

Act CCVIII of 2011
on the Magyar Nemzeti Bank

Pursuant to Article 41 of the Constitution, the Hungarian Parliament hereby adopts the following Act on the Magyar Nemzeti Bank, its primary objectives, basic tasks, institutional, organisational, personal and financial independence and its operations, with due respect to the requirements of an advanced market economy and for implementation of the Constitution.

CHAPTER I

LEGAL STATUS, PRIMARY OBJECTIVE AND BASIC TASKS OF THE MAGYAR NEMZETI BANK

1. Legal status and primary objective of the Magyar Nemzeti Bank

Article 1

(1) The Magyar Nemzeti Bank (hereinafter the ‘MNB’) is a member of the European System of Central Banks (ESCB).

(2) The MNB, and the members of its bodies, in carrying out their task and duties set out herein, shall be independent and shall neither seek nor take instructions from the Government, or the institutions, bodies or offices of the European Union, with the exception of the European Central Bank (hereinafter the ‘ECB’), or from the governments of Member States or any other organisation or political party. The Government as well as all other institutions shall adhere to this principle and shall not attempt to influence the MNB and its bodies in the course of the performance of their tasks.

Article 2

The Governor of the MNB shall be obliged to provide verbal and written reports to the Hungarian Parliament.

Article 3

(1) The primary objective of the MNB shall be to achieve and maintain price stability.

(2) Without prejudice to its primary objective, the MNB shall support the economic policy of the Government using the monetary policy instruments at its disposal.

2. Basic and Other Tasks of the MNB

Article 4

(1) The MNB shall determine and implement monetary policy.

(2) The MNB shall be entitled to issue banknotes and coins. Banknotes and coins – including commemorative banknotes and coins – issued by the MNB shall be legal tender in Hungary.

(3) The MNB shall hold and manage official foreign exchange and gold reserves in order to preserve the external stability of the Hungarian economy.

(4) The MNB shall conduct foreign exchange operations in relation to the management of foreign exchange reserves and the implementation of exchange rate policy.

(5) Within the scope of its powers set out in Articles 19 and 20, the MNB:

a) shall oversee payment and securities settlement systems, and within this framework shall oversee the operations of the system and the operations of the organisations performing central counterparty activity, in order to ensure the sound and efficient operation of these systems and the uninterrupted completion of cash transactions,

b) shall, within the scope of its powers set out in subsection a) and the legislative powers set out in Article 65, participate in the development of payment and securities settlement systems.

(6) The MNB shall collect and publish statistical information required to carry out its tasks.

(7) In cooperation with other competent authorities, the MNB shall support the efficient development and conduct of policies relevant to prudential supervision of credit institutions and to the stability of the financial intermediary system; for this purpose, it shall, in particular explore the business and economic risks to the financial intermediary system as a whole, promote the prevention of the development of systemic risks, and mitigate or eliminate the evolved systemic risks.

(8) Tasks of the MNB shall be defined by law. Any MNB task set out by law shall comply with the MNB's central banking tasks and responsibilities, as defined herein.

(9) The MNB shall only pursue other activities – in accordance with the provisions of legal regulations – without prejudice to the achievement of its primary objective and performance of its basic tasks.

(10) The MNB shall have the exclusive competence to perform the tasks set out in paragraphs (1)-(4) and in paragraph (5) subsection a).

CHAPTER II

DETAILED RULES OF THE TASKS OF THE MNB

3. Monetary Policy

Article 5

In order to achieve the primary objective defined in Article 3(1), the MNB shall influence the supply of and demand for money and credit, using the instruments set out in Article 7.

Article 6

Within the framework provided for by this Act, the MNB shall independently define monetary policy and the instruments for implementing such policy.

Article 7

As instruments of monetary policy, the MNB shall:

- a) accept deposits in relation to its account management activity, and provide credit based on adequate collateral, subject to the restrictions set out in Article 15;
- b) buy sell and mediate securities in the spot and derivative markets within the framework of open market operations and repurchase agreements;
- c) issue securities;
- d) influence and set exchange rates and interest rates;
- e) discount (rediscount) securities;
- f) regulate minimum reserves; and
- g) use other central bank instruments.

4. Minimum Central Bank Reserves

Article 8

(1) The Governor of the MNB may instruct financial institutions and investment enterprises to place reserves with the MNB, in proportion to their assets and off-balance sheet items (hereinafter 'reserve ratio').

(2) The MNB may define different levels of reserve ratios for different types of liabilities, individual assets and off-balance sheet items of financial institutions and investment enterprises based on their different characteristics. On the basis of their different characteristics, the reserve ratios applicable to certain elements of the reserve fund may also differ. In such cases, the applicable levels of reserve ratios shall be added up.

(3) The MNB may pay interest on minimum reserves deposited by the institutions defined in paragraph (1). Interest may be paid at different rates in accordance with the different types of reserve ratio elements and their different characteristics in the reserve ratio.

Article 9

(1) The Monetary Council shall decide on the level of the reserve ratio and the interest rate payable on reserves. The Governor of the MNB shall determine the level of the reserve ratio and the interest to be paid on such reserves in a decree.

(2) The Governor of the MNB shall declare the rules governing the calculation of minimum reserve, the method of allocation and deposition of reserves, and the rules applicable in the event of failure to comply with these regulations.

5. Exchange Rates

Article 10

(1) The MNB shall quote and publish the official exchange rates for the conversion of foreign currencies into forints and forints into foreign currencies.

(2) The Government in agreement with MNB shall determine the exchange rate regime and all features thereof. Changes in the exchange rate system shall be made without prejudice to the primary objective of MNB with regard to the achievement and maintenance of price stability.

(3) Within the framework of the exchange rate regime developed in accordance with paragraph (2), the MNB shall protect and control exchange rates on domestic and foreign currency markets when necessary and possible.

(4) The Government and the MNB shall treat the exchange rate policy as a matter of mutual interest of the Member States of the European Union.

6. Base Rate

Article 11

The MNB shall determine the central bank base rate as a benchmark interest rate. The Monetary Council shall decide on the level of the base rate. The Governor of the MNB shall determine the level of the base rate in a decree.

7. Tasks Related to Disclosure and Management of Systemic Risks

Article 12

(1) The MNB shall expose business and economic risks threatening the financial mediation system as a whole, it shall help to prevent the development of systemic risks, and it shall help to mitigate or eliminate the evolved systemic risks.

(2) The MNB shall monitor the operation of systemically important financial institutions. Within the scope of this task, MNB shall assess the liquidity position of systemically important financial institutions within the system. The information pertaining to the scope of systemically important financial institutions as well as the method of defining the scope of these institutions is confidential.

(3) Pursuant to the decision of the Monetary Council, the Governor of the MNB may issue a decree pursuant to Article 65(1) subsection 1), in order to prevent the build-up of systemic risks or reduce such risks.

(4) In the event of any circumstance arising in which the operation of a credit institution threatens the stability of the financial system, the MNB may extend an emergency loan to the credit institution, subject to the prohibition on monetary financing set out under Article 15. The MNB may make the extension of such a loan subject to the performance of the actions of the Hungarian Financial Supervisory Authority (hereinafter the 'HFSA') or the performance of actions by the credit institution as proposed by HFSA.

(5) Fulfilment of MNB's task defined in paragraph (1) may not jeopardise the fulfilment of the tasks defined in Article 4(1), and the tasks stemming from MNB's membership in the European System of Central Banks.

Article 13

Upon request, the MNB – at its full discretion – may provide a loan to the National Deposit Insurance Fund, subject to the prohibition on monetary financing set out in Article 15 in urgent and exceptional cases threatening the stability of the financial system as a whole, and the smooth completion of cash transactions, the term of which loan may not be longer than three months.

8. MNB's Account Management

Article 14

(1) The MNB shall manage:

- a) The single bank account of the Hungarian Treasury ('Treasury'); and
- b) the bank account of Államadósság Kezelő Központ Zártkörűen Működő Részvénytársaság (Government Debt Management Agency Private Company Limited by Shares, 'ÁKK Zrt.').

(2) The MNB shall pay interest on the balance of the bank account of the Treasury at market rate – but at a level that is not higher than the central bank base rate – to the central budget.

9. Relationship with the State Budget

Article 15

MNB may not grant overdraft facilities or any other type of credit facility to the public sector as defined in Article 123 of the Treaty on the Functioning of the European Union, and shall not purchase debt instruments directly from them with consideration of the provisions of Council Regulation (EC) No. 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b (1) of the Treaty.

Article 16

(1) The MNB shall allocate any exchange rate gains or losses incurred from the sale of its foreign currency receivables and liabilities at the official exchange rate in effect on the last day of the subject year in the forint exchange rate equalisation reserve.

(2) The MNB shall allocate to the foreign currency securities equalisation reserve the difference determined on the basis of the market valuation of receivables in foreign currency securities, following the re-entry of the opening balance.

(3) The forint exchange rate equalisation reserve and the foreign currency securities equalisation reserve, as specified in paragraphs (1) and (2), shall form a part of MNB equity.

(4) In the event that – based on the available data – the balance of the equalisation reserves specified in paragraphs (1) and (2) is negative, and this negative balance exceeds the sum of the positive amount of the accumulated profit reserve and the balance sheet result, the state budget shall, by 31 March of the year following the subject year, make a direct cash injection to the accumulated profit reserve up to the level of negative balance that exceeds the positive sum of the accumulated profit reserve and the balance sheet result, i.e. in case of a negative balance of the profit reserve and the balance sheet result, to the extent of the negative balance of the equalisation reserves, to be accounted for in the balance sheet in the subject year.

