the AIFM managing such AIF shall make the information referred to in Subsection (2) hereof available to:

a) the company concerned;

b) the shareholders of the company of which the names and addresses are available to the AIFM or can be made available by the company or through a register to which the AIFM has or can obtain access; and

c) the Authority.

(2) The AIFM shall make available the following:

a) the names of the AIFMs which either individually or in agreement with other AIFMs manage the AIFs that have acquired control;

b) the policy for preventing and managing conflicts of interest, in particular between the AIFM, the AIF and the company, including information about the specific safeguards established to ensure that any agreement between the AIFM and/or the AIF and the company is concluded under normal market conditions; and

c) the policy for external and internal communication relating to the company in particular as regards employees.

(3) In its notification to the company pursuant to Paragraph *a)* of Subsection (1), the AIFM shall request the board of directors of the company to inform the employees' representatives or, where there are none, the employees themselves, without undue delay of the information referred to in Subsection (2). The AIFM shall take the necessary measures to ensure that the employees' representatives or, where there are none, the employees themselves, are duly informed by the board of directors.

(4) If an AIF acquires control of a non-listed company pursuant to Subsection (1) of Section 188, in conjunction with Subsections (5) and (6) of Section 188, the AIFM managing such AIF shall ensure that intentions with regard to the future business of the non-listed company and the likely repercussions on employment, including any material change in the conditions of employment are disclosed to the non-listed company, and the shareholders of the non-listed company of which the names and addresses are available to the AIFM or can be made available by the non-listed company or through a register to which the AIFM has or can obtain access. In addition, the AIFM shall take the necessary measures to ensure that the board of directors of the non-listed company makes available the information aforementioned to the employees' representatives or, where there are none, the employees themselves, of the non-listed company.

(5) If an AIF acquires control of a non-listed company pursuant to Subsection (1) of Section 188, in conjunction with Subsections (5) and (6) of Section 188, the AIFM managing such an AIF shall provide the Authority and the AIF's investors with information on the financing of the acquisition.

Section 191

(1) If an AIF acquires control of a non-listed company pursuant to Subsection (1) of Section 188, in conjunction with Subsections (5) and (6) of Section 188, the AIFM managing such an AIF shall:

a) take the necessary measures to ensure that the annual report of the non-listed company drawn up in accordance with Subsection (2) is made available by the board of directors of the company to the employees' representatives or, where there are none, to the employees themselves within a period of six months following the end of the year; or

b) for each such AIF include in the annual report the information referred to in Subsection (2) relating to the relevant non-listed company.

(2) The additional information to be included in the annual report of the company or the AIF, in accordance with Subsection (1), shall include at least a fair review of the development of the company's business representing the situation at the end of the period covered by the annual report. The report shall also give an indication of:

a) any important events that have occurred since the end of the year;

b) the company's likely future development; and

c) the information concerning acquisitions of own shares.

(3) The AIFM managing the relevant AIF shall:

a) take the necessary measures to ensure that the board of directors of the non-listed company makes available the information referred to in Paragraph *b)* of Subsection (1) relating to the company concerned to the employees' representatives of the company concerned or, where there are none, to the employees themselves within a period of six months following the end of the year; or

b) make available the information referred to in Paragraph *a)* of Subsection (1) to the investors of the AIF, in so far as already available, and, in any event, no later than the date on which the annual report of the company is drawn up.

Section 192

(1) If an AIF acquires control of a non-listed company pursuant to Subsection (1) of Section 188, in conjunction with Subsections (5) and (6) of Section 188, the AIFM managing such an AIF shall for a period of twenty-four months following the acquisition of control of the company by the AIF:

a) not be allowed to facilitate, support or instruct any distribution to shareholders, capital reduction, share redemption and/or acquisition of own shares by the company as described in Subsection (2);

b) in so far as the AIFM is authorized to vote on behalf of the AIF at the meetings of the governing bodies of the company, not vote in favor of a distribution to shareholders, capital reduction, share redemption and/or acquisition of own shares by the company as described in Subsection (2); and

c) in any event use its best efforts to prevent distributions to shareholders, capital reductions, share redemptions and/or the acquisition of own shares by the company as described in Subsection (2).

(2) The obligations imposed on AIFMs pursuant to Subsection (1) shall relate to the following:

a) any distribution to shareholders made when on the closing date of the last business year the net assets as set out in the company's annual accounts are, or following such a distribution would become, lower than the amount of the subscribed capital plus those reserves which may be not distributed under the law or the statutes, on the understanding that where the uncalled part of the subscribed capital is not included in the assets shown in the balance sheet, this amount shall be deducted from the amount of subscribed capital;

b) any distribution to shareholders the amount of which would exceed the amount of the profits at the end of the last business year plus any profits brought forward and sums drawn from reserves available for this purpose, less any losses brought forward and sums placed to reserve in accordance with the law or the statutes;

c) to the extent that acquisitions of own shares are permitted, the acquisitions by the company, including shares previously acquired by the company and held by it, and shares acquired by a person acting in his own name but on the company's behalf, that would have the effect of reducing the net assets below the amount mentioned in Paragraph *a)*.

(3) For the purposes of Subsection (2):

a) the term "distribution" referred to in Paragraphs *a)* and *b)* of Subsection (2) shall include, in particular, the payment of dividends and of interest relating to shares;

b) the provisions on capital reductions shall not apply on a reduction in the subscribed capital, the purpose of which is to offset losses incurred or to include sums of money in a non-distributable reserve provided that, following that operation, the amount of such reserve is not more than 10 per cent of the reduced subscribed capital; and

c) the restriction set out in Paragraph *c)* of Subsection (2) shall be subject to transposition of points *b)-h)* of Article 20(1) of Directive 77/91/EEC into the laws of a given EEA Member State.

PART SEVEN

MISCELLANEOUS PROVISIONS

Chapter XXVI

Provisions Relating to Auditors

Section 193

(1) In the case of investment funds only a certified auditor or registered statutory auditor (audit firm) may be appointed for the discharging of responsibilities allocated to them, if they are qualified to audit financial institutions or investment firms, and if they satisfy the requirements specified in this Chapter.

(2) The term of appointment of the auditor of an investment fund - if a natural person - shall be limited to five business years. The same auditor may be committed under contract once again three business years after the original term expires. A registered statutory auditor who carries out statutory audits in the name and on behalf of the audit firm may audit the books of the same investment fund for a maximum period of five business years, and may not be re-appointed within two business years after the original term expires by the same investment fund for auditing services.

(3)[1] In addition to what is contained in Subsection (1), an auditor who is a natural person shall be subject to additional restrictions, namely, that such an auditor shall be permitted to audit the books of not more than twenty investment funds at any given time and, furthermore, that his income (revenue) from any one investment fund and from the investment funds he manages may not be greater than 30 per cent of his annual income.

(4) In addition to what is contained in Subsection (1), audit firms shall be subject to additional restrictions, namely, that any auditor in the employ of an audit firm - who satisfies the requirements set out in Subsection (1) - shall be permitted to audit the books of maximum ten investment funds at any given time, and the audit firm's income from any one investment fund manager and from the investment funds it manages may not exceed 10 per cent of its net annual income.

Section 194

(1) The auditor appointed to review the books of an investment fund shall have a duty to report promptly to the Authority, while notifying the investment fund's manager at the same time in writing, of any fact concerning that investment fund of which he has become aware while carrying out that task which is liable to:

a) lead to a qualified or adverse audit opinion, or a disclaimer of opinion by the statutory auditor;

b) constitute a material breach of the laws, or the investment fund's management policy, or to forewarn any imminent infringement of such regulations;

c)[2] constitute a material breach of this Act or other regulations, or of the internal regulations of the stock exchange or the central securities depository;

d) indicate that the investment fund manager's activities fail to guarantee the investors' interest;

e) result in a considerable difference of opinion between the auditor and the management of the investment fund manager regarding issues affecting the solvency, income, data disclosure or accounting of the investment fund, which are considered essential from the point of view of operations.

(2) In addition to what is contained in Subsection (1):

a) the auditor shall have the right to consult with the Authority, and to inform the Authority;

b) the Authority shall be entitled to demand and receive information from the auditor directly.

Section 195

When the Authority takes the measures for the dismissal of the auditor of an investment fund, it may also request that the auditor's certificate to audit financial institutions or investment firms be withdrawn.

Section 196

1 Amended by Paragraph d) of Section 163 of Act CCXV of 2015.
2 Amended by Paragraph e) of Section 255 of Act LXXXV of 2015.

(1) Investment fund managers are required to send to the Authority the contract concluded with the auditor of the investment funds they manage - for auditing the annual report - and all of the reports prepared by the auditor regarding the annual report.

(2) Prior to the approval of the annual report, the Authority is entitled, on the basis of the auditor's report under Paragraph *b)* of Subsection (2) of Section 194, to instruct the investment fund's manager to correct any incorrect or inaccurate data the annual report may contain, and to have the corrected data verified by an auditor.

(3) If, after the annual report has been approved, the Authority discovers that the annual report contains any substantial error, the Authority may order the investment fund's manager concerned to have the figures revised and verified by an auditor, having regard to the relevant provisions of the Accounting Act on self-revision. The investment fund manager must present the revised data verified by an auditor to the Authority.

Chapter XXVII

Obligation of Confidentiality

Section 197

(1) Investment fund managers and:
a) any person holding an interest in;
b) any person intending to acquire an interest in;
c) senior executives of; and
d) employees of;
investment fund managers, and any other person affected shall keep any business secrets made known to them confidential without any limitation in time, with the exceptions set out in Subsections (2) and (3).

(2) The obligation of confidentiality described in Subsection (1) shall not apply in respect of:
a) the supervisory authority;
b) the Befektető-védelmi Alap (*Investor Protection Fund*);
c) the MNB,
d) the Állami Számvevőszék (*State Audit Office*);
e) the state tax authority;
f) the Gazdasági Versenyhivatal (*Hungarian Competition Authority*);
g) the Government oversight agency delegated by the Government, which controls the legality and propriety of the use of central budget funds;
h) the national security service.

(2a)[1] Data transfers under Section 164/B of the CIFE shall not constitute a breach of confidentiality obligation provided for in Subsection (1).

(3) The obligation of confidentiality described in Subsection (1) shall not apply concerning the grounds for procedure, in respect of:
a)[2] investigating authorities and the public prosecutor acting in an official capacity;
b) the courts acting in criminal cases and civil cases connected with estates, or in bankruptcy and liquidation procedures as well as in local government debt consolidation procedures;
c) the European Anti-Fraud Office (hereinafter referred to as "OLAF") monitoring the appropriation of European Union financial assistance.

1 Enacted by Section 137 of Act CXLV of 2017, effective as of 21 November 2017.
2 Amended by Paragraph a) of Section 479 of Act CXCVII of 2017.

(3a)[1] The disclosure of information by the MNB to the Minister, in due compliance with the provisions pertaining to securities secrets, on investment fund managers and investment funds in a manner enabling individual identification for the purpose of analysis, assessment and planning economic trends and developments shall not constitute a breach of confidentiality obligation.

(4)[2] Compliance with the reporting obligation provided for in Regulation (EU) No. 596/2014 and in its supplementary regulations, in connection with the prevention and identification of market abuse shall not constitute a breach of confidentiality concerning business secrets.

(5) 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.

(6) Any document retrieved from the files of an investment fund manager that has been terminated without succession, which document contains any business secrets, may be used for archive research projects after sixty years from the date when they were created.

Section 198

(1) Investment fund managers, and the senior executives and employees of investment fund managers, and any other person affected shall keep confidential without any time limitation any securities secrets made known to them in any way.

(2) Investment fund managers may disclose securities secrets to third parties, upon notifying the client affected, only if:

a) so requested by the client to whom it pertains, or his lawful representative in an authentic instrument or in a private document with full probative force expressly indicating the particular data, which are considered securities secrets, to be disclosed;

b) the regulations contained in Subsections (1), (2) and (6) of Section 199 provide an exemption from the requirement of confidentiality concerning securities secrets; or

c) deemed necessary in light of the interests of the investment fund manager for selling its receivables due from the client or for the enforcement of its outstanding receivables.

