

Act LVIII of 2001

on the National Bank of Hungary

PARLIAMENT HAS ADOPTED THE FOLLOWING ACT ON THE NATIONAL BANK OF HUNGARY, ITS PRINCIPAL OBJECTIVES, BASIC TASKS, ITS INSTITUTIONAL, ORGANIZATIONAL, PERSONAL AND FINANCIAL INDEPENDENCE AND ITS OPERATIONS, AS CONSISTENT WITH THE REQUIREMENTS OF AN ADVANCED MARKET ECONOMY.

Chapter I

LEGAL STATUS, PRIMARY OBJECTIVE AND BASIC TASKS OF THE NATIONAL BANK OF HUNGARY

Section 1.

(1) THE NATIONAL BANK OF HUNGARY (HEREINAFTER REFERRED TO AS “NBH”) IS THE CENTRAL BANK OF THE REPUBLIC OF HUNGARY. THE NBH IS A MEMBER OF THE EUROPEAN SYSTEM OF CENTRAL BANKS (ESCB)

(2) THE NBH AND THE MEMBERS OF ITS DECISION-MAKING BODIES SHALL PERFORM THEIR DUTIES AND CARRY OUT THEIR OBLIGATIONS INDEPENDENTLY AS LAID DOWN IN THIS ACT, AND MAY NEITHER SEEK NOR TAKE INSTRUCTIONS FROM THE GOVERNMENT OR ANY OTHER INSTITUTIONS OR BODIES IN THE EUROPEAN UNION OR FROM THE GOVERNMENTS OF MEMBER STATES, OTHER THAN THE EUROPEAN CENTRAL BANK.

Section 2.

THE PRESIDENT OF THE NBH SHALL REPORT TO PARLIAMENT.

Section 3.

(1) THE CHIEF OBJECTIVE OF THE NBH SHALL BE TO ACHIEVE AND MAINTAIN STABILITY OF PRICES.

(2) WITHOUT PREJUDICE TO ITS PRIMARY OBJECTIVE, THE NBH SHALL SUPPORT THE ECONOMIC POLICY OF THE GOVERNMENT BY MEANS OF THE INSTRUMENTS OF MONETARY CONTROL AT ITS DISPOSAL.

Basic Tasks and Duties of the NBH

Section 4.

(1) THE NBH SHALL DEFINE AND IMPLEMENT THE COUNTRY’S MONETARY POLICY.

(2) THE NBH SHALL HAVE THE EXCLUSIVE RIGHT TO ISSUE BANKNOTES AND COINS. THE BANKNOTES AND COINS - INCLUDING COMMEMORATIVE BANKNOTES AND COINS - ISSUED BY THE NBH SHALL BE THE LEGAL TENDER OF THE REPUBLIC OF HUNGARY.

(3) THE NBH SHALL FORM AND MANAGE OFFICIAL RESERVES IN GOLD AND FOREIGN EXCHANGE.

(4) THE NBH MAY CONDUCT FOREIGN EXCHANGE TRANSACTIONS CONSISTENT WITH THE MANAGEMENT OF FOREIGN EXCHANGE RESERVES AND THE IMPLEMENTATION OF EXCHANGE RATE POLICY.

(5) THE NBH SHALL DEVELOP AND REGULATE PAYMENT AND CLEARING SYSTEMS AND SECURITIES CLEARING SYSTEMS, AND SHALL MONITOR (OVERSEE) THESE SYSTEMS TO ENSURE THEIR EFFICIENT AND SOUND OPERATION, AND THE PRUDENT OPERATION OF THE COMMERCIAL TRANSACTIONS SYSTEM.

(6) THE NBH SHALL COLLECT AND PUBLISH STATISTICAL INFORMATION AS NECESSARY TO CARRY OUT ITS TASKS.

(7) THE NBH SHALL ADVOCATE THE STABILITY OF THE FINANCIAL SYSTEM AND SHALL CONTRIBUTE TO THE DEVELOPMENT AND SMOOTH CONDUCT OF POLICIES RELATED TO THE PRUDENTIAL SUPERVISION OF THE FINANCIAL SYSTEM.

(8) THE NBH MAY ENGAGE IN OTHER ACTIVITIES IF DULY AUTHORIZED BY LAW AND TO THE EXTENT SO AS NOT TO JEOPARDIZE THE ACHIEVEMENT OF ITS PRIMARY OBJECTIVE AND PERFORMANCE OF ITS BASIC TASKS.

Chapter II

TASKS OF THE NBH

Monetary Policy

Section 5.

IN THE INTERESTS OF ACHIEVING THE PRIMARY OBJECTIVE DEFINED IN SUBSECTION (1) OF SECTION 3, THE NBH SHALL INFLUENCE SUPPLY AND DEMAND FACTORS OF MONEY AND CREDIT, USING THE INSTRUMENTS DESCRIBED IN SECTION 7.

Section 6.

THE NBH SHALL INDEPENDENTLY DEFINE ITS MONETARY POLICY AND THE INSTRUMENTS FOR IMPLEMENTING SUCH POLICY WITHIN THE FRAMEWORK LAID DOWN IN THIS ACT.

Instruments of Monetary Policy

Section 7.

THE NBH SHALL IMPLEMENT ITS MONETARY POLICY BY MEANS OF THE FOLLOWING:

A) ACCEPTING ASSETS AND, SUBJECT TO THE RESTRICTIONS DESCRIBED IN SECTION 16, LENDING BASED ON ADEQUATE COLLATERAL, UNDER THE ACCOUNTS IT MANAGES;

B) PURCHASING, SELLING AND MEDIATING SECURITIES ON SPOT AND DERIVATIVE MARKETS WITHIN THE FRAMEWORK OF OPEN MARKET OPERATIONS AND REPURCHASE AGREEMENTS;

- C) ISSUING SECURITIES;
- D) INFLUENCING AND SETTING EXCHANGE RATES AND INTEREST RATES;
- E) DISCOUNTING (REDISCOUNTING) SECURITIES;
- F) REGULATING MINIMUM RESERVES; AND
- G) OTHER CENTRAL BANK INSTRUMENTS.