(5) Where, based on the definitive data and with consideration of the cash injection specified in paragraph (4), the balance of the equalisation reserves specified in paragraphs (1) or (2) is negative, and this negative balance exceeds the sum of the accumulated profit reserve and the balance sheet result, the State budget shall make a direct cash injection to the accumulated profit reserve within eight days of the shareholder's receipt of the notification defined in Article 43(2), up to the level of negative balance that exceeds the sum of the accumulated profit reserve and balance sheet profit. If the cash injection specified in paragraph (4) exceeds the cash injection requirement, as determined based on definitive data, the MNB shall refund the overpayment to the State budget from the accumulated profit reserve within eight days of the shareholder's receipt of the notification defined in Article 43(2). These items shall be recorded in the balance sheet of the year in which payments are affected.

Article 17

The MNB may act as an agent of the State on the securities market based on the mandate of – or in respect of State-owned securities – the authorisation of the State, with the exception of shares.

Article 18

(1) Based on the mandate of the State, the MNB may participate in the State's foreign currency borrowing operations and in the issuance of its securities abroad, as well as in the performance of the tasks related to the management of the State's foreign receivables.

(2) The MNB may conclude forward and hedging transactions with the State or as an agent of the State under market conditions.

10. Cash Transactions and Monitoring

Article 19

(1) The MNB shall designate the payment and securities settlement systems in accordance with the Act on Settlement finality in payment and securities settlement systems.

(2) The Governor of the MNB shall regulate the completion of payment orders within the scope of Article 65(2).

Article 20

(1) The licence of the MNB shall be required for the entry into force of the general terms and business conditions and the internal regulations of the organisation operating the payment system, as well as for any amendments thereof.

(2) The MNB shall grant the licence under paragraph (1) if the general terms and business conditions and the internal regulations comply with the Decree of the Governor of the MNB on the content and formal requirements for the general terms and business conditions and internal regulations of the organisation operating the payment system issued pursuant to the authorisation of this Act.

(3) The organisation operating the payment system shall publish its general terms and business conditions and any amendments thereto as licensed by the MNB, in a consolidated version on its website, at latest on the day of entry into force of the licence of the MNB.

11. Central Bank Information System

Article 21

(1) In order to perform the tasks defined in Article 4(1)-(7) – including compilation of statistics on monetary policy and the balance of payments, and statistics related to portfolios, securities, financial accounts, financial stability, cash transactions and the payment system – the MNB shall operate a central bank information system, for which the organisations and natural persons defined by law shall provide the information not qualifying as personal data, as determined in a decree of the Governor of the MNB.

(2) In order to perform the tasks defined in Article 4(6), the MNB shall operate a statistical system as part of the central bank information system, for this purpose it shall be entitled to

receive data – not classified as personal data – from a body belonging to the official statistical service, in a manner suited to individual identification. Individual statistical data provided accordingly may be used solely for statistical purposes, and the central bank information system shall handle such data separately from other data. When handling statistical data within the central bank information system, the MNB shall take all necessary regulatory, technical and organisational measures to ensure the physical and logical protection of individual statistical data. The MNB shall develop the professional content and methodology of the statistical information system operated as part of the central bank information system in conjunction with the Hungarian Central Statistical Office, having consulted the minister responsible for public finances (hereinafter the ‘Minister’) and the HFSA.

(3) The MNB shall publish all information relevant to the operation of the credit institution system and to the financial situation of the country based on information available in the central bank information system, and shall make such detailed data available to the Hungarian Parliament, the Government and central administrative bodies and the HFSA, upon their request. The MNB shall provide the available data in the central bank information system to the Hungarian Central Statistical Office for statistical purposes upon its request, in a manner suited to individual identification.

(4) In the absence of any differing legal regulations, data may only be published in a form which precludes the possibility of identifying information pertaining to the individual data providers.

(5) The Governor of the MNB may stipulate in a decree the scope of information to be provided to the central bank information system and the method and deadline for data submission thereof, in order to facilitate for the execution of the necessary research, analysis and the preparation of decision making required for the performance of the basic tasks of MNB, in such a manner that the organisations falling under the scope of the Act on Credit Institutions and Financial Enterprises (hereinafter ‘Hpt.’), the Act on Capital Markets (hereinafter ‘Tpt.’) and the Act on Investment Companies and Commodity Dealers, and on the Regulations Governing their Activities (hereinafter ‘Bszt.’), the State tax authority, the pension insurance administrative body, the health insurance body, the Hungarian Central Statistical Office, the Courts of Registry, and – in respect of family support and disability benefits, social, child welfare, child protection and education benefits paid from the State budget – the Treasury irreversibly amend the personal data, tax secrets, banking secrets, securities secrets, insurance secrets, fund secrets and individual statistical data managed by them, which are to be provided to the central bank information system, in such a way as to prevent the information being linked to the relevant parties, in order to provide the MNB with confidential information on the organisation, or information from which the personal nature is removed for natural persons. The Governor of the MNB shall designate the information-providing organisations in a decree.

(6) The Governor of the MNB shall also be entitled to prescribe in a decree that the confidential information or information from which the personal nature has been removed, as described in paragraph (5) should be handed over with an anonymous linking code, as specified pursuant to the encoding method, which is individually provided for the party obliged to provide organisation information, pursuant to paragraph (5). The MNB shall delete the encoding method after it has been made available and before the information has been provided.

(7) The MNB shall be entitled to request the information described in paragraph (5) from several different organisations with the anonymous linking code defined by the same encoding method, and to interconnect such information. The interconnection may not extend to any database managed by the MNB.

(8) The party liable to provide organisation information pursuant to paragraphs (5) and (6) shall be obliged to refuse to submit information if the data cannot be deprived of its

confidential or personal nature. The party liable to provide information pursuant to paragraphs (5) and (6) shall notify the MNB of the refusal, including the reasons for such, within the deadline for submitting the information.

(9) The MNB shall determine the method for generating the anonymous linking code and the basis of the code generation as follows:

a) the code generation shall not be based on data identifying organisations or natural persons whose data the MNB is entitled to manage, and

b) the specific individual method of code generation shall contain unique elements selected at random.

(10) When providing information pursuant to paragraphs (5) and (6), the organisation providing the information shall amend data relevant to the natural person's home address before the information has been provided in such a way that the relevant address cannot be ascertained more precisely than the local region.

(11) After the information has been provided, the MNB shall be obliged to reimburse the organisations providing information – pursuant to a detailed cost statement – for the justified costs incurred directly related to the generation of information, pursuant to paragraphs (5) and (6),.

(12) The party liable to provide information pursuant to paragraphs (5) and (6) may not amend the method of code generation, and shall delete it immediately after the anonymous linking code has been generated, and the anonymous linking code shall be deleted after the information has been provided.

(13) Following interconnection, the MNB shall irrevocably eliminate the link between the anonymous linking code and the received data, and shall delete the anonymous linking code and the method of its generation.

(14) For the purpose of this Article, an anonymous linking code shall mean a string of characters, generated by according to a method containing random elements from data pertaining to identifying natural persons or organisations, in relation to the same natural person or organisation, where the same data always generates the same character string, but as a result of which the data identifying the natural person or organisation cannot be restored from the generated string of characters.

(15) In the course of statistical activity pursuant to Article 4(6), usage for the purpose of improving statistical methodology and the production of analyses and statistical results shall be classified as usage for statistical purposes in application of paragraph (2). Statistical results constitute aggregated data and indicators which characterise economic and social phenomena.

12. Central Bank Auditing

Article 22

(1) Central bank auditing includes compliance with:

a) the provisions of this Act;

b) the provisions of Hpt. relevant to the conditions for performing ancillary financial services under the licensing authority of the MNB;

c) the provisions of the Act on the Prevention and Combating of Money Laundering and the Financing of Terrorism relevant to organisations providing ancillary financial services under the supervisory competence of the MNB;

d) the provisions of the legal regulations of providing information to the central bank information system; and

e) Decrees of the Governor of the MNB;

and with the implementation of the provisions of the MNB's resolutions and professional assessments, and for the auditing of those entities performing outsourced activities pursuant to Tpt. and Hpt.

(2) Central bank auditing shall comprise the inspection of data provided pursuant to the provisions of the legal regulations, and the auditing conducted by the MNB. Within the framework of central bank auditing, the MNB shall be entitled to call for the submission of data, reports, balance sheets, documents and audit materials. The MNB shall continuously monitor the data stemming from the data submission obligation; the client shall not be notified of such monitoring.

(3) If it becomes necessary to verify the authenticity or completeness of the examined documents, or to supplement the audit findings, the person conducting the central bank auditing shall be entitled to perform an on-site audit at natural persons and organisations within the scope of central bank auditing in order to establish authenticity and completeness. With the deviation detailed in paragraph (6), the MNB shall keep minutes or simplified minutes of the on-site audit, which it shall forward to the audited organisation or person within 10 days of the on-site audit.

(4) The MNB shall provide the person conducting the on-site audit with a letter of mandate. The person conducting the on-site audit shall be obliged to present the letter of mandate at the start of the on-site audit, and to credibly verify his/her personal identity.

(5) The duration of central bank auditing may not exceed six months, with the deviation set out in paragraph (6).

(6) In the course of the MNB verifying fulfilment of the provisions of decrees, pursuant to Article 65(2) subsections a) and d) and paragraph (3), the duration of central bank auditing may not exceed eight months. The MNB shall record the findings of the central bank audit in an inspection report by the end of the second month after completion of the audit.

(7) The inspection report shall include:

- a) an indication of the object of the audit;
- b) the established facts and supporting evidence;
- c) an evaluation of the facts.

(8) The MNB shall disclose the inspection report to the audited organisation. The audited organisation may make written comments on the inspection report within 15 days of receipt. If this duration would threaten the success of any action, the MNB may also determine a shorter deadline, but not less than five days.