Section 199

(1)[3] The confidentiality requirement under Subsection (1) of Section 198 shall not apply to:

a) the MNB, the Befektető-védelmi Alap (*Investor Protection Fund*), the Országos Betétbiztosítási Alap (*National Deposit Insurance Fund*), the Állami Számvevőszék (*State Audit Office*) and the Gazdasági Versenyhivatal (*Hungarian Competition Authority*);

b)[4] operators on the regulated markets, operators of multilateral trading facilities, the central counterparty, the central securities depository, the Government oversight agency delegated by the Government, and the OLAF monitoring the appropriation of European Union financial assistance, when acting within the scope of their duties conferred by law;

c) notaries public in connection with probate proceedings, and the guardian authority acting in an official capacity;

1 Enacted by Section 58 of Act LXXVI of 2023, effective as of 1 January 2024.
2 Established by Section 137 of Act LIII of 2016, effective as of 3 July 2016.
3 Amended by Paragraph b) of Section 478 of Act CXCVII of 2017.
4 Amended by Paragraph f) of Section 255 of Act LXXXV of 2015.

d) administrators, liquidators, financial trustees, bailiffs and receivers, in connection with bankruptcy proceedings, liquidation proceedings, local government debt consolidation procedures, judicial enforcement procedures, and dissolution proceedings;

e)[1] the body conducting preliminary proceedings in criminal proceedings and the investigating authority, and the public prosecutor's office acting in an official capacity;

f) the court hearing criminal or civil cases, bankruptcy and liquidation proceedings and in the framework of local government debt consolidation procedures;

g)[2] the agencies authorized to conduct covert information gathering operations if the conditions prescribed in specific other legislation are provided for;

h) the national security service acting within the scope of duties delegated upon it by law, based upon the special permission of the director-general;

i) tax authorities and the customs authorities in the framework of their procedures to monitor compliance with tax, customs and social security payment obligations, and for the implementation of an enforcement order issued for such debts;

j) the ombudsman when acting in an official capacity;

k) the Nemzeti Adatvédelmi és Információszabadság Hatóság (*National Authority for Data Protection and Freedom of Information*);

when these bodies make a data request and/or written inquiry to the investment fund manager concerned.

(2) Furthermore, the confidentiality requirement provided for in Subsection (1) of Section 198 shall not apply:

a) where the state tax authority makes a written request for information from an investment fund manager on the strength of a written request made by a foreign tax authority pursuant to an international agreement, provided that the request contains a confidentiality clause signed by the foreign authority;

b) where the Authority requests or supplies information in accordance with a cooperation agreement with a foreign supervisory authority, provided that the cooperation agreement or the foreign supervisory authority's request contains a signed confidentiality clause;

c) where the Hungarian law enforcement agency makes a written request for information from an investment fund manager in order to fulfill the written requests made by a foreign law enforcement agency pursuant to an international agreement, provided that the request contains a confidentiality clause signed by that foreign law enforcement agency;

d)[3] with respect to data supplied by the Befektető-védelmi Alap to foreign investor protection schemes and foreign supervisory authorities in the manner specified in cooperation agreements if they guarantee equivalent or better legal protection for the processing and use of such data than the protection afforded under data protection regulations and directly applicable acts of the European Union;

e)[4]

(3) The written request referred to in Subsection (2) shall indicate:

a) the client, or the account about whom or which the bodies or authorities specified in Subsection (2) are requesting the disclosure of securities secrets; and

b) the type of requested data and the purpose of the request, unless the Authority conducts an on-site inspection.

(4) The information specified in Subsection (3) need not be indicated in the written request if the Gazdasági Versenyhivatal carries out a site inspection or a site search without prior notice. In these cases the Gazdasági Versenyhivatal shall communicate its request on site.

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1 Amended by Paragraph a) of Section 478 of Act CXCVII of 2017.
2 Amended by Paragraph b) of Section 479 of Act CXCVII of 2017.
3 Amended by Paragraph b) of Section 135 of Act XXXIV of 2019.
4 Repealed by Section 226 of Act CLIX of 2017, effective as of 1 January 2018.

(5) The bodies and authorities authorized to receive information according to Subsections (1) and (2) shall use such information solely for the purpose indicated in the document requesting the information.

(6)[1] Furthermore, the obligation of confidentiality provided for in Subsection (1) of Section 198 shall not apply where an investment fund manager complies with the obligation of notification prescribed in the Act on the Implementation of Restrictive Measures Imposed by the European Union and the UN Security Council Relating to Liquid Assets and Other Financial Interests.

(7) Investment fund managers may not refuse to disclose securities secrets, relying on their obligation conferred in Subsection (1) of Section 198, in the cases set out in Subsection (2) of Section 198, Subsections (1)-(2) and (6) of this Section and in Subsection (1) of Section 200.

(8) Any document retrieved from the files of an investment fund manager that has been terminated without succession, which document contains any securities secrets, may be used for archive research projects after sixty years from the date when they were created.

Section 200

(1)[2] Investment fund managers shall satisfy the data requests, and/or written inquiries of the body conducting preliminary proceedings, the investigating authority, the national security service, the public procesutor's office and the court without delay concerning any client account and the transactions on such account if it is alleged that the account or the transaction is associated with:

a) illegal possession of narcotic drugs;

b) an act of terrorism;

c) illegal possession of explosives and blasting agents;

d) illegal possession of firearms or ammunition;

e) money laundering;

f) any felony offense committed in criminal association with accomplices or in the framework of a criminal organization;

g) insider dealing;

h) market manipulation.

(2) When data is disclosed under Paragraphs *e), g)* and *h)* of Subsection (1) of Section 199 and under Subsection (1) of this Section, the client affected may not be notified.

Section 200/A[3]

(1) The AIFM and the UCITS manager shall be given access to the data received in accordance with Section 164/B of the CIFE to the extent necessary for the provision of services within its sphere of activity, and shall be allowed to process such data during the time period for setting up and during the existence of the client relationship, provided that data transfer had not been restricted or prohibited by the client as provided for in Subsection (2).

(2)[4] The client of an AIFM and UCITS manager controlled in accordance with the CIFE by a credit institution or a financial holding company approved separately under Section 15/A of the CIFE shall be entitled to restrict or prohibit data transfer under Subsection (2) of Section 164/B of the CIFE by means of an explicit statement.

1 Amended by Subsection (8) of Section 22 of Act LII of 2017.
2 Amended by Paragraph c) of Section 478 of Act CXCVII of 2017.
3 Enacted by Section 138 of Act CXLV of 2017, effective as of 21 November 2017.
4 Amended by Paragraph d) of Section 120 of Act LVIII of 2021.

(3)[1] Before entering into a contract with the client, the AIFM and the UCITS manager controlled in accordance with the CIFE by a credit institution or a financial holding company approved separately under Section 15/A of the CIFE shall inform the client - by means which can be proved - about the possibility of data sharing in accordance with Section 164/B of the CIFE. To that end, in the notification the client shall be clearly advised of his right to restrict or prohibit the possibility of processing his personal data under this Section at any time.

PART EIGHT

CLOSING PROVISIONS

Chapter XXVIII

Authorizations

Section 201

(1) The Government is hereby authorized to decree the following:
a) the organizational, conflict of interest, conduct of business and risk management requirements of UCITS managers;[2]
b) the investment and borrowing policies of collective investment trusts;[3]
c)[4] the detailed regulations regarding the complaints handling procedures of UCITS managers, and their complaints handling policy.
(2) The Minister is hereby authorized to decree the detailed regulations concerning the minimum content requirements for information to be provided before the conclusion of a contract concluded with the client, during and upon the termination of the contractual relationship.
(3) The Governor of the Magyar Nemzeti Bank (*Hungarian National Bank*) is hereby authorized to decree the detailed regulations concerning the procedure for providing information to consumers before the conclusion of a contract, during and upon the termination of the contractual relationship, and for handling client complaints in terms of formal and procedural requirements.[5]

Entry into Force

Section 202

(1) Subject to the exceptions set out in Subsections (2)-(8), this Act shall enter into force the day after publication.
(2) Sections 1-154, Sections 162-201, Section 203, Sections 205-241, Sections 243-244, Sections 257-259, Section 261, Sections 268-269, Section 271, Section 275, Sections 278-279, Subsection (6) of Section 296, and Section 298 shall enter into force on 15 March 2014.
(3) Subsections (3), (4), (8), (16), (23) of Section 285, and Section 288 shall enter into force on 1 April 2014.

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1 Amended by Paragraph d) of Section 120 of Act LVIII of 2021.
2 See Government Decree 79/2014 (III. 14.) Korm.
3 See Government Decree 78/2014 (III. 14.) Korm.
4 Enacted by Section 226 of Act LXVII of 2016, effective as of 1 January 2017.
5 See MNB Decree No. 28/2014 (VII. 23.).

(4) Subsection (5) of Section 293 shall enter into force on 1 May 2014.

(5) Subsections (7), (15) and (24) of Section 285 shall enter into force on 1 July 2014.

(6)[1] Subsections (1), (4) and (6)-(8) of Section 281 and Subsection (2) of Section 286 shall enter into force on 1 October 2014.

(7)[2] Subsections (2) and (3) of Section 281 shall enter into force on 1 December 2014.

(8) Sections 155-161 of this Act shall enter into force on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 67(6) of the AIFM Directive.

(9) The Minister shall confirm the calendar date for the entry into force of Sections 155-161 after the delegated act provided for in Subsection (8) is adopted by the European Commission by means of a resolution published in the Magyar Közlöny (*Official Hungarian Gazette*) without delay.

Transitional Provisions

Section 203

(1) Any entity having pursued investment fund management activities on the day preceding the date of this Act entering into force in accordance with Act CXCIII of 2011 on Investment Fund Management Companies and Collective Investment Trusts, or is pursuing venture capital fund management activities under the CMA, and that will qualify as AIFM from the date of this Act entering force, may continue to perform such authorized activities by 22 July 2014, with the proviso that they are required to provide proof to the Authority concerning their compliance with the provisions of this Act by 22 July 2014. A statement from the chair of the board of directors (chief executive officer) or the managing director of the AIFM declaring that the AIFM operates in compliance with this Act shall be enclosed in proof of compliance.

(2) Section 59, and Sections 120 and 121 shall not apply to the marketing of investment units of AIFs that are subject to a current offer to the public under a prospectus that has been drawn up and published in accordance with this Act, and/or the CMA before the time of entry into force of this Act for the duration of validity of that prospectus.

(3) Any entity having pursued investment fund management activities on the day preceding the date of this Act entering into force in accordance with Act CXCIII of 2011 on Investment Fund Management Companies and Collective Investment Trusts, or is pursuing venture capital fund management activities under the CMA, and manage investment funds of the closed-ended type provided for in Act CXCIII of 2011 on Investment Fund Management Companies and Collective Investment Trusts, or venture capital funds provided for in the CMA, which do not make any additional investments after 22 July 2014 may however continue after the time of entry into force of this Act to manage such AIFs without authorization under this Act.

(4) AIFMs established in Hungary shall ensure that the management policy and - in the case of public AIFs - the prospectus of the AIFs they manage is in compliance with Annex 3 and/or Annex 5 at the first amendment thereof after the date of Act XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations entering into force, or by 31 December 2014 at the latest.

1 Established by Section 38 of Act XXXIII of 2014, effective as of 15 July 2014.
2 Established by Section 38 of Act XXXIII of 2014, effective as of 15 July 2014.

(5)[1] Persons who effectively direct the entire business of investment fund managers at the time of the Act on the Amendment of Legislation with a View to Promoting the Development of the Financial Intermediary System entering into force shall comply with the requirement set out in Paragraph *b)* of Subsection (5) of Section 19 at the latest from 1 January 2019.