Section 8.

Minimum Reserves

Section 9.

- (1) THE PRESIDENT OF THE NBH MAY DECREE THAT FINANCIAL INSTITUTIONS AND INVESTMENT FIRMS ARE REQUIRED TO DEPOSIT FUNDS WITH THE NBH IN RESERVE, IN A SPECIFIC PERCENTAGE OF THEIR LIABILITIES (RESERVE RATIO).
- (2) THE NBH MAY PRESCRIBE DIFFERENT RESERVE RATIOS FOR THE VARIOUS TYPES OF LIABILITIES OF FINANCIAL INSTITUTIONS AND INVESTMENT FIRMS.

Section 10.

- (1) THE PRESIDENT OF THE NBH SHALL DECREE THE FORMULA FOR THE CALCULATION OF RESERVE RATIOS AND THE METHOD OF CREATING AND PLACING RESERVES, AND ALSO CONCERNING THE MEASURES TO BE ADOPTED IN THE EVENT OF NON-COMPLIANCE WITH THESE REGULATIONS.
- (2) THE PERCENTAGE OF RESERVE RATIO SHALL BE DECIDED BY THE MONETARY COUNCIL. THE PRESIDENT OF THE NBH SHALL ANNOUNCE THE PERCENTAGE OF RESERVE RATIO BY DECREE.

Exchange Rates

Section 11.

- (1) THE NBH SHALL QUOTE THE OFFICIAL RATES OF EXCHANGE FOR THE TRANSLATION OF FOREIGN CURRENCIES INTO FORINT AND FOR TRADING FORINTS INTO FOREIGN CURRENCIES, AND SHALL PUBLISH THESE RATES.
- (2) THE GOVERNMENT SHALL DETERMINE THE EXCHANGE RATE SYSTEM - ALONG WITH ALL ITS COMPONENTS, SUCH AS THE THRESHOLD LIMITS OF FLUCTUATIONS, THE MEDIUM RATE AND THE COMPONENT CURRENCIES - IN AGREEMENT WITH THE NBH. CHANGES IN THE EXCHANGE RATE SYSTEM SHALL NOT BE PERMITTED TO COMPROMISE THE CHIEF OBJECTIVE OF THE NBH AS TO ACHIEVE AND MAINTAIN THE STABILITY OF PRICES.
- (3) WITHIN THE FRAMEWORK OF THE EXCHANGE RATE SYSTEM DEFINED IN ACCORDANCE WITH SUBSECTION (2), THE NBH SHALL MOVE - WHEN NECESSARY - TO PROTECT AND INFLUENCE EXCHANGE RATES ON THE CURRENCY MARKETS, DOMESTIC AND FOREIGN, WITHIN ITS POSSIBILITIES.

(4) THE GOVERNMENT AND THE NBH SHALL ADMINISTER THE EXCHANGE RATE POLICY TO REPRESENT THE JOINT INTEREST OF ALL MEMBER STATES OF THE EUROPEAN UNION.

Interest Rates

Section 12.

THE NBH SHALL SPECIFY THE CENTRAL BANK BASE RATE AS THE PRIME RATE IN THE INTEREST RATE STRUCTURE. THE NBH SHALL PUBLISH THE CENTRAL BANK BASE RATE IN THE OFFICIAL GAZETTE.

Section 13.

THE NBH SHALL PAY INTEREST ON THE MINIMUM RESERVES DEPOSITED BY THE INSTITUTIONS DESCRIBED IN SUBSECTION (1) OF SECTION 9. DIFFERENT INTEREST RATES MAY BE APPLIED ACCORDING TO THE VARIOUS TYPES OF LIABILITIES.

Emergency Loans to Credit Institutions

Section 14.

THE MNB MAY PROVIDE AN EMERGENCY LOAN - SUBJECT TO THE PROHIBITION OF MONETARY FINANCING UNDER SUBSECTION (1) OF SECTION 16 - TO A CREDIT INSTITUTION WHOSE OPERATION JEOPARDIZES THE STABILITY OF THE FINANCIAL SYSTEM IN CONSEQUENCE OF SPECIFIC CIRCUMSTANCES. THE MNB MAY RENDER SUCH A LOAN SUBJECT TO THE ACTIONS OF THE HUNGARIAN FINANCIAL SUPERVISORY AUTHORITY (HEREINAFTER REFERRED TO AS THE "AUTHORITY") OR TO THE PERFORMANCE OF ACTIONS BY THE CREDIT INSTITUTION AS INSTRUCTED BY THE AUTHORITY.

MNB Account Services; Relations with the Central Government

Section 15.

(1) THE MNB SHALL MANAGE:

A) THE SINGLE TREASURY ACCOUNT;

B) THE CURRENT ACCOUNT OF THE ÁLLAMADÓSSÁG KEZELŐ KÖZPONT ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG (*GOVERNMENT DEBT MANAGEMENT COMPANY*);

C)-D)

(2) THE MNB SHALL PAY INTEREST ON THE AVAILABLE BALANCE OF THE SINGLE TREASURY ACCOUNT AT THE CURRENT MARKET RATE, NOT TO EXCEED THE CENTRAL BANK BASE RATE, TO THE CENTRAL BUDGET.

Section 16.