(9) The MNB shall take a decision within 45 days of receipt of the comments or the unsuccessful expiry of the deadline. In justified cases, this deadline may be extended on one occasion by a maximum of 30 days.

(10) The MNB shall notify the audited person or organisation in writing of the performance of an on-site audit, at least 15 days in advance, unless prior notice threatens the success of the audit.

(11) The MNB shall be entitled to conclude test transactions in the course of central bank auditing. An auditable transaction within the scope of test transactions may only last until signature of the contract relevant to the object of the test transaction, and, in the event of test transactions directed at a payment order or banknotes and coins, may last until receipt of the convertible banknotes and coins.

(12) The MNB may use contributing participants in the test transactions. The MNB shall provide the contributor with a letter of mandate. The contributor shall be subject to a secrecy obligation pursuant to Article 52.

(13) In case of test transactions, the MNB employee performing the examination or the contributor shall verify his/her auditing right upon completion of the test transaction. When verifying the auditing right, the audited organisation and the person conducting auditing, or

the contributor shall be obliged to refund any amount received in the course of the of the test transaction.

13. Joint Rules for MNB's Official Procedures

Article 23

With the deviations set out in this Act, the MNB shall act in accordance with the provisions of the Act on General rules of administrative proceedings in the course of:

- a) central bank auditing;
- b) approval of the general terms and business conditions and the internal regulations of the organisation operating the payment system, and of any amendments thereto;
- c) licensing of ancillary financial services within the scope of the MNB's authorisation pursuant to Hpt., and the withdrawal of such licenses;
- d) licences granted under the Act on settlement finality in payment and securities settlement systems, and the withdrawal of the licences;
- e) authorisation for the making and arranging for the production of imitations of legal tender in circulation in Hungary; and the banknotes and coins withdrawn from circulation by MNB, but convertible to legal tender.
- f) participation of the competent authority, according to the provisions of the Act.

Article 24

(1) In the MNB's proceedings, client shall mean any person or organisation,

- a) upon which the MNB may impose a right or an obligation,
- b) who is subject to central bank auditing,
- c) who submits a request to the MNB for the initiation of a licensing procedure,
- d) in respect of whom the MNB's records contain data.

(2) The MNB shall notify the person or organisation requesting the *ex officio* licensing procedure only of the closure of the proceedings and the actions taken.

(3) Unless stipulated to the contrary by law, the applicant shall pay an administrative fee in proceedings initiated upon request. The governor of the MNB shall establish the amount of the administrative fee, as well as the range of discounts and exemptions related to the payment in a decree.

(4) In the course of the administrative procedures and services, the MNB may define the manner of prescribed data supply in a different way compared to the rules of keeping contact electronically qualifying as a written statement defined in the Act on the general rules of administrative proceedings.

(5) The MNB may publish its decisions, in part or in whole, on its website or in any other manner.

(6) The MNB's decisions may not be appealed. The client may request a judicial review of MNB's resolutions and rulings subject to independent legal remedy of the Budapest Municipal Court, provided that the court should pass judgment on the petition or request for review within 30 days, in accordance with the specific provisions of the Act on civil procedures on administrative lawsuits.

(7) The client may not request the suspension of the proceedings.

(8) The administrative deadline in matters defined in Article 23 subsection *d)* is three months.

(9) The deadline for issuing a request for additional information is 15 days from receipt of the notice.

(10) In its procedures, the MNB may prohibit the continuation of the conduct in violation of the law in a ruling until a decision has been adopted to terminate the proceedings, and may order termination of the violation if such action is deemed urgently necessary in order to perform its basic tasks defined in Article 4(1)-(7), due to the threat of significant or irreparable damage associated with delay. The MNB shall adopt such decision without delay.

(11) For obligors keeping a payment account with the MNB, overdue claims for payments declared by a resolution shall be satisfied directly.

14. MNB Actions and Sanctions

Article 25

(1) If – at the end of central bank auditing – the MNB ascertains that the audited entity, organisation, the manager of the organisation, or a person classified as holding a managerial position in accordance with the authoritative legal regulations violates or fails to comply with the provisions of the legal regulations defined in Article 22(1), official resolutions of the MNB, or the internal rules of the audited organisation, or fulfils such provisions late or incompletely, the MNB shall employ the following measures against the audited person or organisation:

- a) shall call upon such party to comply with the regulations in detail and on schedule;
- b) shall, by setting a deadline, oblige the audited organisation to take the necessary measures, and to terminate the disclosed legal violation and deficiencies;
- c) shall require the drafting and implementation of an action plan, possibly with an obligation to report on the measures taken;
- d) shall make a proposal on the further professional training of employees;
- e) shall call upon such party to compile with its general rules, business conditions and internal regulations within an appropriate deadline, or upon the revision of such pursuant to specific criteria;
- f) shall stipulate exceptional or retrospective completion of data submission;
- g) shall compel the organisation operating the payment system pursuant to the decrees issued pursuant to Article 65(3), and the organisation conducting clearing house activity, central depository and central counterparty activity, pursuant to Tpt., to enhance its risk management procedures, strategies and methods;
- h) shall order the destruction of imitations of legal tender in circulation produced without its authorisation, or of banknotes and coins withdrawn from circulation by the MNB, but which may be exchanged for legal tender;
- i) shall impose a fine;
- j) shall employ other measures prescribed by law.

(2) The MNB shall be entitled to employ measures repeatedly and collectively.

(3) If the organisation fails to terminate the infringement within the deadline imposed by the MNB, the MNB shall call upon the manager of the organisation, or the person qualified as holding a managerial position under the relevant rules for the organisation, to comply with the legal regulations within a specified deadline.

(4) The MNB shall have regard for the following circumstances when employing measures:

- a) the gravity of the infringement or negligence;
- b) the impact the action has had on the entities and organisations subject to the legal regulations specified in Article 22(1);

c) the risk caused by the infringement or negligence, the level of damage, and the willingness to mitigate damage;

d) cooperation with the MNB on the part of the persons responsible;

e) the good or bad faith of the person affected by the measure, and the pecuniary advantage obtained through the infringement or negligence;

f) the concealment of data, facts and information on which the measure is based, or the intention of doing so; and

g) the recurrence and frequency of the infringement or negligence.

(5) No actions shall be taken after three years from the time when the infringement or negligence came to the knowledge of the MNB, or after five years from the time the act was committed.

(6) Within the deadlines specified in paragraph (5), a measure may also be employed even if the natural person affected is no longer employed by the audited organisation or person at the time of taking such actions, if his/her mandate has ended or he/she is no longer engaged in performing the audited activities.

(7) If the Hungarian branch of a financial institution, banking institution or electronic cash dispensing institution holding a licence in another Member State of the European Union, or the cross-border services provided in Hungary by a financial institution holding a licence in another Member State of the European Union violates the provisions of legal regulations defined in Article 22(1) or in the MNB's official resolutions, the MNB shall call upon the branch or the financial institution to eliminate the situation contravening the regulations. If the branch or financial institution fails to comply with this request, the MNB shall notify the HFSA. Pursuant to notification by the MNB, the HFSA shall either notify the supervisory authority of the other Member State of the European Union of the situation contravening the law, or propose that appropriate actions should be taken by the supervisory authority.

(8) The fine shall be payable to the designated account within 30 days after the resolution imposing a fine becomes legally binding.

(9) When evaluating cases of repeated infringement or negligence, the MNB shall be entitled to employ more severe measures in the course of central bank auditing, if it ascertained legally-binding consequences within the last 1 year in the case of a breach of the obligation of data submission, or within the last 3 years of the ascertained legally binding consequences in the case of a more severe offence with respect of

a) the same audited entity or organisation due to the failure of the request pursuant to paragraph (1) subsections a)-b); or

b) in the event of MNB having taken action due to the violation of the provision established in the same legal regulatory or official resolution against the same client, pursuant to paragraph (1) subsections a)-b).

(10) Fines imposed by the MNB shall constitute income of the MNB.

Article 26

(1) The amount of the fine that may be imposed on the organisations and persons defined in Article 25(1) i) may range from HUF 100,000 to HUF 2 billion. The fine shall be defined by the MNB taking into consideration the damage caused by the infringement, the gravity and frequency of the infringement.

(2) The amount of the fine to be imposed on the head of the organisation may range from HUF 100,000 to HUF 20 million. The fine imposed on the manager of the organisation must not be taken over by the audited organisation. The fine shall be defined by the MNB taking into consideration the damage caused by the infringement, the gravity and frequency of the infringement.

15. Issuing Operations

Article 27

(1) The Governor of the MNB shall declare in a decree the issue of banknotes and coins, their denomination and distinguishing features, and their withdrawal from circulation. The banknotes and coins withdrawn from circulation by the deadline indicated in the decree of the Governor of the MNB shall lose their function as legal tender.

(2) Everyone shall be obliged to accept banknotes and coins issued by the MNB at face value for payments to be made in official Hungarian currency until withdrawal.

(3) The MNB shall exchange banknotes and coins which it has withdrawn from circulation no longer qualifying as legal tender, within 20 years of the date of withdrawal in respect of banknotes, and within 5 years of withdrawal in respect of coins, for legal tender in Hungary, at face value. The credit institution and the institution operating the postal clearance centre shall convert banknotes and coins withdrawn from circulation by the MNB no longer qualifying as legal tender, into legal tender in Hungary up to 3 years from the date of withdrawal for banknotes, and up to 1 year from the date of withdrawal for coins.

(4) For cash payments, including cash payments to the payment account, credit institutions and institutions operating the postal clearing centre shall be obliged to accept more than 50 coins.

(5) Counterfeit banknotes and coins shall not be acceptable under any legal title.