(6)[2] Compliance with Paragraph *a)* of Subsection (1) and Subsection (2a) of Section 130, Point 60 of Section XI of Chapter I of Annex 3, and in Points 7.13-7.15 of Annex 5 of this Act, as established by Act CCXV of 2015 on the Amendment of Certain Acts Affecting Members of the Financial Intermediary System, shall be provided for after 18 March 2017.

Section 203/A[3]

(1) Subsection (2a) of Section 197 and Section 200/A, as established by Act CXLV of 2017 on the Amendment of Certain Acts Act Relating to the Insurance and Financial Sectors for the Purpose of Approximation (hereinafter referred to as "Act CXLV/2017") shall also apply to contracts outstanding at the time of entry into force thereof.

(2) The AIFM and the UCITS manager controlled by a credit institution shall inform its clients with contracts outstanding at the time of entry into force of Act CXLV of 2017 on the Amendment of Certain Acts Act Relating to the Insurance and Financial Sectors for the Purpose of Approximation concerning the opportunity to make a statement under Subsection (2) of Section 200/A at least thirty days prior to the data transfer under Section 164/B of the CIFE. After informing the clients with contracts outstanding, information shall be posted in this respect on its website in a manner capable of raising awareness. Data transfer under Section 164/B of the CIFE may be started past the thirtieth day following the date of publication on the website.

Section 204

(1) Section 242, Section 243 and Section 255 shall be considered cardinal pursuant to Paragraphs (5) and (6) of Article 41 of the Fundamental Law.

(2) Section 282 shall be considered cardinal pursuant to Paragraph (1) of Article 38 of the Fundamental Law.

(3) Section 287 shall be considered cardinal pursuant to Paragraph (3) of Article XXIX of the Fundamental Law.

(4) Section 291 and Subsections (16) and (22) of Section 293 shall be considered cardinal pursuant to Paragraph (2) of Article *P)* of the Fundamental Law.

Compliance with the Acquis

Section 205

(1) This Act serves the purpose of compliance with the following legislation of the European Union:

a) Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast);

b) Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company;

1 Enacted by Section 254 of Act LXXXV of 2015, effective as of 7 July 2015.
2 Enacted by Section 161 of Act CCXV of 2015, effective as of 18 March 2016.
3 Enacted by Section 139 of Act CXLV of 2017, effective as of 21 November 2017.

c) Commission Directive 2010/44/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure;

d) Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010;

e)[1] Directive 2013/14/EU of the European Parliament and of the Council of 21 May 2013 amending Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision, Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Funds Managers in respect of over-reliance on credit ratings;

f)[2] Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions;

g)[3] Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU;

h)[4] Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019 amending Directives 2009/65/EC and 2011/61/EU with regard to cross-border distribution of collective investment undertakings;

i)[5] Directive (EU) 2021/2261 of the European Parliament and of the Council of 15 December 2021 amending Directive 2009/65/EC as regards the use of key information documents by management companies of undertakings for collective investment in transferable securities (UCITS).

(2) This Act contains provisions for the implementation of:

a) Commission Regulation (EU) No. 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website;

b) Commission Regulation (EU) No. 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities;

c) Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

d) Regulation (EU) No. 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds;

e) Regulation (EU) No. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds;

f) Commission Implementing Regulation (EU) No. 447/2013 of 15 May 2013 establishing the procedure for AIFMs which choose to opt in under Directive 2011/61/EU of the European Parliament and of the Council;

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1 Enacted by Section 108 of Act CIV of 2014, effective as of 1 January 2015.
2 Enacted by Section 162 of Act CCXV of 2015, effective as of 18 March 2016.
3 Enacted by Section 139 of Act CX of 2020, effective as of 26 June 2021.
4 Enacted by Subsection (1) of Section 118 of Act LVIII of 2021, effective as of 2 August 2021.
5 Enacted by Section 29 of Act XX of 2022, effective as of 1 January 2023.

g) Commission Implementing Regulation (EU) No. 448/2013 of 15 May 2013 establishing a procedure for determining the Member State of reference of a non-EU AIFM pursuant to Directive 2011/61/EU of the European Parliament and of the Council;

h)[1] Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds;

i)[2] Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012;

j)[3] Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds;

k)[4] Regulation (EU) 2017/1991 of the European Parliament and of the Council of 25 October 2017 amending Regulation (EU) No. 345/2013 on European venture capital funds and Regulation (EU) No. 346/2013 on European social entrepreneurship funds;

l)[5] Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitization, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No. 1060/2009 and (EU) No. 648/2012;

m)[6] Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP).

Amendments

Sections 206-297[7]

Repeals

Section 298

(1)[8]

(2)[9] Section 122 of this Act shall be repealed on the fifteenth day after the European Commission adopted delegated acts in accordance with Article 68(6) of the AIFM Directive.

(3) The Minister shall confirm the time when the delegated act referred to in Subsection (2) is adopted by the European Commission by means of a resolution published in the Magyar Közlöny immediately after it becomes known.

Section 299[10]

Annex 1 to Act XVI of 2014

1 Enacted by Section 21 of Act CLXII of 2015, effective as of 26 November 2015.
2 Enacted by Section 189 of Act LXIX of 2017, effective as of 1 July 2017.
3 Enacted by Subsection (1) of Section 126 of Act CXXVI of 2018, effective as of 29 December 2018.
4 Enacted by Subsection (1) of Section 126 of Act CXXVI of 2018, effective as of 29 December 2018.
5 Enacted by Subsection (2) of Section 126 of Act CXXVI of 2018, effective as of 1 January 2019.
6 Enacted by Subsection (2) of Section 118 of Act LVIII of 2021, effective as of 11 April 2022.
7 Inserted as appropriate.
8 Repealed by Section 12 of Act CXXX of 2010, effective as of 16 March 2014.
9 Established by Section 109 of Act CIV of 2014, effective as of 1 January 2015.
10 Inserted as appropriate.

Abbreviations of regulations referred to in this Act

1. Civil Code: Act V of 2013 on the Civil Code;
2. CIFE: Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises;
3. FCA: Act CXXXII of 1997 on Hungarian Branch Offices and Commercial Representative Offices of Foreign-Registered Companies;
4. Accounting Act: Act C of 2000 on Accounting;
5. CMA: Act CXX of 2001 on the Capital Market;
6.[1] RTA: Act on the Rules of Taxation;
7. CRA: Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings;
8. OPA: Act CXVII of 2007 on Occupational Retirement Pension and Institutions for Occupational Retirement Provision;
9. IRA: Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities;
10. UCPA: Act XLVII of 2008 on the Prohibition of Unfair Business-to-Consumer Commercial Practices;
11. Bankruptcy Act: Act XLIX of 1991 on Bankruptcy Proceedings and Liquidation Proceedings;
12. Criminal Code: Act C of 2012 on the Criminal Code;
13. PRJ: 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;
14. Labor Code: Act I of 2012 on the Labor Code;
15. MNB Act: Act CXXXIX of 2013 on the National Bank of Hungary.

Annex 2 to Act XVI of 2014

Content requirements for the operational arrangements of fund managers

1. Organizational structure and operational arrangements, and the rules conferring decision-making authority within the organization.
2. Internal control mechanisms incorporated into operating procedures.
3. Rules for the prevention and handling of any conflict of interest.
4. Rules for the placement of the company’s own assets into financial instruments and for the management of such investments, and the rules on investments by executive officers and employees.
5. Investment-allocation criteria for combined portfolio transactions.
6. Rules for maintaining records and for the safekeeping of data files.
7. Rules for risk management processes.
8. Rules on the principles of delegation, outsourcing of activities.
9. Rules on the means and frequency of disclosure of information to investors.
10. Rules on customer services and complaint handling procedures.
11. Principles and rules on performance rating.
12. Rules on the valuation of assets.
13. Requirements for the training of employees.
14. Rules of confidentiality.

Annex 3 to Act XVI of 2014

1 Amended by Section 225 of Act CLIX of 2017.

Chapter I

Public investment fund management policy

Management policy

I. Basic information on the investment fund

1. Particulars of the investment fund
1.1. Name of the investment fund
1.2. Concise name of the investment fund
1.3. Registered office of the investment fund
1.4. Date of registration of the investment fund, register number
1.5. Name of the investment fund manager
1.6. Name of the depositary
1.7. Name of the distributor
1.8. Form of operation of the investment fund (public), sphere of potential investors (professional or retail)
1.9. Type of the investment fund (open-ended or closed-ended)
1.10. Maturity of the investment fund (term fixed or unfixed), with an indication of duration, if fixed term
1.11. Indication if the investment fund is recognized as a harmonized fund according to the UCITS Directive or the AIFM Directive
1.12. Number and description of any series issued by the investment fund, showing the differences between each series
1.13. Primary category of assets in which the investment fund may invest (securities or real estate fund)
1.14. Indication of any reference for guarantee to protect the capital invested (capital guarantee) or to guarantee the earnings (performance guarantee), whether by guarantee provided by a credit institution or suretyship insurance, or if this is supported by the investment fund’s adequate investment policy (capital or yield protection) and may undertake to guarantee the earnings (yield protection), with an indication of the paragraph of the investment fund’s management policy containing the conditions therefor
2. Other information relating to the investment fund
3. List of regulations on investment fund management, on the marketing and distribution of investment units, and of the laws governing the relationship between the fund and the investors
4. A description of the main legal implications of the investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the country where the AIF is established

II. Information on investment units (separately for each series)

5. ISIN code of the investment units
6. Nominal value of the investment units
7. Currency of the investment units
8. Mode of production of the investment units, information relating to issue and marketing
9. Means of proof and registration of the ownership of investment units

10. Rights of investors embodied in the investment units, a description of how the AIFM ensures a fair treatment of investors and, whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the AIF or AIFM; other information related to the given subject

III. Description of the investment policy and objective of the investment fund, a description of the procedures by which the investment fund may change its investment strategy or investment policy, showing separately:

11. Description of the fund's investment objective and specialization, including its financial objectives (e.g. capital growth or income, specialization in geographical or industrial sectors)
12. Investment strategy, investment techniques to implement the investment policy
13. Categories of assets in which the investment fund is authorized to invest, with an indication if the investment fund is authorized to conduct transactions in financial derivative instruments
14. Highest and lowest share of specific assets authorized in a portfolio, or the proposed share thereof
15. Description of any limitations on the investment policy and an indication of any techniques and instruments or borrowing powers which may be used in the management of the investment fund, including any restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which may be employed, indicating also that the annual and half-yearly report contains for AIFs the information provided for in Point XI of Annex 6
16. Currency in which portfolio exposure is denominated
17. If the pledge related to the capital invested and to earnings is substantiated based on the investment fund's investment policy, a description of the underlying transaction
18. Borrowing policies
19. The States, local authorities or public international bodies issuing or guaranteeing securities in the securities of which the fund intends to invest more than 35 per cent of its assets
20. Description of the replicated index and the maximum level of deviation from the index-weighted average of securities
21. The investment policy of the investment fund in which an investment fund investing in other investment funds plans to invest more than 20 per cent of its assets
22. Description of master UCITS, and its investment compartment, description of master AIF, information on where any master AIF is established
23. Other information related to the given subject, information on where any underlying collectives is established, if the AIF is a fund of funds
24. Information related to derivative transactions
24.1. If transactions in financial derivative instruments are authorized, a prominent statement indicating whether those operations may be carried out for the purpose of hedging or with the aim of meeting investment goals
24.2. Potentially targeted derivative instruments or derivative transactions
24.3. Indication of the specific statute on the basis of which the investment fund exercised any derogation therein provided for
24.4. Investment limits governing derivative operations
24.5. Netting positions held in certain assets
24.6. Management of positions in indices and other complex assets
24.7. Sources of pricing information used for valuation