(1) IN ACCORDANCE WITH WHAT IS CONTAINED IN ARTICLE 101 OF THE TREATY ESTABLISHING THE EUROPEAN COMMUNITY RELATING TO THE PROHIBITION OF MONETARY FINANCING, AND IN COUNCIL REGULATION (EC) NO. 3603/93 OF 13 DECEMBER 1993 SPECIFYING DEFINITIONS FOR THE APPLICATION OF THE PROHIBITIONS REFERRED TO IN ARTICLES 104 AND 104(B)(1) OF THE TREATY, THE

MNB MAY NOT PROVIDE OVERDRAFT CREDIT OR ANY OTHER LOAN FACILITIES TO THE STATE, TO LOCAL GOVERNMENTS OF COMMUNITIES, TO OTHER GOVERNMENT INSTITUTIONS, TO THE INSTITUTIONS AND BODIES OF THE EUROPEAN UNION, THE CENTRAL GOVERNMENTS OF MEMBER STATES, TO REGIONAL, LOCAL AND OTHER ADMINISTRATIVE AGENCIES OF MEMBER STATES, TO OTHER PUBLIC BODIES, OR TO AN ECONOMIC OPERATOR IN WHICH THE ABOVE-SPECIFIED BODIES OR AGENCIES HOLD ANY CONTROLLING INTEREST. FURTHERMORE, THE MNB MAY NOT PURCHASE SECURITIES ISSUED BY SUCH INSTITUTIONS DIRECTLY FROM THE ISSUER (PROHIBITION OF MONETARY FINANCING).

(2) FOR THE PURPOSES OF SUBSECTION (1) CONTROLLING INTEREST IN AN ECONOMIC OPERATOR BY THE STATE, A LOCAL SELF-GOVERNMENT OR THE INSTITUTIONS REFERRED TO IN SUBSECTION (1) SHALL MEAN IF THE STATE, THE LOCAL SELF-GOVERNMENT, OTHER GOVERNMENT INSTITUTION, AN INSTITUTION OR BODY OF THE EUROPEAN UNION, THE CENTRAL GOVERNMENT OF A MEMBER STATE, A REGIONAL, LOCAL OR OTHER ADMINISTRATIVE AGENCY OF A MEMBER STATE, OTHER PUBLIC BODY, ON THE AGGREGATE, EITHER DIRECTLY OR INDIRECTLY:

A) HOLDS A MAJORITY INTEREST IN THE SUBSCRIBED CAPITAL OF THE ECONOMIC OPERATOR;

B) CONTROLS THE MAJORITY OF VOTING RIGHTS RELATED TO THE INTEREST; OR

C) HAS THE RIGHT TO APPOINT MORE THAN ONE-HALF OF THE MEMBERS OF THE ECONOMIC OPERATOR'S SUPREME BODY OR SUPERVISORY BOARD.

(3) THE PROVISIONS OF SUBSECTION (1) SHALL NOT APPLY IN RESPECT OF CREDIT INSTITUTIONS WHICH ARE OWNED, DIRECTLY OR INDIRECTLY, BY THE STATE, A LOCAL SELF-GOVERNMENT, ANOTHER GOVERNMENT INSTITUTION, AN INSTITUTION OR BODY OF THE EUROPEAN UNION, THE CENTRAL GOVERNMENT OF A MEMBER STATE, OR BY A REGIONAL, LOCAL OR OTHER ADMINISTRATIVE AGENCY OF A MEMBER STATE. THESE CREDIT INSTITUTIONS SHALL BE ACCORDED THE SAME TREATMENT AS PRIVATELY OWNED CREDIT INSTITUTIONS INsofar AS THE CENTRAL BANK'S AVAILABLE MONEY SUPPLY IS CONCERNED.

(4) FOR THE PURPOSES OF THIS SECTION "INDIRECT HOLDING" MEANS WHEN SHARES IN THE CAPITAL OR THE VOTING RIGHTS OF A COMPANY ARE HELD OR CONTROLLED THROUGH THE SHARES OR VOTING RIGHTS HELD BY ANOTHER COMPANY IN THAT COMPANY (INTERMEDIARY COMPANY).

Section 17.

(1) THE NBH SHALL ALLOCATE TO THE FORINT EXCHANGE RATE EQUALIZATION RESERVE ANY GAIN OR LOSS FROM THE REVALUATION OF ITS FOREIGN CURRENCY RECEIVABLES AND LIABILITIES BASED ON THE OFFICIAL EXCHANGE RATE IN EFFECT ON THE LAST DAY OF THE YEAR TO WHICH IT PERTAINS.

(2) THE NBH SHALL ALLOCATE TO THE FOREIGN CURRENCY SECURITIES EQUALIZATION RESERVE THE DIFFERENCE DETERMINED ON THE BASIS OF THE MARKET VALUATION OF RECEIVABLES IN FOREIGN CURRENCY SECURITIES, FOLLOWING RE-ENTRY OF THE OPENING BALANCE.

(3) THE FORINT EXCHANGE RATE EQUALIZATION RESERVE AND THE FOREIGN CURRENCY SECURITIES EQUALIZATION RESERVE DESCRIBED IN SUBSECTIONS (1)

AND (2) ABOVE SHALL FORM A COMPONENT OF THE EQUITY OF THE NBH. THE BALANCES OF THE EQUALIZATION RESERVES MAY NOT BE OFFSET AGAINST ONE ANOTHER.

(4) IN THE EVENT THAT, BASED ON THE AVAILABLE DATA, THE BALANCE OF EITHER OF THE EQUALIZATION RESERVES DESCRIBED IN SUBSECTIONS (1) AND (2) ABOVE IS NEGATIVE, THE GOVERNMENT SHALL MAKE A DIRECT CASH INJECTION TO THE APPROPRIATE EQUALIZATION RESERVE TO THE AMOUNT OF THE NEGATIVE BALANCE BY 31 MARCH OF THE YEAR FOLLOWING THE SUBJECT YEAR, WHICH SHALL BE RECORDED IN THE BALANCE SHEET IN THAT YEAR.