(6) In the course of payment transactions, it is not compulsory to accept damaged banknotes and coins or banknotes and coins which are difficult to identify.

(7) The MNB – except for the exceptions set out in paragraph (8) – shall exchange damaged banknotes and coins or banknotes and coins which are difficult to identify for legal tender free of charge at their nominal value. The MNB may make use of an agent to perform this obligation.

(8) Damaged banknotes can only be exchanged if more than 50 percent of the banknote is presented. The MNB shall –without refund – withdraw it from circulation and destroys damaged banknotes where the completeness of the banknote does not exceed 50 percent. Credit institutions and the institute operating the postal clearing house shall take over from the clients without refund damaged banknotes where the completeness of the banknote does not exceed 50 percent, and forward them to the MNB for withdrawal and destruction.

(9) The MNB shall not refund the value of destroyed banknotes or coins. No destruction procedure may be initiated in respect of banknotes or coins. The MNB shall have exclusive rights for the sale of coins categorized as difficult to identify or damaged legal tender – not including commemorative coins issued by the MNB – as raw materials for coins that the MNB has withdrawn from circulation, or for the sale of raw materials obtained from such coins, provided that such sales are performed under market conditions.

(9) The Governor of the MNB shall define the rules on the conversion of coins to coins or banknotes of other denominations, or of banknotes to banknotes or coins of other denominations, including the parties liable to conversion and the conditions for remuneration, in a decree laying down the conditions for cash distribution, as issued pursuant to the authorisation of this Act.

Article 28

(1) The MNB shall perform technical and other tasks within its scope of competence with regard to the protection of Hungarian and foreign legal tender from counterfeiting, including

in particular the tasks related to currency-expert services, training, data provision and dissemination of information. In the course of performing currency-expert services, for the purposes of usage in criminal procedures initiated in connection with the currency identified on the basis of the expert examination to be counterfeit, the MNB shall be entitled to manage until the completion of the criminal procedure data concerning the natural person depositor (holder) of the presumably counterfeit currency (surname, first name, address, type and number of identification document) within this framework shall forward the above-mentioned data to the agencies performing criminal investigations and conducting criminal proceedings in counterfeiting cases. If the MNB or the organisation specified under paragraph (2) establishes that the legal tender is not counterfeit, it shall immediately delete personal data which have come to its attention, following completion of the cash specialist examination.

(2) Any Hungarian or foreign legal tender suspected to be counterfeit, shall be sent to the MNB for examination, or shall be delivered to an organisation defined in a decree of the Governor of the MNB in order to be forwarded for examination.

(3) No compensation shall be paid for counterfeit Hungarian or foreign legal tender.

(4) Organisations providing financial transaction, currency exchange and cash processing services in accordance with Hpt. as defined in a decree of the Governor of the MNB, or any organisation providing international postal money order services according to the Act on Postal Services shall be obliged to send any suspected counterfeit Hungarian or foreign legal tender that they have found to the MNB, and to provide data on the circumstances of discovery in the manner and with the content prescribed in the decree of the Governor of the MNB.

(5) In the course of data provision under paragraph (4), the organisation providing international postal money order services in accordance with the Act on postal services, or the organisation providing financial transaction, currency exchange and cash processing services in accordance with Hpt., as defined in the decree of the Governor of the MNB, shall forward personal data, pursuant to paragraph (1), to the MNB. The MNB may manage personal data which has come to its attention this way for the purposes specified in paragraph (1), by the date specified therein.

Article 29

The MNB shall account for the costs associated with the production of banknotes and coins as an expense.

Article 30

(1) Imitations of legal tender in circulation, or of banknotes or coins which have been withdrawn from circulation by the MNB but can be exchanged for legal tender, may only be made or arranged to be produced for any purpose in accordance with the provisions of a decree of the Governor of the MNB. The procedure in accordance with the provisions of the decree of the Governor of the MNB shall be followed in respect of the production, recording, custody and destruction of imitations.

(2) The provisions on euro imitations, including medals and tokens similar to euro coins – with the exception of the rules on sanctions – shall be defined in a decree of the Governor of the MNB, with consideration for the provisions of Council Regulation (EC) No. 2182/2004 of 6 December 2004 concerning medals and tokens similar to euro coins,.

Chapter III

MNB's Relations with Other Bodies

16. Relations with the Hungarian Parliament

Article 31

(1) The Governor of the MNB shall report to the Hungarian Parliament at least once a year on the MNB's activities and monetary policy. The Hungarian Parliament may request ad-hoc information at any time, verbally or in writing.

(2) The Governor of the MNB shall report to the Parliamentary Committee for Economic Affairs in writing every six months on the MNB's semi-annual activity, with the same content as the annual report. At the request of the Parliamentary Committee for Economic Affairs, the Governor of the MNB shall be obliged to attend in person and supplement the report verbally.

(3) At the request of the Chairman of the Hungarian Parliament or the Chairman of the Parliamentary Committee for Economic Affairs, the Governor of the MNB shall be subject to an exceptional reporting obligation.

(4) The MNB shall compile a detailed annual plan on its operating costs and investments before the start of the financial year. Following closure of the financial year, it shall compile a comparative analysis of planned and actual developments in operational and investment costs. The MNB shall forward the analysis, including an auditor's opinion, in conjunction with the annual report to the Parliamentary Committee for Economic Affairs and to the State Audit Office.

(5) The reporting obligations of the Governor of the MNB, as defined in paragraphs (1) to (3), shall not result in interference in the independence of the members of the MNB's decision-making bodies, shall not affect the status of the Governor as the member of the ECB's General Council, and shall not affect the obligation of confidentiality stemming from Protocol 4 to the Treaty on the Functioning of the European Union on the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute').

17. Relations with the Government, the Ministries and the General Public

Article 32

The MNB shall be consulted in regarding the drafts of decisions and legislative provisions related to the tasks of the MNB and the operation of the financial system.

Article 33

After the Government adopted the proposal on the State budget (hereinafter the 'Draft Proposal'), the Minister shall provide information without delay to the MNB on the Draft Proposal. The MNB shall be entitled to send its opinion on the Draft Proposal directly to the Minister. The Governor of the MNB shall present this opinion at the meeting of the Budgetary Council. The Governor of the MNB shall not be bound by this opinion in the course of freely exercising his rights as a member of the Budgetary Council.

Article 34

(1) The MNB shall submit the agenda of the meetings of the Monetary Council to the Government.

(2) The Government shall be represented at meetings of the Monetary Council without voting rights by the Minister or a person duly authorised by the Minister.

Article 35

The Government shall invite the Governor of the MNB to attend its meetings for items on the agenda pertaining to the MNB's scope of tasks.

Article 36

(1) The MNB shall prepare and publish a report on the trends in monetary developments and other important issues related to its basic tasks at least on a quarterly basis. The MNB shall publish an announcement on the method and frequency of providing such information.

(2) Upon request, the MNB shall provide ad-hoc information to the Government, or to the members of the Government, on the trends in monetary processes and other important issues related to its basic tasks.

(3) The Governor of the MNB shall notify the Minister of the key decisions of operational importance adopted within the Executive Board's powers under Article 49 in relation to the control of MNB's operation, following the decision. The MNB shall notify the Minister of the foreign exchange transactions performed as well as of gold and foreign exchange reserves on a weekly basis. Each year the Minister and the Governor of the MNB shall agree in writing on any additional information to be provided by the MNB.

(4) Pursuant to the Government's request, the MNB may perform tasks incumbent on the Government in international financial organisations, unless otherwise defined by law.

Article 37

At the request of the MNB, the Government, the central administrative bodies and the HFSA shall provide information related to their activities.

Article 38

(1) Pursuant to the resolution adopted by the International Monetary Fund in respect of Hungary's membership thereof, and the Articles of Agreement of the International Monetary Fund, the MNB shall perform the tasks of the disbursement agency on behalf of Hungary in respect of amounts payable periodically to the International Monetary Fund, from appropriate sources, as defined by the relevant legal regulations or by any directly applicable legal act of the European Union, including the making of payments related to participation in the Special Drawing Rights Department of the International Monetary Fund.

(2) In compliance with the Articles of Agreement of the International Monetary Fund, the MNB may issue non-transferable, non-interest bearing notes to the benefit of the International Monetary Fund in relation to Hungary's membership thereof.

(3) The MNB shall be the fiscal agent on behalf of Hungary, as required by the Articles of Agreement of the International Monetary Fund. In this regard, the MNB shall be entitled to establish and implement all deals and transactions that may be implemented pursuant to the Articles of the Articles of Agreement of the International Monetary Fund on behalf of Hungary, and to act as beneficiary in its capacity as the fiscal agent in respect of any sum

transferred or paid to Hungary, pursuant to the Articles of the Articles of Agreement of the International Monetary Fund.

(4) As the designated depository the MNB shall attend to the safeguarding of the foreign currency reserves of the International Monetary Fund in Hungary.

18. Relations with the Hungarian Financial Supervisory Authority

Article 39

(1) In the course of performing its tasks, the MNB shall cooperate with the HFSA.

(2) The Governor of the MNB shall invite the Chairman of the HFSA to attend the meetings of MNB's Executive Board, for items on the agenda pertaining to the HFSA's scope of tasks.

Article 40

(1) The MNB and the HFSA shall exchange data and information necessary for the performance of their tasks.

(2) The MNB and the HFSA shall enter into an agreement governing the method and system of exchanging data and information necessary for the performance of their tasks.

(3) The MNB shall be entitled to provide information to the HFSA on facts falling into the HFSA's scope of competence on auditing which have come to MNB's attention in the course of central bank on-site auditing conducted at the financial transaction provider.