24.8. Where the features of the derivatives in which the investment fund plans to invest differ from the general features prescribed by the relevant legislation relating to derivative transaction, a prominent statement drawing attention to that effect, indicating the features of the given derivative transaction and the underlying risk
24.9. Other information related to the given subject
👉25. Special provisions relating to real estate funds
👉25.1. Indication whether the real estate fund invests in real estate property selected with a view to generating income, or with a view to holding the property for value increase
👉25.2. Indication of the type of real estate property in which the real estate fund invests (residential, commercial, industrial, etc.)
👉25.3. Indication of the States in which the real estate fund invests
👉25.4. Maximum amount of investment in any one real estate property or right held in a real estate property
👉25.5. Maximum percentage of a single investment in a real estate property or right held in a real estate property may represent in all assets
👉25.6. Maximum percentage of buildings under construction
👉25.7. Risk profile of the real estate fund
👉25.8. Management of risks associated with the real estate fund, risk management strategies and main principles for the implementation thereof
👉25.9. Where any real estate property is transferred to the fund before it is registered, detailed description of the real estate properties transferred

IV. Risks

26. Description of risk factors, and a description of how the AIFM is complying with the requirements of Subsection (5) of Section 16
26.1. A description of the AIF’s liquidity risk management, including the redemption rights and existing redemption arrangements with investors, indicating also that the annual and half-yearly report contains for AIFs the information provided for in Point X of Annex 6

V. Valuation of assets

27. Method of calculation of net asset values, place and date of publication, procedure in the case of any error in the calculation of the net asset value
28. Valuation of assets in the portfolio, a description of the valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Section 38
29. Valuation of derivative transactions
30. Other information related to the given subject

VI. Information relating to returns

31. Conditions and rules concerning the assessment and payment of dividends
32. Distribution dates
33. Other information related to the given subject

VII. Guarantee to protect the capital invested or to guarantee earnings, and the means of implementation thereof

34. Reference for any pledge to protect the capital invested, and to guarantee earnings
34.1. Guarantee provided by a credit institution or suretyship insurance intended to protect the capital invested and to guarantee earnings (capital guarantee or performance guarantee)

34.2. Investment policy in support of any pledge to protect the capital invested, and to guarantee earnings (capital or yield protection)
35. Other information related to the given subject

VIII. Fees and expenses

36. Fees and expenses chargeable to the investment fund, and the way of charging them to the fund
36.1. Fees and expenses the investment fund is liable to pay to the management company, description of the method of calculation, and the method of charging them to the fund, terms of payment
36.2. If paid by the investment fund directly, fees and expenses the investment fund is liable to pay to the depositary, description of the method of calculation, and the method of charging them to the fund, terms of payment
36.3. If paid by the investment fund directly, fees and expenses the investment fund is liable to pay to other parties or third persons, description of the method of calculation, and the method of charging them to the fund, terms of payment
37. Possible expenses or fees charged to the investment fund and the investors (the highest sum of the latter), other than the charges mentioned in Point 36
38. If the investment fund invests at least 20 per cent of its assets in other collective investment trusts, the highest rate of fund management fees charged to such other collective investment trusts shown as the investment objective
39. Conditions and costs of switching between investment compartments
40. Other information related to the given subject

IX. Distribution of investment units

41. Buying investment units
41.1. Acceptance, execution and settlement of buy orders, timing within the day of the acceptance
41.2. Trading-settlement date for buy orders
41.3. Trading-payment date for buy orders
42. Redemption of investment units
42.1. Acceptance, execution and settlement of redemption orders, timing within the day of the acceptance
42.2. Trading-settlement date for redemption orders
42.3. Trading-payment date for redemption orders
43. Detailed provisions for the distribution of investment units
43.1. Circulation limit
43.2. Procedure upon reaching the circulation limit, specific details upon which marketing may be resumed
44. Determination of the sale or issue price and the redemption price of investment units
44.1. The method and frequency of the calculation of those prices
44.2. Information concerning the highest amount of charges relating to the sale or issue and the redemption of investment units, indicating also whether such remuneration is payable - in part or in whole - to the investment fund, or to the distributor or investment fund manager
45. Indication of regulated markets where the investment units are listed or traded
46. Indication of the States (distribution areas) where the investment units are marketed
47. Other information related to the given subject

X. Other information relating to the investment fund

48. Historical performance of the investment fund - such information may be either included in or attached to the management policy
49. Where the investment units of a given fund can be withdrawn, the conditions thereof
50. Circumstances in which termination of the investment fund can be decided, in particular as regards the rights of investors
51. All information necessary for investors to be able to make an informed judgment of the investment proposed to them

XI.[1] Basic information on participating organizations

52. Particulars of the investment fund manager (corporate name, company form, registered number)
53. Particulars of the depositary (corporate name, company form, registered number), duties
54. Particulars of the auditor (corporate name, company form, registered number), duties
55. Particulars of any advisor (corporate name, company form, registered number) whose remuneration is paid from the investment fund's assets
56. Particulars of distributors (corporate name, company form, registered number), duties
57. Particulars of real estate appraisers (corporate name, company form, registered number), duties
58. Information relating to prime brokers
58.1. Name of the prime broker
58.2. A description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed
58.3. A description of any provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist
59. Description of activities delegated to third persons, identification of potential conflicts of interest
60.[2] In the case of UCITS, description of the duties of the depositary, identification of potential conflicts of interest, information on the depositary's outsourced functions, and a statement to the effect that the information detailed in this Point and in Point 53 will be made available by the UCITS manager to investors.

The above breakdown shall be used taking also into account the provisions set out in Paragraph *c)* of Subsection (3) of Section 70.

Chapter II

Private investment fund management policy

Management policy

I. Basic information on the investment fund

1. Particulars of the investment fund
1.1. Name of the investment fund
1.2. Concise name of the investment fund

1 Amended by Paragraph a) of Section 138 of Act LIII of 2016.
2 Enacted by Subsection (1) of Section 164, Annex 2 of Act CCXV of 2015, effective as of 18 March 2016.

1.3. Registered office of the investment fund
1.4. Date of registration of the investment fund, register number
1.5. Name of the investment fund manager
1.6. Name of the depositary
1.7. Name of the distributor
1.8. Form of operation of the investment fund (private), sphere of potential investors (professional or retail)
1.9. Type of the investment fund (open-ended or closed-ended)
1.10. Maturity of the investment fund (term fixed or unfixed), with an indication of duration, if fixed term
1.11. An indication if the investment fund is not recognized as a harmonized fund according to the UCITS Directive, or recognized as harmonized according to the AIFM Directive
1.12. Number and description of any series issued by the investment fund, showing the differences between each series
1.13. Primary category of assets in which the investment fund may invest (securities fund, real estate fund, venture capital fund, private equity fund)
1.14. Indication of any reference for guarantee to protect the capital invested (capital guarantee) or to guarantee the earnings (performance guarantee), whether by guarantee provided by a credit institution or suretyship insurance, or if this is supported by the investment fund's adequate investment policy (capital or yield protection) and may undertake to guarantee the earnings (yield protection), with an indication of the paragraph of the investment fund's management policy containing the conditions therefor
2. Other information relating to the investment fund
3. List of regulations on investment fund management, on the marketing and distribution of investment units, and of the laws governing the relationship between the fund and the investors
4. A description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established

II. Decisions concerning the investment fund

5. Date of acceptance, approval by the fund manager of the investment fund's management policy, number of fund manager's resolution (separately for each issue or series)
6. Date and number of the Authority's resolution on the registration of the investment fund
7. Register number of the investment fund in the register of the Authority
8. Date and number of the fund manager's resolution on the amendment of the investment fund's management policy
9. Other information related to the given subject

III. Procedure for the amendment of the investment fund's management policy

10. Indication of the conditions and provisions of the management policy the amendment of which is subject to approval by a specific percentage (majority) of investment unit holders, indicating also the percentage required
11. If the amendment of the management policy is subject to approval by the investment unit holders, the rules governing the relevant procedure, with the deadlines also indicated

IV. Access to information provided to investors

12. Description of the procedure used to make available to investors the investment fund's management policy and periodic reports
13. Other information related to the given subject

V. Information on investment units (separately for each series)

14. ISIN code of the investment units
15. Nominal value of the investment units
16. Currency of the investment units
17. Mode of production of the investment units, information relating to issue and marketing
18. Means of proof and registration of the ownership of investment units
19. Rights of investors embodied in the investment units, a description of how the AIFM ensures a fair treatment of investors and, whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the AIF or AIFM
20. Other information related to the given subject

VI. Description of the investment policy and objective of the investment fund, a description of the procedures by which the investment fund may change its investment strategy or investment policy, showing separately:

21. Description of the fund's investment objective and specialization, including its financial objectives (e.g. capital growth or income, specialization in geographical or industrial sectors)
22. Investment strategy, investment techniques to implement the investment policy
23. Categories of assets in which the investment fund is authorized to invest, with an indication if the investment fund is authorized to conduct transactions in financial derivative instruments
24. Highest and lowest share of specific assets authorized in a portfolio, or the proposed share thereof
25. Description of any limitations on the investment policy and an indication of any techniques and instruments or borrowing powers which may be used in the management of the investment fund, including any restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which may be employed
26. Currency in which portfolio exposure is denominated
27. If the pledge related to the capital invested and to earnings is substantiated based on the investment fund's investment policy, a description of the underlying transaction
28. Borrowing policies
29. The States, local authorities or public international bodies issuing or guaranteeing securities in the securities of which the fund intends to invest more than 35 per cent of its assets
30. Description of the replicated index and the maximum level of deviation from the index-weighted average of securities
31. The investment policy of the investment fund in which an investment fund investing in other investment funds plans to invest more than 20 per cent of its assets

32. Where an investment fund invests, based on its investment policy, in transferable securities or money market instruments issued by the same body or in deposits or OTC derivative instruments made with this body, and the total level of risk exposure of the investment fund from such transactions exceeds 20 per cent of the investment fund's assets, a prominent statement drawing attention to the specific risk arising from such exposure
33. Indication of the specific statute on the basis of which the investment fund exercised any derogation therein provided for
34. Other information related to the given subject, information on where any underlying collectives is established, if the AIF is a fund of funds
35. Information related to derivative transactions
35.1. If transactions in financial derivative instruments are authorized, a prominent statement indicating whether those operations may be carried out for the purpose of hedging or with the aim of meeting investment goals
35.2. Potentially targeted derivative instruments or derivative transactions
35.3. Indication of the specific statute on the basis of which the investment fund exercised any derogation therein provided for
35.4. Investment limits governing derivative operations
35.5. Netting positions held in certain assets
35.6. Management of positions in indices and other complex assets
35.7. Sources of pricing information used for valuation
35.8. Where the features of the derivatives in which the investment fund plans to invest differ from the general features prescribed by the relevant legislation relating to derivative transaction, a prominent statement drawing attention to that effect, indicating the features of the given derivative transaction and the underlying risk
35.9. Total level of risk position from derivative transactions
35.10. Other information related to the given subject
👉36. Special provisions relating to real estate funds
👉36.1. Indication whether the real estate fund invests in real estate property selected with a view to generating income, or with a view to holding the property for value increase
👉36.2. Indication of the type of real estate property in which the real estate fund invests (residential, commercial, industrial, etc.)
👉36.3. Indication of the States in which the real estate fund invests
👉36.4. Maximum amount of investment in any one real estate property or right held in a real estate property
👉36.5. Maximum percentage of a single investment in a real estate property or right held in a real estate property may represent in all assets
👉36.6. Maximum percentage of buildings under construction
👉36.7. Risk profile of the real estate fund
👉36.8. Management of risks associated with the real estate fund, risk management strategies and main principles for the implementation thereof
👉36.9. Where any real estate property is transferred to the fund before it is registered, detailed description of the real estate properties transferred
👉36.10. If the investment fund deviates from the borrowing limits of public real estate funds, detailed description of the possibility of deviation and the reasons

VII. Risks

37. Description of risk factors, and a description of how the AIFM is complying with the requirements of Subsection (5) of Section 16

37.1. Where an investment fund invests, based on its investment policy, in transferable securities or money market instruments issued by the same body or in deposits or OTC derivative instruments made with this body, and the total level of risk exposure of the investment fund from such transactions exceeds 20 per cent of the investment fund's assets, a prominent statement drawing attention to the specific risk arising from such exposure