(5) IN THE EVENT THAT, BASED ON THE FINAL DATA AND WITH DUE CONSIDERATION OF THE CASH INJECTION DESCRIBED IN SUBSECTION (4), THE BALANCE OF EITHER OF THE EQUALIZATION RESERVES DESCRIBED IN SUBSECTIONS (1) OR (2) ABOVE IS NEGATIVE, THE GOVERNMENT SHALL MAKE A DIRECT CASH INJECTION TO THE APPROPRIATE EQUALIZATION RESERVE WITHIN EIGHT DAYS FOLLOWING THE EFFECTIVE DATE OF THE RESOLUTION ADOPTED BY THE SHAREHOLDER UNDER PARAGRAPH B) OF SECTION 46/A. IN THE EVENT THAT THE CASH INJECTION DESCRIBED IN SUBSECTION (4) EXCEEDS THE FINAL BALANCE, THE NBH SHALL REFUND THE AMOUNT OF OVERPAYMENT TO THE GOVERNMENT WITHIN EIGHT DAYS FOLLOWING THE EFFECTIVE DATE OF THE RESOLUTION ADOPTED BY THE SHAREHOLDER UNDER PARAGRAPH B) OF SECTION 46/A FROM THE EQUALIZATION RESERVE. SAID ITEMS SHALL BE RECORDED IN THE BALANCE SHEET OF THE YEAR IN WHICH THE PAYMENT IS EFFECTED.

Section 18.

Section 19.

THE NBH MAY ACT AS AN AGENT FOR THE GOVERNMENT ON THE SECURITIES MARKET, BY AUTHORIZATION OF THE GOVERNMENT OR IN RESPECT OF GOVERNMENT-OWNED SECURITIES, WITH THE EXCEPTION OF EQUITIES.

Section 20.

(1) BY AUTHORIZATION OF THE GOVERNMENT, THE NBH MAY PARTICIPATE IN THE GOVERNMENT'S FOREIGN CURRENCY BORROWING OPERATIONS AND IN ITS ISSUE OF SECURITIES ABROAD. THE NBH MAY ALSO CONTRIBUTE TO THE MANAGEMENT OF THE GOVERNMENT'S FOREIGN RECEIVABLES.

(2) THE NBH MAY CONCLUDE FORWARD AND HEDGING TRANSACTIONS WITH THE GOVERNMENT OR AS AN AGENT OF THE GOVERNMENT UNDER MARKET CONDITIONS.

Section 21.

Section 22.

Section 23.

(1)

(2)

Section 24.

Section 25.

Tasks Related to Payment Transactions

Section 26.

- (1) THE NBH SHALL DEVELOP THE NATIONAL PAYMENTS AND CLEARING SYSTEM.
- (2) THE PAYMENT AND SECURITIES CLEARING SYSTEMS REFERRED TO IN THE ACT ON THE IRREVERSIBILITY OF SETTLEMENTS MADE THROUGH PAYMENT AND SECURITIES CLEARING SYSTEMS SHALL BE DESIGNATED BY THE NBH.
- (3) THE PRESIDENT OF THE NBH SHALL GOVERN THE EXECUTION OF PAYMENT ORDERS FOR THE ENTITIES REFERRED TO IN SUBSECTION (2) OF SECTION 60.
- (4)

Section 27.

- (1) THE AUTHORIZATION OF THE MNB IS REQUIRED FOR THE STANDARD SERVICE AGREEMENTS AND INTERNAL REGULATIONS OF PAYMENT CLEARING HOUSES TO TAKE EFFECT, INCLUDING THEIR AMENDMENTS.
- (2) THE MNB SHALL GRANT THE AUTHORIZATION REFERRED TO IN SUBSECTION (1) IF THE STANDARD SERVICE AGREEMENT AND INTERNAL REGULATIONS ARE FOUND IN COMPLIANCE WITH THE PROVISIONS OF THE DECREE OF THE PRESIDENT OF THE MNB ON THE CONTENT AND FORMAL REQUIREMENTS RELATING TO THE STANDARD SERVICE AGREEMENT AND INTERNAL REGULATIONS OF PAYMENT CLEARING HOUSES ADOPTED BY AUTHORIZATION OF THIS ACT.
- (3) PAYMENT CLEARING HOUSES SHALL DISPLAY ON THEIR WEBSITE THE STANDARD SERVICE AGREEMENT APPROVED BY THE MNB, INCLUDING ANY AMENDMENTS IN A CODIFIED VERSION ON THE DAY WHEN THE MNB'S AUTHORIZATION BECOMES OPERATIVE AT THE LATEST.

Central Banking Information System

Section 28.