19. Relations with the State Audit Office

Article 41

Prior to the appointment or proposal for dismissal of the MNB's auditor, the Governor of the MNB shall consult the Chairman of the State Audit Office.

Chapter IV

Organisation of the MNB

20. Legal Status of the MNB

Article 42

(1) The MNB is a legal person functioning in the form of a company limited by shares. The MNB's registered office is in Budapest.

(2) The company name of MNB need not be entered in the Register of Companies. The designation 'company limited by shares' does not need to be indicated in MNB's company name.

(3) The Statutes of MNB shall be established by the shareholder and presented to the Hungarian Parliament.

(4) The shares of MNB shall be owned by the State. The Minister shall represent the State as shareholder.

(5) The subscribed capital of MNB is HUF 10,000,000,000, that is ten billion forints.

Article 43

(1) The shareholder shall adopt a shareholder's resolution on:

- a) the establishment and amendment of the Statutes;
- b) the appointment and dismissal of the auditor; and
- c) the remuneration of the auditor.

(2) The Executive Board shall notify the shareholder of the accounting report by sending the report including the auditor's clause to the shareholder, as defined in Article 49(4) subsection b).

Article 44

The provisions of the Act on business associations (hereinafter 'Gt.') shall be applied to the MNB, with the deviations specified herein.

21. The Bodies of MNB

Article 45

The bodies of the MNB are the Monetary Council, the Executive Board and the Supervisory Board.

22. The Monetary Council

Article 46

(1) The Monetary Council is the supreme decision-making body of the MNB. The scope of competence of the Monetary Council shall include:

- a) decisions relating to the tasks set out in Article 4;
- b) decisions under Article 9(1) within the scope of competence defined under subsection a);
- c) decisions relating to the tasks laid down in Article 10(2) within the scope of competence defined under subsection a);
- d) decisions relating to the tasks set out in Articles 11-13 within the scope of competence defined under subsection a);
- e) decisions on the scope of competence of the Deputy Governors, pursuant to the recommendation of the Governor of the MNB;
- f) decisions on the method of communication related to tasks under the scope of competence of the Monetary Council;
- g) implementation of the decisions related to the tasks defined in subsections a)-d), which fall within the Monetary Council's scope of competence in relevant decisions;
- h) decisions on all other matters, which are referred to the exclusive scope of competence of the Monetary Council by a law, the Statutes or internal rules.

(2) Meetings of the Monetary Council may be convened at any time deemed necessary, but it shall be convened at least once a month.

(3) The Monetary Council shall consist of at least five, and at most nine members. Members of the Monetary Council shall be the employees of the MNB during their term of office.

(4) Members of the Monetary Council are:

- a) the Governor of the MNB, as Chairman of the Monetary Council;
- b) the Deputy Governors of the MNB; and
- c) other members elected by the Parliament for six years.

(5) Those Hungarian citizens may be appointed or elected members of the Monetary Council, who have outstanding theoretical knowledge and practical professional expertise in issues related to monetary, financial or credit institution activities.

(6) Any person recommended as a member of the Monetary Council shall attend a hearing of the Parliamentary Committee for Economic Affairs.

(7) The members of the Monetary Council defined in paragraph (4) subsections a) and b) shall make an oath in front of the President of the Republic, other members defined in paragraph (4) subsection c) shall make an oath in front of the Parliament upon taking office.

(8) The mandate of any member of the Monetary Council, pursuant to paragraph (4) subsection c), shall terminate:

- a) upon expiry of the term of office;
- b) by resignation;
- c) by dismissal;
- d) upon death.

(9) Resignations shall be submitted to the President of the Republic in writing by the members defined in paragraph (4) subsections a) and b), other members defined in paragraph (4) subsection c) shall submit it to the Chairman of the Parliament. In the event of the resignation of a member of the Monetary Council, the mandate shall end on the date indicated in the resignation statement, after the resignation statement has been made, or, in the absence thereof, upon receipt of the resignation statement in case of the members defined in paragraph (4) subsections a) and b) by the President of the Republic, and in case of the members defined in paragraph (4) subsection c) by the Chairman of the Parliament. A statement of acceptance is not required for the validity of the resignation of the member of the Monetary Council.

(10) The President of the Republic shall dismiss members of the Monetary Council specified under paragraph (4) subsection a) and b), and the Parliament shall dismiss members of the Monetary Council specified under paragraph (4) subsection c) only if the member of the Monetary Council fails to comply with the conditions for performing of his/her tasks, or commits a severe breach of obligation.

(11) The Parliamentary Committee for Economic Affairs shall make a recommendation to the Parliament on the appointment or dismissal of members, as specified in paragraph (4) subsection c).

(12) The proposal for dismissal pursuant to paragraph (11) shall be forwarded to the respective member of the Monetary Council, who may seek remedy in the labour court, in accordance with the regulations of the Labour Code (hereinafter 'Mt.'). The right to seek remedy by the Labour Court on grounds of the provisions of the Mt. is without prejudice to the right of seeking remedy by the Court of Justice of the European Union under Article 14.2 of the Statute.

(13) The proposal for dismissal pursuant to paragraph (11) may be submitted to the President of the Republic in case of the members of the Monetary Council specified under paragraph (4) subsection b), and to the Parliament in case of the members of the Monetary Council specified under paragraph (4) subsection c) following expiry of the deadline for filing an appeal, or – in the event of filing an appeal – after the court's decision takes legal effect.

(14) Each year the Monetary Council shall elect by a simple majority of votes the Deputy Chair of the Monetary Council at its first meeting from amongst the Deputy Governors of MNB. In the event of expiry of the Deputy Chair's mandate, the Monetary Council shall elect a new Deputy Chair at its next scheduled meeting.

(15) The Monetary Council shall have a quorum if the majority of its members are present. The Monetary Council shall adopt its resolutions by a simple majority of the votes of the members present. In the event of a tied vote, the Chairman of the Monetary Council shall have the casting vote, or in his absence, the Deputy Chair shall have the casting vote.

(16) The Chairman of the Monetary Council, or, in his absence, the Deputy Chair shall be entitled to disclose the position of the Monetary Council to the public.

(17) The Monetary Council shall cease to exist on the effective date of termination by a decision of the Council to abrogate the derogation specified in Article 140 of the Treaty on the Functioning of the European Union, the mandate of the members of the Monetary Council shall expire on the same day.

23. Governor of the MNB

Article 47

(1) The head of the MNB shall be the Governor.

(2) The Prime Minister shall recommend a person for Governor of the MNB to the President of the Republic. The mandate of the Governor of the MNB shall be six years. One person may hold the position of the Governor of the MNB at most twice.

(3) Article 46(5)-(10) shall also apply to the Governor of the MNB.

(4) The Governor of the MNB shall be dismissed by the President of the Republic at the recommendation of the Prime Minister, in accordance with the provisions set out in Article 46(10).

(5) The Prime Minister shall forward his proposal for dismissal, pursuant to paragraph (4) to the Governor of the MNB, who may seek remedy in the labour court, in accordance with the regulations of the Labour Code. The right to seek remedy by the Court based on the provisions of the Mt. is without prejudice to the right of seeking legal remedy as defined in Article 14.2 of the Statute.

(6) The proposal for dismissal may be submitted to the President of the Republic following expiry of the deadline for filing an appeal or – in the event of an appeal – after the court's decision takes legal effect.

(7) The countersignature of the Prime Minister is necessary for a decision of the President of the Republic to appoint and dismiss the Governor of the MNB.

(8) With the exception of the issuance of decrees, the Deputy Chair of the Monetary Council shall substitute for the Governor of the MNB in the event of his absence.

24. Deputy Governors of the MNB

Article 48

(1) The MNB shall have at least two and at most three Deputy Governors. The Prime Minister shall recommend the persons for Deputy Governors to the President of the Republic.

(2) Article 46(5)-(10), (12) and (13) shall apply to the Deputy Governors of the MNB, provided that the Prime Minister shall make a recommendation on submitting a proposal to the Governor of the MNB for the dismissal of the Deputy Governors of the MNB.

(3) The countersignature of the Prime Minister is necessary for a decision of the President of the Republic of Hungary on the appointment and dismissal of the Deputy Governors of MNB.

25. Executive Board

Article 49

(1) The Executive Board is responsible for implementing the decisions of the Monetary Council and directing the operations of the MNB.

(2) Members of the Executive Board are:

- a) the Governor of the MNB, as Chairman of the Executive Board; and
- b) the Deputy Governors of the MNB.

(3) The Chairman shall act on behalf of the Executive Board.

(4) The scope of competence of the Executive Board shall include:

- a) managing the implementation of the decisions of the Monetary Council;
- b) the establishment of MNB's accounting report, adoption of decisions on the payment of dividends, and approval of the draft report to be sent to the shareholder on the management and financial situation of the MNB;
- c) approval of matters related to the organisation and internal control of MNB;
- d) approval of study plans and programs related to the operation of the MNB and the performance of its tasks – including the costs of the development and operational plan;
- e) in respect of tasks which falling outside the scope of competence of the Supervisory Board, managing the MNB's internal audit organisation, and discussion of the experiences and plans of the internal audit;
- f) amendments to the collective agreement on the rights and obligations arising from employment, the exercise and performance of these rights and obligations, and the associated procedures; and
- g) adoption of decisions related to the provisions of Article 59.

(5) The Monetary Council may authorise the Executive Board to decide on any matter falling within its scope of competence. The Executive Board shall report to the Monetary Council on these decisions. Beyond the provisions set out in paragraph (4), the Governor of the MNB may submit any matter within its scope of competence to the Executive Board for a decision.