37.2. Where an investment fund invests principally in any category of assets other than transferable securities or money market instruments, or where an investment fund replicates a specific index, a prominent statement drawing attention to that clause of the investment fund's investment policy

37.3. Where the net asset value of an investment fund is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, a prominent statement drawing attention to that characteristic

37.4. If the investment fund is authorized by the Authority to invest up to 100 per cent of its assets into transferable securities or money market instruments by a central, regional or local authority of any EEA Member State, a non-Member State or by a public international body to which one or more EEA Member States belong, a prominent statement drawing attention to that characteristic

37.5. A description of the AIF's liquidity risk management, including the redemption rights and existing redemption arrangements with investors

38. Other information related to the given subject

VIII. Valuation of assets

39. Method of calculation of net asset values, place and date of publication, procedure in the case of any error in the calculation of the net asset value

40. Valuation of assets in the portfolio, a description of the valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Section 38

41. Valuation of derivative transactions

42. Other information related to the given subject

IX. Information relating to dividends

43. Conditions and rules concerning the assessment and payment of dividends

44. Distribution dates

45. Other information related to the given subject

X. Guarantee to protect the capital invested or to guarantee earnings, and the means of implementation thereof

46. Reference for any pledge to protect the capital invested, and to guarantee earnings

46.1. Guarantee provided by a credit institution or suretyship insurance intended to protect the capital invested and to guarantee earnings (capital guarantee or performance guarantee)

46.2. Investment policy in support of any pledge to protect the capital invested, and to guarantee earnings (capital or yield protection)

47. Other information related to the given subject

XI. Fees and expenses

48. Fees and expenses chargeable to the fund, and the way of charging them to the fund

48.1. Fees and expenses the investment fund is liable to pay to the management company, description of the method of calculation, and the method of charging them to the fund, terms of payment
48.2. If paid by the investment fund directly, fees and expenses the investment fund is liable to pay to the depositary, description of the method of calculation, and the method of charging them to the fund, terms of payment
48.3. If paid by the investment fund directly, fees and expenses the investment fund is liable to pay to other parties or third persons, description of the method of calculation, and the method of charging them to the fund, terms of payment
49. Possible expenses or fees charged to the investment fund and the investors (the highest sum of the latter), other than the charges mentioned in Point 48
50. If the investment fund invests at least 20 per cent of its assets in other collective investment trusts, the highest rate of fund management fees charged to such other collective investment trusts shown as the investment objective
51. Conditions and costs of switching between investment compartments
52. Other information related to the given subject

XII. Taxation information

53. Brief description of the tax regulations applicable to the investment fund and which are relevant to the investors
54. Details of whether deductions are made at source from the income and capital gains paid to investors

XIII. Information related to marketing

55. Issuance of investment units
55.1. Procedures and conditions of issue and sale of investment units
55.2.[1] Indication of the sphere of potential investors who can subscribe the investment fund’s investment units, or to whom they can be offered, indicating also the conditions under which the investment fund qualifies as a private investment fund
55.3. The highest and lowest issue amount
55.4. Issue price of the investment units
55.5. Allocation criteria
55.5.1. Allocation procedure upon reaching the subscription limit
55.5.2. Date for the closure of allocation upon reaching the subscription limit
55.5.3. Means of notice of allocation
55.6. Costs and expenses charged in connection with the marketing of investment units

XIV. Continuous marketing of investment units

56. Buying investment units
56.1. Acceptance, execution and settlement of buy orders, timing within the day of the acceptance
56.2. Trading-settlement date for buy orders
56.3. Trading-payment date for buy orders
57. Redemption of investment units
57.1. Acceptance, execution and settlement of redemption orders, timing within the day of the acceptance
57.2. Trading-settlement date for redemption orders
57.3. Trading-payment date for redemption orders
58. Detailed provisions for the distribution of investment units
58.1. Circulation limit

1 Amended by Section 114, Annex 7 of Act CXVIII of 2019.

58.2. Procedure upon reaching the circulation limit, specific details upon which marketing may be resumed
59. Determination of the sale or issue price and the redemption price of investment units
59.1. The method and frequency of the calculation of those prices
59.2. Information concerning the highest amount of charges relating to the sale or issue and the redemption of investment units, indicating also whether such remuneration is payable - in part or in whole - to the investment fund, or to the distributor or investment fund manager
60. Other information related to the given subject

XV. Other information relating to the investment fund

61. Historical performance of the investment fund - such information may be either included in or attached to the management policy
62. Where the investment units of a given fund can be withdrawn, the conditions thereof
63. Circumstances in which termination of the investment fund can be decided, in particular as regards the rights of investors
64. Conditions for the restructuring, merger with another fund, or division of the investment fund, the relevant procedures, and the impact they may have as regards the rights of investors
65. All information necessary for investors to be able to make an informed judgment of the investment proposed to them

XVI. Detailed information relating to participating organizations, investors' rights

66. Information relating to the investment fund manager
66.1. Name and legal form of the investment fund manager
66.2. Registered office of the investment fund manager
66.3. Registered number of the investment fund manager
66.4. Date of incorporation of the investment fund manager, indication of duration, if limited
66.5. If the investment fund manager manages other investment funds as well, indication of those other funds
66.6. Indication of other assets managed, if any
66.7. Names and positions in the company of the managers and members of the administrative, management and supervisory bodies, details of their main activities outside the company where these are of significance with respect to that company
66.8. Amount of the investment fund manager's subscribed capital with an indication of the capital paid-up
66.9. Equity capital of the investment fund manager
66.10. Number of employees of the investment fund manager
66.11. Indication of the specific tasks and functions which the investment fund manager is allowed to delegate to third parties, identification of potential conflicts of interest
66.12. Indication of companies to which investment management functions are delegated
67. Information concerning the depositary
67.1. Name and legal form of the depositary
67.2. Registered office of the depositary
67.3. Registered number of the depositary
67.4. Main activity of the depositary, duties
67.5. Scope of activities of the depositary, description of activities delegated to third persons, identification of potential conflicts of interest

67.6. Date of foundation of the depositary
67.7. Subscribed capital of the depositary
67.8. Equity capital of the depositary shown in the last financial report reviewed by an independent auditor
67.9. Number of employees of the depositary
68. Information concerning the auditor
68.1. Name and legal form of the audit firm, duties
68.2. Registered office of the audit firm
68.3. Chamber registration number of the audit firm
68.4. Name of the auditor, if a natural person
68.5. Address of the auditor, if a natural person
68.6. Chamber registration number of the auditor, if a natural person
69. Information concerning the advisers who give advice under contract which is paid for out of the assets of the investment fund
69.1. Name and legal form of the adviser, duties
69.2. Registered office of the adviser
69.3. Registered number of the adviser, name of the court of registry or other organization
69.4. Material provisions of the contract with the investment fund manager which may be relevant to the investors, excluding those relating to remuneration
70. Other significant activities of the adviser
71. Information concerning the distributors (separately for each distributor)
71.1. Name and legal form of the distributor
71.2. Registered office of the distributor
71.3. Registered number of the distributor
71.4. Scope of activities of the distributor, duties
71.5. Date of foundation of the distributor
71.6. Subscribed capital of the distributor
71.7. Equity capital of the distributor shown in the last financial report reviewed by an independent auditor
71.8. Means of forwarding to the investment fund manager the particulars of investors and their representatives collected
72. Information concerning the real estate appraiser
72.1. Name of the real estate appraiser
72.2. Registered office of the real estate appraiser
72.3. Registered number of the real estate appraiser, including any other registration number
72.4. Scope of activities of the real estate appraiser, duties
72.5. Date of foundation of the real estate appraiser
72.6. Subscribed capital of the real estate appraiser
72.7. Equity capital of the real estate appraiser
72.8. Number of employees of the real estate appraiser
73. Information relating to prime brokers
73.1. Name of the prime broker
73.2. A description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed
73.3. A description of any provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist
74. Other information related to the given subject

Chapter III[1]

1 Established by Subsection (1) of Section 111, Annex 5 of Act CIV of 2014, effective as of 1 January 2015.

Management policy of venture capital funds and private equity funds

MANAGEMENT POLICY

1. Introduction
Detailed description of the characteristics of venture capital investments and private equity investments, operating conditions.
2. Information relating to the investment fund manager
The investment fund manager's:
a) name and registered office;
b) registration number, date and place of registration;
c) number and date of activity license received from the Authority;
d) name and autobiography of senior executives;
e) name and license number of the auditor.
3. Information on the venture capital fund or private equity fund
a) name of the venture capital fund or private equity fund, registered office, date of registration, register number;
b) subscribed capital of the venture capital fund or private equity fund, regulations on the marketing of investment units and on the increase and reduction of the subscribed capital, procedure of settlement with holders of temporary investment units;
c) nominal value of investment units, quantity issued, series and serial number of such investment unit, and a description of rights attached to them;
d) sanctions to be imposed in the event of non-compliance with a request to provide the capital contribution as agreed upon at the time of subscription;
e) indication if the term of the venture capital fund or private equity fund can be extended and under what conditions, showing also the maximum term of extension, if applicable;
f) description of the venture capital fund's or private equity fund investment strategy, possibility and conditions for changes;
g) indication if borrowing is permitted, showing also the applicable restrictions;
h) conditions for lending, showing also if lending is permitted or precluded;
i) detailed rules for the determination and payment of capital gains and returns, regulations on the distribution or reinvestment of capital gains produced by the venture capital fund or the private equity fund (whether the venture capital fund or the private equity fund pays any yield within its duration of operation, if any, or reinvests the entire sum; if yield is paid, how often is it distributed, etc.);
j) itemized list of fees and expenditures expected to be paid by the venture capital fund or the private equity fund, detailed information on the amounts of fees and expenses, or on the method of calculation, and on the accounting of such;
k) rules pertaining to the notification of holders of investment units;
l) information on consultants and other participants;
m) regulations pertaining to the termination of the venture capital fund or private equity fund;
n) conditions for the investment fund manager's remuneration, the form, extent and calculation method of such fees, payment conditions;
o) procedure for the amendment of the management policy;
p) provisions for the calculation and disclosure of the net asset value;
q) rules relating to the use of liquid assets.

Annex 4 to Act XVI of 2014

Content of information for notices of dissolution

A notice of dissolution shall inter alia indicate the following:
1. the mandatory information prescribed for the annual account;
2. the book value of the assets in the portfolio, separately for each asset;
3. the proceeds from the sale of assets;
4. any additional revenue;
5. payments made in connection with liabilities;
6. an itemized list of costs and fees charged in dissolution proceedings;
7. the amount of capital to be distributed among the investors;
8. the amount payable per investment unit; and
9. the first day and place of payment.