- (1) WITH A VIEW TO DISCHARGING THE FUNCTIONS DEFINED IN SUBSECTIONS (1)-(7) OF SECTION 4 - INCLUDING THE COMPILATION OF STATISTICAL INFORMATION RELATING TO THE MONETARY SYSTEM, BALANCE-OF-PAYMENTS AND RELATED STATISTICS, AND STATISTICS RELATED TO SECURITIES, FINANCIAL ACCOUNTS, FINANCIAL STABILITY, FINANCIAL TRANSACTIONS AND THE PAYMENT TRANSACTION SYSTEM - THE MNB SHALL OPERATE A CENTRAL BANK INFORMATION SYSTEM RELYING ON THE DATA AND INFORMATION - OTHER THAN PERSONAL DATA - SUPPLIED BY ORGANIZATIONS SPECIFIED BY LAW AND NATURAL PERSONS AS PRESCRIBED BY THE MNB. FOR THE PURPOSES OF THE CENTRAL BANK INFORMATION SYSTEM, THE MNB SHALL BE ENTITLED TO RECEIVE DATA - OTHER THAN PERSONAL DATA - FROM BODIES COMPRISING PART OF THE OFFICIAL STATISTICAL SERVICE NETWORK, AT THEIR DISPOSAL IN A FORM ENABLING INDIVIDUAL IDENTIFICATION. THE MNB SHALL DEFINE THE CONTENTS AND METHODOLOGY OF THE STATISTICAL INFORMATION SYSTEM THAT IS OPERATED WITHIN THE CENTRAL BANK INFORMATION SYSTEM, IN AGREEMENT WITH THE KÖZPONTI STATISZTIKAI HIVATAL (*CENTRAL STATISTICAL OFFICE*), FOLLOWING CONSULTATION WITH THE MINISTER IN

CHARGE OF PUBLIC FINANCES (HEREINAFTER REFERRED TO AS “MINISTER”) AND THE AUTHORITY.

(2) THE NBH SHALL PUBLISH ALL INFORMATION OF IMPORT WHICH IS RELATED TO THE OPERATION OF THE BANKING SYSTEM AND TO THE FINANCIAL SITUATION OF THE COUNTRY, AND SHALL PERIODICALLY PROVIDE ELABORATE DETAILS OF SUCH INFORMATION TO PARLIAMENT, THE GOVERNMENT AND THE MINISTRIES (CENTRAL GOVERNMENT BODIES).

(3) THE INFORMATION SPECIFIED ABOVE MAY ONLY BE DISCLOSED IN A MANNER WHICH PRECLUDES THE POSSIBILITY OF IDENTIFYING THE ENTITIES TO WHOM IT PERTAINS.

(4) THE PRESIDENT OF THE MNB SHALL HAVE POWERS TO PRESCRIBE - WITH A VIEW TO ENABLE THE MNB TO CARRY OUT RESEARCH AND ANALYSIS, AND PERFORM ACTIVITIES WITHIN THE DECISION-MAKING PROCESS, COMPRISING PART OF ITS PRIMARY FUNCTIONS - IN THE DECREE ON THE SCOPE OF INFORMATION TO BE SUPPLIED FOR THE CENTRAL BANK INFORMATION SYSTEM AND ON THE METHOD AND DEADLINE FOR SUPPLYING THEM, FOR THE BODIES AND ORGANIZATIONS FALLING WITHIN THE SCOPE OF ACT CXII OF 1996 ON CREDIT INSTITUTIONS AND FINANCIAL ENTERPRISES (HEREINAFTER REFERRED TO AS “CIFE”), ACT CXX OF 2001 ON THE CAPITAL MARKET (HEREINAFTER REFERRED TO AS “CMA”) AND ACT CXXXVIII OF 2007 ON INVESTMENT FIRMS AND COMMODITY DEALERS, AND ON THE REGULATIONS GOVERNING THEIR ACTIVITIES (HEREINAFTER REFERRED TO AS “IRA”), THE STATE TAX AUTHORITY, THE PENSION INSURANCE ADMINISTRATION AGENCY, THE HEALTH INSURANCE ADMINISTRATION AGENCY, THE KÖZPONTI STATISZTIKAI HIVATAL (*CENTRAL STATISTICAL OFFICE*), THE COURTS OF REGISTRY, AND - IN RESPECT OF FAMILY SUPPORT AND DISABILITY BENEFITS, SOCIAL AID, CHILD WELFARE, CHILD PROTECTION AND EDUCATION AID AND BENEFITS WHICH ARE PAID FROM THE CENTRAL BUDGET - THE TREASURY TO ALTER THE PERSONAL DATA, TAX SECRETS, BANK SECRETS, SECURITIES SECRETS, INSURANCE SECRETS AND FUND SECRETS IN THEIR POSSESSION, WHICH ARE TO BE SUPPLIED FOR THE PURPOSES OF THE CENTRAL BANK INFORMATION SYSTEM, BY AN IRREVERSIBLE PROCESS SO AS TO PREVENT SUCH INFORMATION TO BE RELATED TO THE DATA SUBJECTS, HENCE TO SUPPLY INFORMATION TO THE MNB RELATING TO ORGANIZATIONS AND NATURAL PERSONS WITH THEIR CONFIDENTIAL AND PERSONAL ATTRIBUTES EFFECTIVELY REMOVED. THE PRESIDENT OF THE MNB SHALL SPECIFY THE ORGANIZATIONS REQUIRED TO SUPPLY INFORMATION BY WAY OF A DECREE.

(5) THE PRESIDENT OF THE MNB SHALL, FURTHERMORE, BE ENTITLED TO PRESCRIBE BY WAY OF A DECREE TO HAVE THE INFORMATION REFERRED TO IN SUBSECTION (4) STRIPPED OF THEIR CONFIDENTIAL AND PERSONAL ATTRIBUTES, BY SUPPLYING THE INFORMATION IN QUESTION WITH AN ANONYMOUS TRANSFER CODE ATTACHED, THAT IS TO BE CREATED BASED ON THE ENCODING PROGRAM FURNISHED BY THE MNB TO THE ORGANIZATIONS REQUIRED TO SUPPLY SUCH INFORMATION PURSUANT TO SUBSECTION (4). MNB SHALL ERASE THE ENCODING PROGRAM AFTER IT IS MADE AVAILABLE, BEFORE THE INFORMATION IS IN FACT SUPPLIED.