(6) The Executive Board shall adopt its decisions by a simple majority of votes of the members present. In case of a tied vote, the Chairman shall have the casting vote, or, in his absence, the member of the Executive Board designated by the Chairman shall have the casting vote. The Executive Board shall have a quorum if at least two of its members are present.

26. Supervisory Board

Article 50

(1) The Supervisory Board is the body responsible for the continuous supervision of the MNB on behalf of the owner.

(2) The internal audit department of the MNB – subject to the restrictions set out in paragraph (3) – shall be subject to the control of the Supervisory Board or of the Executive Board with respect to duties falling outside the scope of competence of the Supervisory Board. When the Executive Board in exercising its controlling powers, gains knowledge of any audit findings within the scope of competence of the Supervisory Board, it shall immediately provide information to the Supervisory Board on such findings.

(3) The scope of competence of the Supervisory Board shall not include the tasks defined in Article 4(1)-(7), or their impact on the MNB's profit. The Supervisory Board shall compile the

annual report prescribed under the Act on accounting in accordance with the restrictions stipulated by this Act.

(4) Members of the Supervisory Board are:

- a) the Chairman elected by the Hungarian Parliament;
- b) three additional members elected by the Hungarian Parliament;
- c) the Minister's representative; and
- d) an expert appointed by the Minister.

(5) The Chairman of the Supervisory Board shall be nominated by the parliamentary factions of the Government.

(6) The Hungarian Parliament shall vote on the appointment of candidates defined in paragraph (4) subsection b) nominated by the parliamentary factions at the same time in one group.

(7) Those Hungarian citizens may be nominated to be a member of the Supervisory Board, who qualify to be elected as a member of parliament and who has excellent professional knowledge in matters related to credit institutions, finances and accounting.

(8) The mandate of members of the Supervisory Board shall be for the duration of the mandate of the Parliament, and shall last until the end of the mandate of the Parliament.

(9) Members of the Supervisory Board may be recalled by the Parliament responsible for their election, or respectively by the Minister responsible for their election.

(10) Members of the Supervisory Board shall be subject to an obligation to provide information to the Hungarian Parliament responsible for their election, or respectively to the Minister responsible for their election.

27. Remuneration of the Governor, Deputy Governors and the Members of the Monetary Council and Supervisory Board

Article 51

(1) The monthly remuneration of the Governor from the MNB – for the period from 1 March in the subject year until the end of February in the following year – shall be ten times the national gross monthly average earnings officially published by the Hungarian Central Statistical Office for the year, preceding the reference year.

(2) The remuneration of the MNB Deputy Governor appointed for performing the tasks of the Deputy Chairman of the Monetary Council from the MNB shall be 80% of the Governor's remuneration. The remuneration of the Deputy Governors of the MNB from the MNB shall be 70% of the Governor's remuneration.

(3) The remuneration of the members of the Monetary Council defined in Article 46 (4) subsection c) from the MNB, shall be 60% of the Governor's remuneration.

(4) The Governor, Deputy Governors and the members of the Monetary Council defined in Article 46(4) subsection c), shall be entitled under the same conditions for other benefits from the MNB (including non-cash allowances, benefits in kind and social benefits).

(5) The gross monthly remuneration for the Chairman of the Supervisory Board shall be 1,200,000 forints.

(6) The gross monthly remuneration for the other members of the Supervisory Board shall be 800,000 forints.

(7) No additional remuneration shall be paid to the Governor and Deputy Governors of the MNB with respect for their membership in the Monetary Council.

(8) Members of the Monetary Council of the MNB may not enter into an employment relationship, or any other work-related legal relationships with a credit institution for 6 months following the termination of their mandate under Article 46(8) subsection a). In order to offset

this prohibition, they shall be entitled to an allowance in an amount equivalent to six months' remuneration upon termination of their mandate pursuant to Article 46(8) subsection a).

28. Professional Secrecy and the Legal Status of Employees

Article 52

Employees of the MNB and members of the Supervisory Board shall be required not to disclose any classified data, banking secrets, securities secrets, payment secrets and business secrets which have come to their knowledge in performing their duties. This obligation shall continue after the termination of their employment relationship or mandate.

Article 53

The provisions of Mt. shall apply to the employees of the MNB, with the exceptions set out in this Act.

29. Conflict of Interest

Article 54

(1) Unless otherwise provided for by law, the employee of MNB subject to the provisions of Article 46, and the employees performing the basic tasks defined in Article 4(1)-(7) (hereinafter 'employee performing classified activities'), may not enter into or maintain an employment relationship, or any other work-related legal relationship, a legal relationship as an executive officer or as a member of the Supervisory Board of a financial institution (not including financial institutions in which the MNB holds a share), or at other legal entities providing auxiliary financial services, at investment companies - with the exception of the Deputy Governor of MNB acting at the National Deposit Insurance Fund as a member of the Executive Board of the National Deposit Insurance Fund, or an MNB employee acting at the Investor Protection Fund as a member of the Executive Board of the Investor Protection Fund.

(2) Subject to the exceptions set out in paragraph (3), the employee of the MNB referred to in Article 46 and employee performing classified activities may not hold an interest in any financial institution, legal entity providing auxiliary financial services, or in an investment company.

(3) The employee of the MNB referred to in Article 46 performing and employee classified activities shall:

- a) make a declaration upon the employment relationship on any existing interests; and
- b) make an immediate declaration after the grant of probate has taken legal effect concerning any interest – acquired by means of inheritance during the legal relationship – in a financial institution, legal entity providing auxiliary financial services, investment company, and shall terminate such interest within three months of the upon employment with the MNB, or of the grant of probate taking legal effect in the case of inheritance.

(4) The employee of MNB referred to in Article 46 and employee performing classified activities shall be obliged to report the acquisition of financial assets specified under Bszt., with the exception of government securities and mutual fund shares issued by public open-ended investment funds, within three business days of such acquisition.

(5) The employee of MNB not falling under the scope of Article 46 may only enter into or maintain employment or another legal relationship, with the prior authorisation of the Governor of the MNB - with the exception of scientific, educational, artistic, copy editing and editorial activities, or intellectual activities protected by copyright, which must be notified.

(6) The employee of the MNB not falling under the scope of Article 46 and the employees not performing classified activities shall:

a) make a declaration upon employment relationship on any interest in a financial institution, legal entity providing auxiliary financial services, or in an investment company; and

b) make an immediate declaration upon acquisition of an interest, as defined in subsection a), during the period of employment.

(7) Upon employment and in the course of their employment, employees of the MNB shall immediately report if a close relative living in their household holds or acquired an interest in a financial institution, legal entity providing auxiliary financial services or in an investment company.

(8) Until the termination of legal relationship or interest specified in paragraphs (1)-(3), and the fulfilment of the obligation set forth in paragraphs (4)-(7), the employee of the MNB may not participate in the preparation or taking of any decisions pertaining to an organisation in which the employee or his close relative living in the same household holds an interest, or with which they maintain other legal relationships defined in paragraphs (1)-(7).

(9) The employee of the MNB shall be obliged to make a declaration upon employment on any membership in cooperative credit institutions.

(10) The employee of the MNB shall not be obliged to terminate any such membership existing upon employment as long as he owes debts to the cooperative credit institution. However, during this period, the employee may not take part in the preparation and in the taking of decisions pertaining to the organisation of which he is a member of.

(11) The employee of the MNB shall:

a) make a written statement upon employment about any close relative living in the same household is in a position of an executive officer, is a member of a supervisory board, in an employment relationship or any other work-related legal relationship with a financial institution, legal entity providing auxiliary financial services, or investment company; and

b) immediately report if a close relative living in the same household enters into any of the legal relationship specified under subsection a).

(12) The employee of the MNB may not take part in the preparation or taking of any decision pertaining to the financial institution, legal entity providing auxiliary financial services, or investment company, at which the close relative living in the same household maintains a legal relationship defined in paragraph (11).

(13) An employee of the MNB not falling under the scope of Article 46 shall submit the reports and statements set out in this Article to the person exercising the employer's rights.

(14) A legal relationship shall not be established in the MNB, as a consequence of which the employee of the MNB would come into in a management (supervisory), controlling or accounting relationship with a close relative.

(15) In order to fulfil the provisions of this Article, and for the purpose of monitoring such obligations, the MNB shall record the reports and statements of employees for a period of three years following the termination of the employment relationship.

(16) In application of this Article, a close relative shall mean any such persons defined in the Civil Code, and a partner.

Article 55

(1) Members of the Monetary Council of the MNB may only perform other activities which are compatible with their central bank decision-making duties, may not hold office in political

parties, carry out public activities on behalf of or in the interest of political parties, may not be Members of Parliament or representatives of a local government, or managers or public officials in local government or State organisations.

(2) Members of the Monetary Council of the MNB shall not be executive officers or members of the supervisory board of a business association.

(3) The Governor and Deputy Governors of the MNB may not enter into any other employment relationship or other work-related legal relationship.

(4) Members of the Monetary Council, as defined in Article 46(4) subsection c), may enter into another employment relationship or work-related legal relationship which does not result in a conflict of interest with their membership in the Monetary Council. Such relationships shall be reported.

(5) Members of the Monetary Council may enter into other work-related legal relationships for scientific, educational, artistic, proof-reading or editorial activity, and for intellectual activities protected by copyright, while giving prior notification of the establishment of such relationships.

(6) Members of the Monetary Council of the MNB defined in paragraph (4) subsection a) and b) shall comply with their obligation to submit notifications and statements to the President of the Republic; other members of the Monetary Council of the MNB defined in paragraph (4) subsection c) shall comply with their obligation to submit notifications and statements to the Parliament as set out in Article 54 and Article 55(4) and (5).

(7) With regard to the members of the Monetary Council of the MNB, the conflict of interest rules set out in Article 54 (1) shall be applicable for six months following the termination of the employment relationship with the MNB.