Annex 5 to Act XVI of 2014

Prospectus of public investment funds

Prospectus

I. Information concerning the investment fund

1. Particulars of the investment fund
1.1. Name of the investment fund
1.2. Concise name of the investment fund
1.3. Registered office of the investment fund
1.4. Name of the investment fund manager
1.5. Name of the depositary
1.6. Name of the distributor
1.7. Form of operation of the investment fund (private or public)
1.8. Type of the investment fund (open-ended or closed-ended)
1.9. Maturity of the investment fund (term fixed or unfixed), with an indication of duration, if fixed term
1.10. Indication if the investment fund is recognized as a harmonized fund according to the UCITS Directive
1.11. Number and description of any series issued by the investment fund, showing the differences between each series
1.12. Primary category of assets in which the investment fund may invest (securities or real estate fund)
1.13. Indication of any reference for guarantee to protect the capital invested (capital guarantee) or to guarantee the earnings (yield guarantee), whether by bank guarantee or suretyship insurance, or if this is supported by the investment fund's adequate investment policy (capital or yield protection) and may undertake to guarantee the earnings (yield protection), with an indication of the paragraph of the investment fund's management policy containing the conditions therefor
1.14. Other information related to the given subject
2. Decisions concerning the investment fund
2.1. Depending on the form of operation and type of the investment fund, date of acceptance, approval by the fund manager of the investment fund's management policy, prospectus, key investor information and public notice, number of the fund manager's resolution (separately for each issue or series)
2.2. Depending on the form of operation and type of the investment fund, date and number of Authority's approval of the investment fund's management policy, prospectus, key investor information and public notice, and on the authorization of public offering (separately for each series)

2.3. Date and number of the Authority’s resolution on the registration of the investment fund
2.4. Register number of the investment fund in the register of the Authority
2.5. Depending on the form of operation and type of the investment fund, date and number of approval by the fund manager of the amendment of the investment fund’s management policy, prospectus and key investor information
2.6. Date and number of the Authority’s resolutions on the approval of amendments to the investment fund’s management policy
2.7. Other information related to the given subject
3. Risk profile of the investment fund
3.1. Objective of the investment fund
3.2. Profile of the typical investor for whom the investment units of the investment fund are intended
3.3. Categories of assets in which the investment fund is authorized to invest, with an indication if the investment fund is authorized to conduct transactions in financial derivative instruments
3.4. A prominent statement drawing attention to the sections of the investment fund’s management policy where the risk factors of the investment fund are demonstrated
3.5. Objective of transactions in derivative instruments (for the purpose of hedging or with the aim of meeting investment goals), and the possible outcome of the use of derivative instruments on the risk profile
3.6. Where an investment fund invests, based on its investment policy, in transferable securities or money market instruments issued by the same body or in deposits or OTC derivative instruments made with this body, and the total level of risk exposure of the investment fund from such transactions exceeds 20 per cent of the investment fund’s assets, a prominent statement drawing attention to the specific risk arising from such exposure
3.7. Where an investment fund invests principally in any category of assets other than transferable securities or money market instruments, or where an investment fund replicates a specific index, a prominent statement drawing attention to that clause of the investment fund’s investment policy
3.8. Where the net asset value of an investment fund is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, a prominent statement drawing attention to that characteristic
3.9. If the investment fund is authorized by the Authority to invest up to 100 per cent of its assets into transferable securities or money market instruments by a central, regional or local authority of any EEA Member State, a non-Member State or by a public international body to which one or more Member States belong, a prominent statement drawing attention to that characteristic
3.10. Other information related to the given subject
4. Access to information provided to investors
4.1. Statement of the place where the investment fund’s prospectus, management policy, key investor information and periodic reports may be obtained, and where communications within the framework of extraordinary disclosure of information, such as information as regards payments made to investors and pertaining to the redemption of investment units, are made available
4.2. Other information related to the given subject
5. Taxation information
5.1. Brief description of the tax regulations applicable to the investment fund and which are relevant to the investors
5.2. Details of whether deductions are made at source from the income and capital gains paid to investors

II. Information related to marketing

6. Issuance of investment units
6.1. Procedures and conditions of issue and sale of investment units
6.2. The highest and lowest issue amount
6.3. Allocation criteria
6.3.1. Allocation procedure upon reaching the subscription limit
6.3.2. Date for the closure of allocation upon reaching the subscription limit
6.3.3. Means of notice of allocation
6.4. Issue price of the investment units
6.4.1. Means of publication of those prices
6.4.2. Place of publication of those prices
6.5. Costs and expenses charged in connection with the marketing of investment units

III.[1] Detailed information relating to participating organizations

7. Information relating to the investment fund manager
7.1. Name and legal form of the investment fund manager
7.2. Registered office of the investment fund manager
7.3. Registered number of the investment fund manager
7.4. Date of incorporation of the investment fund manager, indication of duration, if limited
7.5. If the investment fund manager manages other investment funds as well, indication of those other funds
7.6. Indication of other assets managed, if any
7.7. Names and positions in the company of the managers and members of the administrative, management and supervisory bodies, details of their main activities outside the company where these are of significance with respect to that company
7.8. Amount of the investment fund manager's subscribed capital with an indication of the capital paid-up
7.9. Equity capital of the investment fund manager
7.10. Number of employees of the investment fund manager
7.11. Indication of the specific tasks and functions which the investment fund manager is allowed to delegate to third parties
7.12. Indication of companies to which investment management functions are delegated
7.13.[2] the details of the UCITS manager's remuneration policy (such as, for example, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists)
7.14.[3] a summary of the UCITS manager's remuneration policy
7.15.[4] a statement from the UCITS manager to the effect that the details of the remuneration policy referred to in Point 7.13 are available by means of a website - including a reference to that website - and that a paper copy will be made available upon request.
8. Information concerning the depositary
8.1. Name and legal form of the depositary
8.2. Registered office of the depositary
8.3. Registered number of the depositary

1 Amended by Paragraph g) of Section 255 of Act LXXXV of 2015, Paragraph b) of Section 138 of Act LIII of 2016.
2 Enacted by Subsection (2) of Section 164, Annex No. 3 of Act CCXV of 2015, effective as of 18 March 2016.
3 Enacted by Subsection (2) of Section 164, Annex No. 3 of Act CCXV of 2015, effective as of 18 March 2016.
4 Enacted by Subsection (2) of Section 164, Annex No. 3 of Act CCXV of 2015, effective as of 18 March 2016.

8.4. Main activity of the depositary
8.5. Scope of activities of the depositary
8.6. Date of foundation of the depositary
8.7. Subscribed capital of the depositary
8.8. Equity capital of the depositary shown in the last financial report reviewed by an independent auditor
8.9. Number of employees of the depositary
9. Information concerning the auditor
9.1. Name and legal form of the audit firm
9.2. Registered office of the audit firm
9.3. Chamber registration number of the audit firm
9.4. Name of the auditor, if a natural person
9.5. Address of the auditor, if a natural person
9.6. Chamber registration number of the auditor, if a natural person
10. Information concerning the advisers who give advice under contract which is paid for out of the assets of the investment fund
10.1. Name and legal form of the adviser
10.2. Registered office of the adviser
10.3. Registered number of the adviser, name of the court of registry or other organization
10.4. Material provisions of the contract with the investment fund manager which may be relevant to the investors, excluding those relating to remuneration
10.5. Other significant activities of the adviser
11. Information concerning the distributors (separately for each distributor)
11.1. Name and legal form of the distributor
11.2. Registered office of the distributor
11.3. Registered number of the distributor
11.4. Scope of activities of the distributor
11.5. Date of foundation of the distributor
11.6. Subscribed capital of the distributor
11.7. Equity capital of the distributor shown in the last financial report reviewed by an independent auditor
11.8. Means of forwarding to the investment fund manager the particulars of investors and their representatives collected
12. Information concerning the real estate appraiser
12.1. Name of the real estate appraiser
12.2. Registered office of the real estate appraiser
12.3. Registered number of the real estate appraiser, including any other registration number
12.4. Scope of activities of the real estate appraiser
12.5. Date of foundation of the real estate appraiser
12.6. Subscribed capital of the real estate appraiser
12.7. Equity capital of the real estate appraiser
12.8. Number of employees of the real estate appraiser
13. Other information related to the given subject
The abovebreakdown shall be used taking also into account the provisions set out in Paragraph *c)* of Subsection (3) of Section 70.

Annex 6 to Act XVI of 2014

Mandatory information prescribed for yearly and half-yearly reports

Yearly and half-yearly reports shall inter alia contain the following information:

I. Statement of assets and liabilities

Detailed list of the investment fund's assets and liabilities, broken down by categories defined in the investment policy, or containing inter alia the categories below shown at the beginning and end of the relevant period. For each asset, the figures must indicate the share of that asset in the full portfolio.

a) transferable securities,
b) bank balances,
c) other assets,
d) total assets,
e) liabilities,
f) net asset value.

II. Number of investment units in circulation

III. Net asset value per investment unit

IV. Portfolios of the investment fund, distinguishing between:
a) transferable securities admitted to official stock exchange listing;
b) transferable securities dealt in on another regulated market;
c) recently issued transferable securities;
d) other transferable securities;
e) debt securities;
f)[1] in the case of venture capital funds and private equity funds, interests and other partnership shares.

The above shall be analyzed in accordance with the most appropriate criteria in the light of the investment policy of the investment fund as a percentage of net assets; for each of the above investments the proportion it represents of the total assets of the investment fund. Statement of changes in the composition of the portfolio during the reference period.

Additional information relating to the annual report[2]

V. Statement of the developments concerning the assets of the investment fund during the reference period including the following:
a) income from investments,
b) other income,
c) management charges,
d) depositary's charges,
e) other charges and taxes,
f) net income,
g) distributions and income reinvested,
h) changes in capital account,
i) appreciation or depreciation of investments,
j) any other changes affecting the assets and liabilities of the investment fund.

VI. A comparative table covering the last three business years and including, for each business year, at the end of the business year:
a) the total net asset value,
b) the net asset value per investment unit.

VII. Details of derivative transactions, by category of transaction during the reference period, indicating the resulting amount of commitments.

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1 Enacted by Section 41 of, and Annex 6 to, Act XXXIII of 2014, effective as of 15 July 2014.
2 Enacted by Subsection (3) of Section 164, Subsection (1) of Annex No. 4 of Act CCXV of 2015, effective as of 18 March 2016.

VIII. Changes in the investment fund manager's operations, and a description of the major factors having an impact on the investment policy.

IX. The total amount of remuneration for the business year, split into fixed and variable remuneration, paid by the AIFM - other than the AIFMs provided for in Subsection (2) of Section 2 - to its staff, and number of beneficiaries, and, where relevant, carried interest paid, and the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.

X. For each of the EU AIFs managed by AIFM - other than the AIFMs provided for in Subsection (2) of Section 2 - and for each of the AIFs that they market in EEA Member States:
a) the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;
b) any new arrangements for managing the liquidity of the AIF concluded during the given period;
c) the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks.

XI. AIFMs managing EU AIFs employing leverage or marketing in EEA Member States AIFs employing leverage shall, for each such AIF disclose any changes to the maximum level of leverage which the AIFM may employ on behalf of the AIF as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement, and the total amount of leverage employed by that AIF.
XII.[1] As regards UCITS managers:
a) the total amount of remuneration for the year, split into fixed and variable remuneration paid by the UCITS manager to its staff, and the number of beneficiaries, and where relevant, any amount paid directly by the UCITS itself, including any commission;
b) the aggregate amount of remuneration for the year, broken down by categories of employees or other members of staff as referred to in Point 2 of Annex 13;
c) the method of calculation of the remuneration and the benefits for the year;
d) the outcome of the reviews referred to in Paragraphs *c)* and *d)* of Point 1 of Annex 13 of its remuneration policy, including any irregularities that have occurred;
e) material changes to the adopted remuneration policy.

Annex 7 to Act XVI of 2014

👉*Additional information to be disclosed in the yearly and half-yearly reports of public real estate funds*

1. The annual report shall contain the following information for each real estate property:
a) address; land register reference number; classification under either of the functional categories defined in Point 2 below; gross and net floor space available for leasing; year of construction and occupancy; length of the planned period of holding. For condominiums these data may be provided for the entire building on the aggregate,
b) for landed properties: zoning; permissible building space; level space index; building height; minimum green area index; available utilities; availability of building permit.

1 Enacted by Subsection (3) of Section 164, Subsection (2) of Annex No. 4 of Act CCXV of 2015, effective as of 18 March 2016.

2. The annual and half-yearly report shall provide aggregate information on all real estate properties in holding broken down according to the following categories in terms of function and geographical location separately for each type of real estate property:

Functional categories	Property value (Forints)		
	Budapest and vicinity	Other sections of Hungary	Outside of Hungary
Land			
Residential real estate			
Office space			
Commercial properties			
Logistics properties			
Industrial real estate			
Multi-purpose properties			
Buildings under construction			
Other properties			
Total:			

The category “Budapest and vicinity” covers the city of Budapest and the adjacent communities, whereas “Other sections of Hungary” covers all Hungarian communities other than those listed under “Budapest and vicinity”.