(6) THE MNB SHALL BE ENTITLED TO REQUEST THE INFORMATION REFERRED TO IN SUBSECTION (4) FROM SEVERAL DIFFERENT ORGANIZATIONS WITH THE ANONYMOUS

TRANSFER CODES CREATED BY THE SAME ENCODING PROGRAM, AND TO INTERCONNECT THE INFORMATION RECEIVED IN THIS FASHION.

(7) THE ORGANIZATIONS REQUIRED TO SUPPLY INFORMATION PURSUANT TO SUBSECTION (4) SHALL REFUSE TO SUPPLY INFORMATION IF IT CANNOT BE DEPRIVED OF CONFIDENTIAL AND PERSONAL ATTRIBUTES. THE ORGANIZATIONS REQUIRED TO SUPPLY INFORMATION PURSUANT TO SUBSECTION (4) SHALL INFORM THE MNB OF SUCH REFUSAL, INCLUDING THE REASONS, INSIDE THE TIME LIMIT PRESCRIBED FOR THE SUPPLY OF INFORMATION.

(8) THE MNB SHALL DEVELOP THE METHOD FOR CREATING THE ANONYMOUS TRANSFER CODE AND THE BASIS FOR THE ENCODING PROCESS:

A) WITHOUT USING ANY IDENTIFICATION DATA UNDERLYING THE ENCODING PROCESS RELATING TO ORGANIZATIONS OR NATURAL PERSONS, WHICH ARE LAWFULLY PROCESSED BY THE MNB,

B) THE SPECIFIC AND INDIVIDUAL ENCODING METHOD CONTAINS UNIQUE ELEMENTS SELECTED AT RANDOM.

(9) IN THE PROCESS OF SUPPLYING INFORMATION UNDER SUBSECTIONS (4) AND (5), THE ORGANIZATION SUPPLYING THE INFORMATION SHALL ALTER THE INFORMATION PERTAINING TO THE HOME ADDRESS OF A NATURAL PERSON BEFORE IT IS SUPPLIED, BY REMOVING ALL INFORMATION OF IDENTIFICATION APART FROM THE NAME OF THE MICRO-REGION.

(10) THE MNB SHALL BE LIABLE TO REIMBURSE THE ORGANIZATION SUPPLYING INFORMATION PURSUANT TO SUBSECTIONS (4) AND (5) FOR THEIR JUSTIFIED COSTS INCURRED IN CONNECTION WITH THE SUPPLY OF SUCH INFORMATION, AS SHOWN IN A DETAILED COST BREAKDOWN, AFTER THE INFORMATION IS IN FACT SUPPLIED.

(11) THE ORGANIZATIONS REQUIRED TO SUPPLY INFORMATION PURSUANT TO SUBSECTION (4) SHALL NOT BE PERMITTED TO ALTER THE ENCODING METHOD, AND SHALL DELETE IT IMMEDIATELY AFTER THE ANONYMOUS TRANSFER CODE IS CREATED, AS WELL AS THE ANONYMOUS TRANSFER CODE ITSELF AFTER THE INFORMATION SUPPLY IS COMPLETED.

(12) FOLLOWING THE INTERCONNECTION OF INFORMATION, THE MNB SHALL IRREVOCABLY ELIMINATE THE LINK BETWEEN THE ANONYMOUS TRANSFER CODE AND THE INFORMATION RECEIVED, AND SHALL DELETE THE ANONYMOUS TRANSFER CODE.

(13) FOR THE PURPOSES OF THIS SECTION, 'ANONYMOUS TRANSFER CODE' SHALL MEAN A STRING OF CHARACTERS, CONTAINING RANDOM ELEMENTS RELATING TO A SPECIFIC NATURAL PERSON OR A SPECIFIC ORGANIZATION, FOR THE IDENTIFICATION OF THAT NATURAL PERSON OR ORGANIZATION, WHERE THE SAME DATA ALWAYS GENERATES THE SAME CHARACTER STRING, FROM WHICH CHARACTER STRING, HOWEVER, THE DATA FOR THE IDENTIFICATION OF THE NATURAL PERSON OR ORGANIZATION IN QUESTION CANNOT BE RETRIEVED.

Oversight

Section 29.

(1) CENTRAL BANK INSPECTIONS SHALL COVER COMPLIANCE WITH:

A) THE PROVISIONS OF THIS ACT;

B) THE PROVISIONS OF THE CIFE ON THE CONDITIONS FOR PROVIDING AUXILIARY FINANCIAL SERVICES UNDER THE LICENSING AUTHORITY OF THE MNB;

C) THE PROVISIONS OF THE ACT ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING ON THE ENTERPRISES PROVIDING AUXILIARY FINANCIAL SERVICES UNDER THE SUPERVISORY COMPETENCE OF THE MNB;

D) THE PROVISIONS OF THE LEGISLATION ON THE SUPPLY OF INFORMATION FOR THE CENTRAL BANK INFORMATION SYSTEM;

E) THE DECREES OF THE PRESIDENT OF THE MNB;

MONITORING THE IMPLEMENTATION OF THE REGULATORY DECISIONS AND OFFICIAL ASSESSMENTS OF THE MNB, AND FOR SUPERVISING THE ACTIVITIES OF PROVIDERS OF OUTSOURCING SERVICES UNDER THE CMA AND THE CIFE.

(2) THE CENTRAL BANK INSPECTION SHALL COMPRISE THE VERIFICATION OF DATA SUBMITTED IN ACCORDANCE WITH THE LAW AND THE INSPECTION PROCEDURE PERFORMED BY THE MNB. WITHIN THIS FRAMEWORK THE MNB SHALL BE ENTITLED TO REQUEST THE SUBMISSION OF DATA, REPORTS, BALANCE SHEETS, DOCUMENTS AND INSPECTION MATERIALS.