(8) The provisions of Article 54(1)-(7), (9), (10), (13) and (15) shall be applicable to the members of the Supervisory Board.

30. Declaration of Wealth

Article 56

(1) The Governor and Deputy Governors of the MNB, and the members of the Monetary Council defined in Article 46(4) subsection c), as well as members of the Supervisory Board, shall file their declarations of wealth in the same manner, with the same content and at the same frequency as Members of Parliament. The annual declaration of wealth shall reflect the status of 31 December of the previous year when the obligation falls due. The declaration of wealth due upon appointment or upon dismissal shall reflect the status on the date of appointment or dismissal. The person liable to file a declaration shall enclose the declaration of wealth for his spouse or partner living in the same household, and for his children (dependents) to his own declaration, with the same content as the declaration of wealth of Members of Parliament.

(2) The Parliamentary Committee on Matters of Immunity and Conflict of Interest shall record the declarations of wealth. The rules on the declaration of wealth of the Members of Parliament and on procedures related to declaration of wealth shall apply to the declaration of wealth of the members of the Monetary Council and the members of the Supervisory Board, or to related procedures, with the deviations defined in this Article. Anyone may initiate proceedings in relation to the declaration of wealth with the Speaker of the Hungarian Parliament.

31. Auditor

Article 57

The MNB's auditor may be appointed for a maximum term of five years, and may not be reappointed within 5 years of the expiry of the appointment.

Chapter V

Miscellaneous Provisions

32. Rights of the Central Bank

Article 58

(1) In order to maintain the stability of the financial intermediary system, the MNB may submit proposals to the Government to adopt legal regulations or to make legislative proposals, or to any member of the Government for adopting legal regulations. At the discretion of the MNB, such proposals may be disclosed to the general public.

(2) In relation to any proposal of MNB submitted to the Government, as defined in paragraph (1), the Minister responsible for the regulation of the money, capital and insurance markets, on behalf of the Government, and in the event of a proposal submitted to a member of the Government, the member of the Government shall inform the MNB within 15 working days of receipt or publication of the proposal – through public channels if the proposal has been submitted publicly – of the launch of a procedure directed at adopting a legal act or at initiating a legislative proposal; – in the event of legislative proposal – of the deadline for presenting a draft law to the Hungarian Parliament, or in the event of regulation in a decree, the deadline for its publication in the official journal; or in the absence of the above, of the reasons for such a decision.

(3) If the deadline defined in paragraph (2) expired without success, the recipient of the proposal shall immediately inform the MNB – through public channels if the proposal has been submitted publicly – of the reasons for delay, and – if the addressee is in agreement with the proposal – of the new deadline for presenting a draft law to the Parliament, or the of its publication in the official journal.

Article 59

(1) The MNB shall be entitled to manage bank accounts in forints or in foreign currency on behalf of

- a) a provider of cash transaction services, as specified in the Act on Provision of Cash Transaction Services;
- b) an organisation performing clearing house activity, in accordance with Tpt.;
- c) an organisation performing activities for operation of the payment system, in accordance with Hpt.;
- d) an organisation performing cash processing activities;
- e) the central securities depository;
- f) the National Deposit Insurance Fund;
- g) the Investor Protection Fund;

h) any other organisation established in Hungary, in relation to performance of the basic tasks defined in Article 4(1), (4), (5) and (7); and

i) a foreign central bank and any other organisation not established in Hungary, in relation to performance of the basic tasks defined in Article 4(1), (4), (5) and (7), and in order to fulfil any obligations arising under international treaties.

(2) In performing its tasks set out in Article 4(1)-(7), the MNB shall be entitled to conduct any other transactions within the scope of its financial and auxiliary financial service activity in forints, foreign currency and precious metals.

(3) In performing its tasks set out in Article 4(1) and (7), the MNB may perform safe custody and recording of financial assets as an auxiliary service to investment activities in accordance with Bszt., in relation to this it may manage a client account, or manage deposits and related securities accounts, and in the case of material securities, may keep records of such securities and manage client accounts.

(4) In order to support the activity of the investigative authorities and the Public Prosecutor, the MNB is entitled –with respect to the prohibition of monetary financing defined in Article 15 – to provide forint and foreign banknotes to these organisations for the performance of their investigative activities.

Article 60

(1) Pursuant to claims arising in relation to the performance of its central banking tasks, the MNB shall be entitled to a statutory lien on the assets of a debtor based in Hungary, regardless of the legal grounds upon which title to such assets has been acquired. Based on the statutory lien, the MNB may satisfy its claim from the property subject to lien without any court proceedings, in a manner that it deems most suitable. These provisions shall apply accordingly to satisfaction from collateral provided to the MNB.

(2) In the event of a lien or collateral for the benefit of the MNB acquired in relation to the performance of its central bank duties, the provisions of the Act on bankruptcy and liquidation proceedings on the restrictions of direct enforceability of liens and collateral shall not be applied.

(3) The provisions of paragraphs (1) and (2) shall also apply to collaterals provided for the benefit of the central bank of another Member State of the European Union, or of the ECB, with regard to the performance of its central banking tasks.

(4) The MNB shall satisfy its claims against credit institutions arising from activity defined in Article 7, at the burden of accounts kept for such credit institutions, prior to transferring funds, pursuant to a transfer of funds by court order and an order to transfer funds.

Article 61

Claims against the MNB shall only be filed in Hungary, at the seat of MNB. This provision shall not apply to legal actions arising from employment relationship.

Article 62

The books of the MNB and duly signed excerpts from such books shall have the power of evidence as official public document.

33. Acquisitions of Shares and Payment of Dividends

Article 63

(1) With the exceptions defined in paragraphs (2) to (4), the MNB shall not own shares of any domestic or international organisation.

(2) The MNB may acquire and keep shares of an organisation, which:

- a) has been set up in relation to the MNB's activity;
- b) performs activity for the operation of the payment system; or
- c) performs stock exchange, clearing house, central depository and central counterparty activity.

(3) Paragraph (1) shall not be applicable to the acquisition by the MNB of securities incorporating membership rights, launched on the regulated market within the framework of transactions implemented in the course of completing the tasks defined in Article 4(1), (3) and (7), with the proviso that pursuant to Bszt. the MNB may not acquire the majority of shares of the securities issuer. The MNB may not acquire securities incorporating membership rights directly from the issuer within the scope of the tasks defined in Article 4(1), (3) and (7).

(4) The MNB shall pay its part of contribution to the ECB's capital as defined in Articles 28 and 29 of the Statute.

Article 64

(1) On the basis of Article 16(5), the MNB shall pay a dividend from the accumulated profit reserve or the result in the subject year that is not used for setting off the negative amount of the balance reserves based on the decision of the Executive Board as defined in Article 49(4) subsection b).

(2) The MNB shall not pay advance dividends.

(3) Where the amount of loss incurred in the subject year exceeds the accumulated profit reserve, the difference shall be directly reimbursed from the State budget to the accumulated profit reserve within 8 days of the shareholder's receipt of the notification on the annual report for the subject year as defined in Article 43(2).

(4) The shareholder may provide capital injections to the accumulated profit reserve in cash.

Chapter VI

Closing Provisions

34. Authorisations

Article 65

(1) The Governor of the Magyar Nemzeti Bank shall be authorised to regulate in a decree:

- a) the base interest rate in accordance with the decision of the Monetary Council;
- b) the minimum level of the reserve ratio, in accordance with the decision of the Monetary Council, and the interest rate payable on the minimum central bank reserve;
- c) the calculation, the method of allocation and placement of the minimum central bank reserve, and measures to be employed in the event of non-compliance;
- d) the issuance, denomination, distinguishing features and withdrawal from circulation of banknotes and coins, including commemorative banknotes and commemorative coins;
- e) technical and other tasks specified in Article 28(1) with regard to the protection from counterfeiting of Hungarian and foreign legal tender;
- f) the bodies conducting expert inspections in relation to suspected counterfeit Hungarian and foreign legal tender;

g) the organisations liable to provide data, pursuant to Article 28(4), and the method and content of such data submission;

h) the conditions of giving permission for the making, or arranging for the production of imitations of legal tender in circulation and withdrawn from circulation by MNB but convertible to legal tender,, and the requirements for the production, recording, safekeeping and destruction of imitations;

i) the regulations relating to reproductions of euro - including medals and tokens similar to euro coins - with the exception of the rules on sanctions, with consideration for the provisions of Council Regulation (EC) 2182/2004 of 6 December 2004 concerning medals and tokens similar to euro coins;

j) the scope of information to be provided and the scope of the providers for the central bank information system as well as the method and deadline of data submission;

k)

the amount of the administrative service fee charged for the proceedings of the MNB opened on request - other than the proceedings for licensing the provision of auxiliary financial services under the Act on Credit Institutions within the framework of the licensing authority of the MNB, and for the withdrawal of such licences, and the proceedings for the designation granted under Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems - and the regulations relating to the payment of such fees, and

l) the necessary measures to reduce risks or prevent the build-up of systemic risks in areas not regulated by law or Government Decrees, in accordance with the decision of the Monetary Council: provisions preventing the excessive outflows of credit; liquidity criteria preventing the build-up of systemic liquidity risks; the conditions for the timing, structure and operation of the anti-cyclical capital buffer; and additional criteria which reduce the probability of bankruptcy for systemically important institutions.

(2) The Governor of the MNB shall, within the scope of his tasks defined in Article 4(5) and Article 19(2), to regulate in a decree:

a) the rules of execution of payment orders in payment transactions as well as the rules of the method of payment ;

b) the conditions for cash distribution;

c) the rules for cash processing activity; and

d) detailed rules on activities in the operation of the payment system, in accordance with Hpt.