Where any functional category contains at least two properties (from this perspective condominiums are treated as one property), the data under functional categories must be published. In the case of one real estate property, it may be listed under “Other properties” and this designation may be indicated for the property’s functional category as well. A real estate property shall be listed under a specific functional category if its use according to the function represents at least 60 per cent of its value or net leasing space. ‘Multi-purpose property’ means when neither of the functions are dominating from the standpoint of utilization.

3. The annual and half-yearly report shall contain the following data and indicators, broken down according to functional categories and in total:

a) net income from leasing (exclusive of VAT and costs covered by the lessor) for a given period, showing separately the income in any foreign currency, if applicable;

b) rate of occupancy (net leased space divided by the total net leasing space available, according to the lease contracts in effect on the accounting date);

c) property portfolio earning capacity (net annual lease charges divided by the total net asset value, according to the lease contracts in effect on the accounting date);

d) average income from leasing (net annual income from leasing divided by the net lease space available);

e) average property value (net asset value of all real estate properties shown on the accounting date divided by the gross total space of all real estate properties);

f) changes expressed in percentage of properties during a specific period (the difference in value between the first and last day of the period, less any improvements completed during the period, divided by the market value of the property shown under net asset value at the beginning of the period).

4. The annual and half-yearly report shall contain the following data on the aggregate for the entire real estate portfolio:

a) share of the real estate portfolio in the net asset value at the beginning and end of the period;

b) average lease terms (lease term weighted with the relevant lease charges, indicating the notice period for the termination of contracts for unfixed lease terms);

c) number of tenants, buyers;

d) level of coverage of lease contracts (value of collateral divided by the total of net monthly lease charges and overhead expenses);

e) leverage requirements (amount of all loans outstanding on the accounting date divided by the net asset value on the accounting date).

5. Annual reports shall indicate under income, charges and expenses:

a) profit from sales of real estate properties (the sum above the value of record);

b) gains/losses on hedging transactions;

c) funds received in indemnity or as earnest money, or sums paid out as such;

d) fees paid by investors to the fund in connection with the marketing of investment units;

e) operating expenses;

f) utility charges;

g) maintenance costs;

h) insurance costs;

i) property taxes;

j) property appraisal costs;

k) commissions of real estate agents;

l) legal expenses;

m) bank charges;

n) interest expenses.

Annex 8 to Act XVI of 2014[1]

Annex 9 to Act XVI of 2014

Particulars of the standard agreement between a depositary and a UCITS manager

I. The agreement shall contain at least the following particulars related to the services provided by and procedures to be followed by the parties to the agreement:

a) a description of the procedures, including those related to the safekeeping, to be adopted for each type of asset of the UCITS entrusted to the depositary;

b) a description of the procedures to be followed where the UCITS manager envisages a modification of the fund rules or prospectus of the UCITS, and identifying when the depositary should be informed, or where a prior agreement from the depositary is needed to proceed with the modification;

c) a description of the means and procedures by which the depositary will transmit to the UCITS manager all relevant information that the UCITS manager needs to perform its duties including a description of the means and procedures related to the exercise of any rights attached to financial instruments, and the means and procedures applied in order to allow the UCITS manager and the UCITS to have timely and accurate access to information relating to the accounts of the UCITS;

d) a description of the means and procedures by which the depositary will have access to all relevant information it needs to perform its duties;

e) a description of the procedures by which the depositary has the ability to enquire into the conduct of the UCITS manager and to assess the quality of information transmitted, including by way of on-site visits;

f) a description of the procedures by which the UCITS manager can review the performance of the depositary in respect of the depositary’s contractual obligations.

II. The agreement is to include at least the following elements related to the exchange of information and obligations on confidentiality and money laundering:

a) a list of all the information that needs to be exchanged between the UCITS, the UCITS manager and the depositary related to the subscription, redemption, issue, cancellation and repurchase of investment units of the UCITS;

1 Repealed by Section 227 of Act LXVII of 2016, effective as of 1 January 2017.

b) the confidentiality obligations applicable to the parties to the agreement, which shall be drawn up so as not to impair the ability of either the Authority or the supervisory authorities of the UCITS home Member State in gaining access to relevant documents and information;
c) information on the tasks and responsibilities of the parties to the agreement in respect of obligations relating to the prevention of money laundering and the financing of terrorism, where applicable.

III. Where the depositary or the UCITS manager envisage appointing third parties to carry out their respective duties, the parties to the agreement are required to include at least the following particulars in that agreement:
a) an undertaking by both parties to the agreement to provide details, on a regular basis, of any third parties appointed by the depositary or the UCITS manager to carry out their respective duties;
b) an undertaking that, upon request by one of the parties, the other party will provide information on the criteria used for selecting the third party and the steps taken to monitor the activities carried out by the selected third party;
c) a statement that a depositary's liability as referred to in Subsection (2) of Section 44 shall not be affected by the fact that it has entrusted to a third party all or some of the assets in its safekeeping.

IV. The agreement shall include at least the following particulars related to amendments and the termination of the agreement:
a) the period of validity of the agreement;
b) the conditions under which the agreement may be amended or terminated;
c) the conditions which are necessary to facilitate transition to another depositary and, in case of such transition the procedure by which the depositary shall send all relevant information to the other depositary.

V. Other provisions relating to the agreement:
a) The agreement shall specify that the law of the UCITS' home Member State applies to that agreement.
b) In cases where the parties to the agreement agree to the use of electronic transmission for part or all of information that flows between them, the agreement shall contain provisions ensuring that a record is kept of such information.
c) If the agreement covers more than one UCITS managed by the UCITS manager, the agreement shall list the UCITS covered.
d) Parties to the agreement are allowed to include details of means and procedures referred to in Paragraphs *c)* and *d)* of Point I in a separate written agreement.

Annex 10 to Act XVI of 2014

A) Mandatory information for agreements between the master UCITS and the feeder UCITS

1. The agreement between the master UCITS and the feeder UCITS shall include the following with regard to access to information:
a) how the master UCITS provides the feeder UCITS with a copy of its prospectus, management policy and key investor information;
b) how the master UCITS informs the feeder UCITS of a delegation of investment management and risk management functions to third parties;
c) how the master UCITS provides the feeder UCITS with internal operational documents and reports;
d) what details of breaches by the master UCITS of the law shall notify the feeder UCITS of and the manner and timing thereof;

e) how the master UCITS will provide the feeder UCITS with information about its actual exposure to financial derivative instruments;

f) a statement that the master UCITS informs the feeder UCITS of any other information-sharing arrangements entered into with third parties and where applicable, how and when the master UCITS makes those other information-sharing arrangements available to the feeder UCITS.

2. The agreement between the master UCITS and the feeder UCITS shall include the following with regard to the basis of investment and divestment by the feeder UCITS:

a) a statement of which share classes of the master UCITS are available for investment by the feeder UCITS;

b) the charges and expenses to be borne by the feeder UCITS, and details of any rebate or retrocession of charges or expenses by the master UCITS;

c) the terms on which any initial or subsequent transfer of assets may be made from the feeder UCITS to the master UCITS.

3. The agreement between the master UCITS and the feeder UCITS shall include the following with regard to dealing arrangements relating to the marketing of collective investment instruments:

a) coordination of the frequency and timing of the net asset value calculation process and the publication of prices of collective investment instruments;

b) coordination of transmission of orders by the feeder UCITS, including, where applicable, the role of transfer agents or any other third party;

c) any arrangements necessary to take account of the fact that either or both UCITS are listed or traded on a secondary market;

d) where necessary, other appropriate measures to ensure compliance with the requirements of Subsection (2) of Section 143;

e) where the collective investment instruments of the feeder UCITS and the master UCITS are denominated in different currencies, the basis for conversion of orders relating to the collective investment instruments;

f) settlement cycles and payment details for purchases or subscriptions and repurchases or redemptions of collective investment instruments of the master UCITS including, where agreed between the parties, the terms on which the master UCITS may settle redemption requests by a transfer of assets in kind to the feeder UCITS, notably in the cases referred to in Subsections (4) and (5) of Section 143;

g) procedures to ensure inquiries and complaints from investors are handled appropriately;

h) where the fund rules or instruments of incorporation and prospectus of the master UCITS give it certain rights or powers in relation to investors, and the master UCITS chooses to limit or forego the exercise of all or any such rights and powers in relation to the feeder UCITS, a statement of the terms on which it does so.

4. The agreement between the master UCITS and the feeder UCITS shall include the following with regard to events affecting dealing arrangements relating to collective investment instruments:

a) the manner and timing of a notification by either UCITS of the temporary suspension and the resumption of repurchase, redemption, purchase or subscription of collective investment instruments of that UCITS;

b) arrangements for notifying and resolving errors in the calculation of net asset value in the master UCITS.

5. The agreement between the master UCITS and the feeder UCITS shall include the following with regard to standard arrangements for the independent audit report:

a) where the feeder UCITS and the master UCITS have the same business years, the coordination of the production of their periodic reports;

b) where the feeder UCITS and the master UCITS have different business years, arrangements for the feeder UCITS to obtain any necessary information from the master UCITS to enable it to produce its periodic reports on time and which ensure that the master UCITS is in a position to produce an ad hoc report on the closing date of the feeder UCITS in accordance with Subsection (2) of Section 145.

6. The agreement between the master UCITS and the feeder UCITS shall include the following with regard to changes to standing arrangements and contract existing between the parties:

a) the manner and timing of notice to be given by the master UCITS of proposed and effective amendments to its management policy or instrument of constitution, prospectus and key investor information, if these details differ from the standard arrangements for notification of investors;

b) the manner and timing of notice by the master UCITS of a planned or proposed liquidation, merger, or division;

c) the manner and timing of notice by either UCITS that it has ceased or will cease to meet the qualifying conditions to be a feeder UCITS or a master UCITS respectively;

d) the manner and timing of notice by either UCITS that it intends to replace its management company, its depositary, its auditor or any third party which is mandated to carry out investment management or risk management functions;

e) the manner and timing of notice of other changes that the master UCITS undertakes to provide.

7. The agreement between the master UCITS and the feeder UCITS shall specify the following with respect to applicable law:

a) where both parties are established in Hungary, Hungarian law shall apply to the agreement and both parties agree to the exclusive jurisdiction of the courts of Hungary;

b) where the feeder UCITS and the master UCITS are established in different EEA Member States, the applicable law shall be the law of either those EEA Member States and both parties agree to the exclusive jurisdiction of the courts of the EEA Member State whose law they have stipulated to be applicable to the agreement.

B) Mandatory information for agreements between the master UCITS and the feeder UCITS with regard to the internal conduct of business rules

1. The internal conduct of business rules shall include appropriate measures to mitigate conflicts of interest that may arise between the feeder UCITS and the master UCITS, or between the feeder UCITS and other investors of the master UCITS, to the extent that these are not sufficiently addressed by the measures applied by the management company in its internal conduct of business rules.

2. The internal conduct of business rules shall include at least the following with regard to the basis of investment and divestment by the feeder UCITS:

a) a statement of which classes of collective investment instruments of the master UCITS are available for investment by the feeder UCITS;

b) the charges and expenses to be borne by the feeder UCITS, and details of any rebate or retrocession of charges or expenses by the master UCITS;

c) the terms on which any initial or subsequent transfer of assets may be made from the feeder UCITS to the master UCITS.

3. The internal conduct of business rules shall include the following with regard to dealing arrangements relating to the marketing of collective investment instruments:

a) coordination of the frequency and timing of the net asset value calculation process and the publication of prices of collective investment instruments;

b) coordination of transmission of orders by the feeder UCITS, including, where applicable, the role of transfer agents or any other third party;

c) any arrangements necessary to take account of the fact that either or both UCITS are listed or traded on a secondary market;

d) other appropriate measures to ensure compliance with the requirements of Subsection (2) of Section 143;

e) where the investment units of the feeder UCITS and the master UCITS are denominated in different currencies, the basis for conversion of orders relating to the investment units;

f) settlement cycles and payment details for purchases or subscriptions and repurchases or redemptions of collective investment instruments of the master UCITS including, where agreed between the parties, the terms on which the master UCITS may settle redemption requests by a transfer of assets in kind to the feeder UCITS, notably in the cases referred to in Subsections (4) and (5) of Section 143;

g) where the fund rules or instruments of incorporation and prospectus of the master UCITS give it certain rights or powers in relation to investors, and the master UCITS chooses to limit or forego the exercise of all or any such rights and powers in relation to the feeder UCITS, a statement of the terms on which it does so.