(3) THE MNB SHALL PROVIDE LETTERS OF AUTHORIZATION TO THE PERSONS CONDUCTING ON-SITE INSPECTION.

(4) WHERE DEEMED NECESSARY TO ESTABLISH THE AUTHENTICITY OR COMPLETENESS OF THE EXAMINED DOCUMENTS OR TO SUPPLEMENT THE CONCLUSIONS OF THE INSPECTIONS, THE PERSONS CONDUCTING THE CENTRAL BANK INSPECTION SHALL BE ENTITLED TO EXAMINE THE FACTS IN CONNECTION WITH THE TOPICS DESCRIBED IN SUBSECTION (1) AT THE INSTITUTIONS AND NATURAL PERSONS UNDER THE SCOPE OF CENTRAL BANK INSPECTION.

(5) THE DURATION OF THE CENTRAL BANK INSPECTION MAY NOT EXCEED SIX MONTHS.

Common Provisions Relating to the Regulatory Proceedings of the MNB

Section 29/A.

SUBJECT TO THE EXCEPTIONS SET OUT IN THIS ACT, THE MNB SHALL PROCEED IN ACCORDANCE WITH THE PROVISIONS OF THE ACT ON THE GENERAL RULES OF ADMINISTRATIVE PROCEEDINGS IN CONNECTION WITH:

A) CENTRAL BANK INSPECTIONS;

B) LICENSING THE GENERAL TERMS AND BUSINESS CONDITIONS AND THE REGULATIONS OF CLEARING HOUSES FOR CREDIT INSTITUTIONS, INCLUDING ANY AMENDMENTS THEREOF;

C) LICENSING THE PROVISION OF AUXILIARY FINANCIAL SERVICES UNDER THE CIFE WITHIN THE FRAMEWORK OF LICENSING AUTHORITY OF THE MNB, AND THE WITHDRAWAL OF SUCH LICENSES;

D) THE APPOINTMENTS GRANTED UNDER ACT XXIII OF 2003 ON SETTLEMENT FINALITY IN PAYMENT AND SECURITIES SETTLEMENT SYSTEMS, AND THE WITHDRAWAL OF SUCH APPOINTMENTS;

E) THE AUTHORIZATION FOR MAKING IMITATIONS OF LEGAL TENDER IN CIRCULATION; AND

F) FUNCTIONING IN THE CAPACITY OF COMPETENT AUTHORITY ACCORDING TO SPECIFIC OTHER LEGISLATION.

Section 29/B.

(1) UNLESS OTHERWISE PROVIDED FOR IN THE RELEVANT LEGISLATION, PROCEEDINGS OPENED UPON REQUEST ARE SUBJECT TO PAYMENT OF AN ADMINISTRATIVE SERVICE FEE.

(2) THE MNB MAY PUBLISH ITS DECISIONS - IN PART OR IN WHOLE - ON ITS OFFICIAL WEBSITE OR IN ANY OTHER MANNER DEEMED APPROPRIATE.

(3) THE MNB'S DECISIONS MAY NOT BE APPEALED. THE MNB'S RESOLUTIONS AND ITS RULINGS THAT MAY BE APPEALED INDEPENDENTLY, MAY BE SUBJECT TO JUDICIAL REVIEW BY THE FŐVÁROSI BÍRÓSÁG (*MUNICIPAL COURT OF BUDAPEST*), WHERE THE COURT SHALL ADOPT A DECISION WITHIN THIRTY DAYS, IN ACCORDANCE WITH THE PROVISIONS OF THE ACT ON THE CODE OF CIVIL PROCEDURE PERTAINING TO ADMINISTRATIVE LAWSUITS.

(4) THE PROCEEDINGS MAY NOT BE SUSPENDED UPON THE CLIENT'S REQUEST.

(5) THE TIME LIMIT FOR THE PROCEEDINGS UNDER PARAGRAPH D) OF SECTION 29/A IS THREE MONTHS.

(6) A NOTICE FOR REQUESTING MISSING INFORMATION MAY BE ISSUED WITHIN TEN WORKING DAYS OF THE TIME OF RECEIPT OF THE PETITION.

(7) THE MNB MAY ADOPT A RULING FOR THE CESSATION OR PROHIBITION OF THE INFRINGEMENT WITH IMMEDIATE EFFECT FOR THE PERIOD ENDING UPON THE PASSING OF THE RESOLUTION OR THE RULING FOR THE TERMINATION OF THE PROCEEDINGS, WHERE SUCH ACTION IS DEEMED URGENTLY NECESSARY WITH A VIEW TO DISCHARGING ITS PRIMARY FUNCTIONS REFERRED TO IN SUBSECTIONS (1)-(7) OF SECTION 4, WHERE ANY DELAY IS LIKELY TO CAUSE SIGNIFICANT OR IRREPARABLE HARM. THE MNB SHALL ADOPT THIS DECISION IN PRIORITY PROCEEDINGS.

(8) WHERE THE MNB MAINTAINS A TRANSACTION ACCOUNT FOR THE DEBTOR, THE MNB SHALL ENFORCE ANY PAYMENT PRESCRIBED BY RESOLUTION BY WAY OF ATTACHMENT WHERE SUCH PAYMENT FALLS OVERDUE.

MNB Actions and Sanctions

Section 29/C.