(3) The Governor of the MNB shall, within the scope of the tasks of MNB's specified in Article 4(5) and Article 20(1) and (2), to regulate in a decree:

a) the content and formal requirements for the general business terms and conditions of the entities engaged in the activity of operating the payment system under the Act on Credit Institutions and the requirements for the regulations required for the provision of their activity;

b) the content and formal requirements for the business terms and conditions of the entity performing the clearing house activity pursuant, and

ba) the rules governing the establishment and termination of client relationships,

bb) the financial and technical conditions to be satisfied by the clients,

bc) clearing and settlement procedures,

bd) the rules governing risk management,

be) the rules governing the creation and use of statutory collateral,

bf) the rules governing the assumption of obligation related to the clearing of stock exchange transactions,

bg) the rules governing the establishment, use and management of guarantee funds,

bh) the fundamental principles of setting the fees charged for the services rendered to clients;

c) in the case of the central depository

ca) the rules governing the establishment and termination of client relationships,

cb) the financial and technical conditions to be satisfied by the clients,

cc) the fundamental principles of setting the fees charged by the central depository for services rendered to clients,

cd) the rules governing risk management;

- d) in the case of an entity acting as a central counterparty
 - da) the rules governing the establishment and termination of client relationships,
 - db) the financial and technical conditions to be satisfied by the clients,
 - dc) the rules governing the assumption of obligation related to the settlement of stock exchange transactions,
 - dd) the rules governing risk management,
 - de) the rules governing the creation and use of statutory collateral,
 - df) the rules governing the establishment, use and management of guarantee funds, and
- dg) the fundamental principles of setting the fees charged for the services rendered to clients.(4)

The Minister for Justice need not be consulted with regards to a decree of the Governor of the MNB.

(5) A decree issued pursuant to paragraph (1) subsection c) shall be published in the official journal 15 days prior to coming into effect.

35. Legal Effect

Article 66

(1) This Act shall – with the exception defined in (2) – take effect on 1 January 2012.

(2) Article 77 shall enter into force on January 1, 2013.

36. Transitional Provisions

Article 67

(1) The mandate of members of the Supervisory Board, pursuant to Article 52/A(4) of the MNB Act, and members of the Monetary Council, elected pursuant to Article 49(4) subsection c) of the MNB Act, of the Deputy Governors appointed pursuant to Article 51(1) of the MNB Act, and of the Governor of the Magyar Nemzeti Bank, appointed pursuant to Article 50(3) of Act LVIII of 2001 on the Magyar Nemzeti Bank (hereinafter the ‘MNB Act’) and Article 32/D(2) of the Constitution shall not be affected by this Act taking legal effect. The legally effective provisions of the MNB Act on the day prior to this Act taking legal effect shall apply to the dismissal of members of the Monetary Council, elected pursuant to Article 49(4) subsection c) of the MNB Act, until the end of their mandate.

(2) The powers of the Deputy Governor of the MNB relevant to the substitution of the general scope of competence of the Governor of the MNB pursuant to Article 50(7) of the MNB Act, shall cease to exist upon this Act taking legal effect.

(3) Stipulations of this Act shall be applied to the accounting report of the MNB for 2011.

(4) The operations of the MNB shall be brought in line with the provisions of this Act by March 31, 2012. Meanwhile, the competences defined in Article 49 will be exercised by the Governor of the MNB or the person designated by him, as set out in the provisions of the law on MNB in force preceding the entry into force of this Act.

(5) The Statutes of the MNB shall be brought in line with the provisions of this Act by March 31, 2012.

Article 68

Articles 1-9, 11, 12(1) and (3), 19-21, 27(1), (2) and (10), Article 28(1), (2), (4) and (5), Article 30, Articles 42-50 and Article 67 hereof are deemed essential, pursuant to Article 41(1), (4) and (5) of the Basic Constitutional Law.

37. Amending Provisions

Article 69

The following provision hereby replaces Article 1(3) of Act LXXXV of 2009 on the Provision of Financial Transaction Services:

‘(3) The rules of this Act relevant to the completion of transfers of funds, pursuant to the transfer of funds by court order and order to transfer funds, shall solely be applicable to the current account managed by the Magyar Nemzeti Bank on behalf of Államadósság Kezelő Központ Zártkörűen Működő Részvénytársaság (Government Debt Management Agency Private Company Limited by Shares, ‘ÁKK’).

Article 70

(1) The following provision hereby replaces Article 2(2) subsection 11 of Act CIV of 2008 on Enhancement of the Stability of the Financial Intermediary System:

(Within this Act and the legal regulation issued pursuant to the authorisation of this Act)

‘11. *MNB exceptional liquidity credit*: an exceptional central bank credit – provided under individual conditions, not as part of the monetary policy instruments defined in Article 7 – in accordance with Article 12(4) of the MNB Act.’

(2) The following provision hereby replaces Section 6 of the Annex to Act CIV of 2008 on Enhancement of the Stability of the Financial Intermediary System:

‘6. *MNB Act*: the Act on the Magyar Nemzeti Bank,’

Article 71

(1) The following provision hereby replaces Article 2a) subsection 7 of Act CLII of 2007 on Certain Obligations to Submit Declaration of Wealth:

(In application hereof, a person engaged in public service)

‘7. the employee of the Magyar Nemzeti Bank, with the exception of members of the Monetary Council of the Magyar Nemzeti Bank (hereinafter ‘employees of the Magyar Nemzeti Bank’);’

(2) The following provision hereby replaces Article 7 of Act CLII of 2007 on Certain Obligations to Submit Declaration of Wealth:

‘Article 7. Responsibility for safeguarding the declaration of wealth:

a) the person engaged in public service, and in case of a liable party pursuant to Article 3 (3) subsection e), the person exercising employer powers, in case of a public notary, the chair of the regional Chamber of Notaries;

b) in case of a liable party pursuant to Article 3(3) subsections a)-c), the person or organisation exercising proprietary rights in respect of the business organisation on behalf of the State;

c) in case of liable parties pursuant to Article 3(3) subsection d), the manager of the State subsidy – in the case of a local government, the registrar, in case of a public foundation, the agency exercising founder’s rights, in case of a regional development council, the official body thereof – or the State fund if this is not the same agency, or an agency responsible for the professional transaction of the State subsidy allowance, the latter,

d) in respect of employees of the Magyar Nemzeti Bank, the Governor of the Magyar Nemzeti Bank shall be responsible (hereinafter ‘parties responsible for custody’).

Article 72

The following provision hereby replaces section 14 of Annex 1 to Act CXXXVIII of 2007 on Investment Companies and Commodity Exchange Dealers and the Rules on the Activities they are Entitled to Perform:

‘14. *MNB Act*: the Act on the Magyar Nemzeti Bank,’

Article 73

The following provision hereby replaces Article 34(2) of Act CXXXVI of 2007 on the Prevention and Combating of Money Laundering and Financing of Terrorism:

‘(2) In performing supervision – with the variations specified herein – the agency performing supervision, as defined in Article 5 subsections c), f) and g), shall act in accordance with the Act on General Rules for Official Administrative Procedures, the agency performing supervision, as defined in Article 5 subsection a), shall act in accordance with the Act on General Rules for Official Administrative Procedures and Psztv., and the agency performing supervision, as defined in Article 5 subsection b), shall act in accordance with the provisions of the Act on General Rules for Official Administrative Procedures and the Act on the Magyar Nemzeti Bank.’

Article 74

The following provision hereby replaces Article 15(3) of Act XX of 2001 on Magyar Fejlesztési Bank Részvénytársaság (Hungarian Development Bank):

‘(3) If a member of the Executive Board or the Chief Executive has been a member of the Supervisory Board of the Magyar Nemzeti Bank within 6 months prior to entering into the employment relationship, or his appointment, the provisions specified in Article 55(7), as referred to in Article 55(8) of the Act on the Magyar Nemzeti Bank, shall not apply to him.’

Article 75

The following provision hereby replaces Article 110(2) subsection b) of Act CXII of 1996 on Credit Institutions and Financial Enterprises (hereinafter ‘Hpt.’):

(Members of the Executive Council of the Fund:)

‘b) the Deputy Governor of the MNB, as designated by the Governor of the MNB,’

Article 76

The wording ‘the Act on the Magyar Nemzeti Bank (hereinafter the “MNB Act”)’ hereby replaces the text passage ‘Act LVIII of 2001 on the Magyar Nemzeti Bank (hereinafter the “MNB Act”)’ in Article 48 subsection a) of Hpt.

Article 77

(1) The wording of Article 46(12) is replaced by the following provision:

‘(12) The motion for dismissal, pursuant to paragraph (11), shall be forwarded to the relevant member of the Monetary Council, who may seek remedy in administrative the labour court, in accordance with the regulations of the Labour Code (hereinafter ‘Mt.’).’

(2) The wording of Article 47(5) is replaced by the following provision:

(5) The Prime Minister shall forward his motion for dismissal, pursuant to paragraph (4), to the Governor of the MNB, who may seek remedy in the administrative and labour court, in accordance with the regulations of the Labour Code.

38. Repealing Provisions

Article 78

(1) The following are hereby repealed:

- a) Act LVIII of 2001 on the Magyar Nemzeti Bank,
- b) Act XXXI of 2004 Amending Act LVIII of 2001 on the Magyar Nemzeti Bank,
- c) Act CXXXVI of 2004 Amending Act LVIII of 2001 on the Magyar Nemzeti Bank.

(2) The following are hereby repealed:

- a) Section 14 of Annex no. 1 to Act CXX of 2001 on Capital Markets,
- b) Article 65(4) of Act LXXXV of 2009 on the Provision of Cash Transaction Services