4. The internal conduct of business rules shall include the following with regard to events affecting dealing arrangements relating to the marketing of collective investment instruments:

a) the manner and timing of a notification by either UCITS of the temporary suspension and the resumption of repurchase, redemption, purchase or subscription of collective investment instruments of that UCITS;

b) arrangements for notifying and resolving errors in the calculation of net asset value in the master UCITS.

5. The internal conduct of business rules shall include the following with regard to standard arrangements for the independent audit report:

a) where the feeder UCITS and the master UCITS have the same business years, the coordination of the production of their periodic reports;

b) where the feeder UCITS and the master UCITS have different business years, arrangements for the feeder UCITS to obtain any necessary information from the master UCITS to enable it to produce its periodic reports on time and which ensure that the master UCITS is in a position to produce an ad hoc report on the closing date of the feeder UCITS in accordance with Subsection (2) of Section 145.

Annex 11 to Act XVI of 2014

Content of the information-sharing agreement between depositaries

1. The information-sharing agreement between the depositary of the master UCITS and the depositary of the feeder UCITS shall include the following:

a) the identification of the documents and categories of information which are to be routinely shared between both depositaries, and whether such information or documents are provided by one depositary to the other or made available on request;

b) the manner and timing, including any applicable deadlines, of the transmission of information by the depositary of the master UCITS to the depositary of the feeder UCITS;

c) the coordination of the involvement of both depositaries in relation to operational matters, including:

ca) the procedure for calculating the net asset value of each UCITS, including any measures appropriate to protect against the activities of market timing in accordance with Subsection (2) of Section 143,

cb) the processing of instructions by the feeder UCITS to purchase, subscribe or request the repurchase or redemption of collective investment instruments in the master UCITS, and the settlement of such transactions, including any arrangement to transfer assets in kind;

d) the coordination of business year-end procedures;

e) what details of breaches by the master UCITS of the law and the fund rules or instrument of constitution the depositary of the master UCITS shall provide to the depositary of the feeder UCITS and the manner and timing of their provision;

f) the procedure for handling ad hoc requests for assistance from one depositary to the other;

g) identification of particular contingent events which ought to be notified by one depositary to the other on an ad hoc basis, and the manner and timing in which this will be done.

2. The agreement between depositaries shall specify the following with respect to applicable law:

a) where the feeder UCITS and the master UCITS has different management companies and, accordingly, there is an agreement in place between the feeder UCITS and the master UCITS in accordance with Subsection (1) of Section 143, the applicable law shall be the law fixed in that agreement and both parties agree to the exclusive jurisdiction of the courts specified in that agreement;

b) where the feeder UCITS and the master UCITS has the same management company and, accordingly, the relationship between these two UCITS are governed by the internal conduct of business rules referred to in Subsection (1) of Section 143, the applicable law shall be either that of the EEA Member State in which the feeder UCITS is established or, where different, that of the EEA Member State in which the master UCITS is established, and that both parties agree to the exclusive jurisdiction of the courts of the EEA Member State whose law is applicable to the information-sharing agreement.

Annex 12 to Act XVI of 2014

Mandatory contents of the information-sharing agreement between auditors

1. The information-sharing agreement between the auditor of the master UCITS and the auditor of the feeder UCITS shall include the following:

a) the identification of the documents and categories of information which are to be routinely shared between both auditors;

b) whether the information or documents referred to in Paragraph *a)* are to be provided by one auditor to the other or made available on request;

c) the manner and timing, including any applicable deadlines, of the transmission of information by the auditor of the master UCITS to the auditor of the feeder UCITS;

d) the coordination of the involvement of each auditor in the accounting year-end procedures for the respective UCITS;

e) identification of matters that shall be treated as irregularities disclosed in the independent audit report of the auditor of the master UCITS for the purposes of Subsection (2) of Section 145;

f) the manner and timing for handling ad hoc requests for assistance from one auditor to the other, including a request for further information on irregularities disclosed in the independent audit report of the auditor of the master UCITS.

2. The agreement shall include provisions on the preparation of the independent audit reports referred to in Subsection (2) of Section 145 and the manner and timing for the provision of the independent audit report for the master UCITS and drafts of it to the auditor of the feeder UCITS.

3. Where the feeder UCITS and the master UCITS have different accounting year-end dates, the agreement shall include the manner and timing by which the auditor of the master UCITS is to make the ad hoc report required by Subsection (2) of Section 145 and to provide it and drafts of it to the auditor of the feeder UCITS.

4. The agreement between auditors shall specify the following with respect to applicable law:

a) where the feeder UCITS and the master UCITS has different management companies and, accordingly, there is an agreement in place between the feeder UCITS and the master UCITS in accordance with Subsection (1) of Section 143, the applicable law shall be the law fixed in that agreement and both parties agree to the exclusive jurisdiction of the courts specified in that agreement;

b) where the feeder UCITS and the master UCITS has the same management company and, accordingly, the relationship between these two UCITS are governed by the internal conduct of business rules referred to in Subsection (1) of Section 143, the applicable law shall be either that of the EEA Member State in which the feeder UCITS is established or that of the EEA Member State in which the master UCITS is established, and that both parties agree to the exclusive jurisdiction of the courts of the EEA Member State whose law is applicable to the information-sharing agreement.

Annex 13 to Act XVI of 2014[1]

Remuneration Policy

1. When establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the investment fund managers or of investment funds they manage, investment fund managers shall comply with the following principles in a way and to the extent that is appropriate to their size, internal organization and the nature, scope and complexity of their activities:

a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, management policy of the investment funds they manage;

b) the remuneration policy is in line with the business strategy, objectives, values and interests of the investment fund manager and the investment funds it manages or the investors of such investment funds, and includes measures to avoid conflicts of interest;

c) the management body of the investment fund manager, in its supervisory function, adopts and at least once a year reviews the general principles of the remuneration policy and is responsible for its implementation;

d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;

e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

f) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee, where such a committee exists;

g) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or investment fund concerned as to their risks and of the overall results of the investment fund manager, and when assessing individual performance, financial as well as non-financial criteria are taken into account;

1 Established by Subsection (4) of Section 164, Annex 5 of Act CCXV of 2015, effective as of 18 March 2016.

h) the assessment of performance is set in a multi-year framework appropriate to the life-cycle of the investment funds managed by the investment fund manager, and to the holding period recommended to the investors in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the investment funds the investment fund manager manages and their investment risks;

i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;

j) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component;

k) payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

l) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

m) subject to the management policy of the investment fund, a substantial portion, and in any event at least 50 per cent of any variable remuneration consists of collective investment instruments of the investment fund concerned, or equivalent non-cash instruments, unless the management of investment funds accounts for less than 50 per cent of the total portfolio managed by the investment fund manager, in which case the minimum of 50 per cent does not apply;

The instruments referred to above shall be subject to an appropriate retention policy designed to align incentives with the interests of the investment fund manager and the investment fund that it manages and the investors of such investment funds. The Authority may place restrictions on the types and designs of those instruments or ban certain instruments as appropriate. This Paragraph shall be applied to both the portion of the variable remuneration component deferred in line with Paragraph *n)* and the portion of the variable remuneration component not deferred;

n) a substantial portion, and in any event at least 40 per cent, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the investment fund concerned and is correctly aligned with the nature of the risks of the investment fund in question.

The period referred to in this Paragraph shall be at least three years unless the life cycle of the investment fund concerned is shorter; remuneration payable under deferral arrangements vests upon the employee no faster than on a pro-rata basis. If the variable remuneration component is higher than the limit specified in the internal policy, at least 60 per cent of the amount is deferred.

o) the variable remuneration, including the deferred portion, is paid to the employee or vests only if it is sustainable according to the financial situation of the investment fund manager as a whole, and justified according to the performance of the business unit, the investment fund and the individual concerned.

The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the investment fund manager or of the investment fund concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the investment fund manager and the investment funds it manages.

If the employee leaves the investment fund manager before retirement, discretionary pension benefits shall be held by the investment fund manager for a period of five years in the form of instruments defined in Paragraph *m)*. In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in Paragraph *m)*, subject to a five year retention period;

q) staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

r) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of this Act.

2. The principles set out in Point 1 shall apply to remuneration of any type paid by the investment fund manager, to any amount paid directly by the investment fund itself, including carried interest, and to any transfer of collective investment instruments of the investment fund, made to the benefits of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile or the risk profiles of the investment fund that they manage.

3. Investment fund managers that are significant in terms of their size or the size of the investment funds they manage, their internal organization and the nature, the scope and the complexity of their activities shall establish a remuneration committee. No remuneration committee is to be established by an investment fund manager that is covered - under Subsection (4) of Section 117 of the CIFE - by the remuneration policy of a credit institution on a consolidated basis, and if the credit institution has in place a remuneration committee at the group level, covering the investment fund manager in question as well.

The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the investment fund manager or the investment fund concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the investment fund manager concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the investment fund manager concerned.

Annex 14 to Act XVI of 2014

Documentation and information to be provided in case of intended marketing in Hungary of the collective investment instruments of non-EU AIFs or EU AIFs authorized in other EEA Member States by AIFM established in Hungary

a) A notification letter, including a program of operations identifying the AIFs the AIFM intends to market and information on where the AIFs are established;

b) the AIF management policy;

c) identification of the depositary of the AIF;

d) a description of, or any information on, the AIF available to investors;

e) information on where the master AIF is established if the AIF is a feeder AIF;

f) any additional information referred to in the management policy for each AIF the AIFM intends to market;

g) where relevant, information on the arrangements established to prevent investments of the AIF from being marketed to retail investors, including in the case where the AIFM relies on activities of independent entities to provide investment services in respect of the AIF.

Annex 15 to Act XVI of 2014

Documentation and information to be provided in case of intended marketing in any EEA Member State of the collective investment instruments of AIFs by AIFM established in Hungary

a) A notification letter, including a program of operations identifying the AIFs the AIFM intends to market and information on where the AIFs are established;
b) the AIF management policy;
c) identification of the depositary of the AIF;
d) a description of, or any information on, the AIF available to investors;
e) information on where the master AIF is established if the AIF is a feeder AIF;
f) any additional information referred to in the management policy for each AIF the AIFM intends to market;
g) the indication of the EEA Member States in which it intends to market the collective investment instruments of the AIF to professional investors;
h) information about arrangements made for the marketing of AIFs and, where relevant, information on the arrangements established to prevent collective investment instrument of the AIF from being marketed to retail investors, including in the case where the AIFM relies on activities of independent entities to provide investment services in respect of the AIF;
i)[1] the details necessary, including the address, for the invoicing or for the communication of any applicable regulatory fees or charges by the competent authorities of the host Member State of the AIFM;
j)[2] information on the facilities for performing the tasks referred to in Section 120/A.

Annex 16-17 to Act XVI of 2014[3]

Annex 18 to Act XVI of 2014[4]

Annex 19 to Act XVI of 2014[5]

1 Enacted by Section 119, Point 1 of Annex 7 of Act LVIII of 2021, effective as of 2 August 2021.
2 Enacted by Section 119, Point 1 of Annex 7 of Act LVIII of 2021, effective as of 2 August 2021.
3 Repealed by Section 12 of Act CXXX of 2010, effective as of 26 February 2014.
4 Repealed by Section 12 of Act CXXX of 2010, effective as of 2 October 2014.
5 Repealed by Section 12 of Act CXXX of 2010, effective as of 26 February 2014. The correction published in page 3446 of volume 2014/34 of the Magyar Közlöny shall not be given legal effect. See Subsection (1) of Section 28 of Act CXXX of 2010.

TARTALOMJEGYZÉK