(1) WHERE THE MNB FINDS ANY INFRINGEMENT OF OR NON-COMPLIANCE WITH THE PROVISIONS OF THE LEGISLATION LISTED UNDER SUBSECTION (1) OF SECTION 29 OR OF THE REGULATORY DECISIONS OF THE MNB BY ANY INSPECTED BODY OR BY ANY DIRECTOR OF SUCH BODIES, OR BY THE PERSONS RECOGNIZED UNDER THE RELEVANT LEGISLATION AS EXECUTIVE EMPLOYEES OF SUCH BODIES, THE MNB SHALL TAKE THE MEASURES PRESCRIBED IN THE ACT ON THE GENERAL RULES OF ADMINISTRATIVE PROCEEDINGS, AND MAY IMPOSE FINES AND PENALTIES (HEREINAFTER REFERRED TO COLLECTIVELY AS “SANCTIONS”). THE MNB SHALL RETAIN THE PROCEEDS FROM THE FINES AND PENALTIES IT HAS IMPOSED.

(2) THE MNB SHALL BE ENTITLED TO IMPOSE SANCTIONS REPEATEDLY AND COLLECTIVELY. A SANCTION MAY BE IMPOSED REPEATEDLY ONLY IN CONNECTION WITH REPEAT OFFENCES, OR IF THE PREVIOUS SANCTION DID NOT PRODUCE THE RESULT DESIRED.

(3) IF THE BODY SANCTIONED FAILS TO CEASE THE INFRINGEMENT WITHIN THE PRESCRIBED TIME LIMIT, THE MNB SHALL ADVISE THE DIRECTOR OF SUCH BODY, OR THE PERSON TREATED UNDER THE RELEVANT LEGISLATION AS AN EXECUTIVE EMPLOYEE OF SUCH BODY TO ABIDE BY THE RELEVANT REGULATIONS WITHIN THE PRESCRIBED TIME LIMIT.

(4) THE MNB SHALL WEIGH THE FOLLOWING CIRCUMSTANCES WHEN IMPOSING A SANCTION:

A) THE GRAVITY OF THE INFRINGEMENT OR NEGLIGENCE;

B) THE IMPACT THE ACT HAS ON THE BODIES GOVERNED BY THE REGULATIONS SPECIFIED IN SUBSECTION (1) OF SECTION 29;

C) THE RISK CAUSED BY THE INFRINGEMENT OR NEGLIGENCE, THE EXTENT OF DAMAGE, AND THE PERPETRATOR’S WILLINGNESS TO PROVIDE RETRIBUTION;

D) COOPERATION WITH THE MNB ON THE PART OF THE PERSONS RESPONSIBLE;

E) WHETHER OR NOT THE PERSON AFFECTED BY THE SANCTION HAS ACTED IN GOOD OR BAD FAITH, AND THE PECUNIARY ADVANTAGE OBTAINED BY THAT PERSON THROUGH THE INFRINGEMENT OR NEGLIGENCE;

F) THE SUPPRESSION OF THE DATA, FACTS AND INFORMATION ON WHICH THE SANCTION IS BASED, OR THE INTENTION TO DO SO; AND

G) THE RECURRENCE OR FREQUENCY OF THE INFRINGEMENT OR NEGLIGENCE.

(5) NO SANCTION SHALL BE IMPOSED IN CONNECTION WITH ANY INFRINGEMENT OR NEGLIGENCE PAST THREE YEARS FROM THE TIME WHEN THE MNB HAS GAINED KNOWLEDGE OF THE ACT, OR PAST FIVE YEARS FROM THE TIME IT WAS COMMITTED.

(6) WITHIN THE TIME LIMITS REFERRED TO IN SUBSECTION (5) A SANCTION MAY ALSO BE IMPOSED EVEN IF THE NATURAL PERSON AFFECTED IS NO LONGER IN THE EMPLOY OF THE BODY OR PERSON INSPECTED, IF THEIR MANDATE HAS BEEN TERMINATED OR THEY ARE NO LONGER ENGAGED IN ANY OF THE CONTROLLED ACTIVITIES.

(7) WHERE THE HUNGARIAN BRANCH OF A FINANCIAL INSTITUTION ESTABLISHED IN ANY MEMBER STATE OF THE EUROPEAN UNION OR THE CROSS-BORDER SERVICES PROVIDED IN HUNGARY BY SUCH FINANCIAL INSTITUTION IS FOUND IN BREACH OF THE PROVISIONS OF THE LEGISLATION SPECIFIED IN SUBSECTION (1) OF SECTION 29 OR IN THE REGULATORY DECISIONS OF THE MNB, THE MNB SHALL CALL UPON THE BRANCH OR THE FINANCIAL INSTITUTION TO RECTIFY THE SITUATION THAT IS IN CONTRAVENTION OF THE REGULATIONS. IN THE EVENT OF FAILURE OF THE BRANCH OR FINANCIAL INSTITUTION TO COMPLY WITH THE ABOVE-SPECIFIED REQUEST, THE MNB SHALL CONTACT THE SUPERVISORY AUTHORITY TO NOTIFY THE SUPERVISORY AUTHORITY OF THE OTHER MEMBER STATE OF THE EUROPEAN UNION WITH REGARD TO THE ANOMALOUS SITUATION AND REQUEST THAT THE SUPERVISORY AUTHORITY TAKE APPROPRIATE ACTION.

(8) THE FINE SHALL BE PAYABLE TO THE ACCOUNT SPECIFIED IN THE RESOLUTION IMPOSING IT WITHIN THIRTY DAYS OF THE OPERATIVE DATE OF THE RESOLUTION.

Section 29/D.

(1) WHERE A CREDIT INSTITUTION HAS INFRINGED UPON ANY PROVISION OF THE LEGISLATION LISTED UNDER SUBSECTION (1) OF SECTION 29, OR IN THE EVENT IF ITS FAILURE TO COMPLY WITH OR TO CARRY OUT THE INSTRUCTIONS CONTAINED IN THE REGULATORY DECISIONS OF THE MNB, THE AMOUNT OF THE PENALTY WHICH MAY BE IMPOSED ON THE CREDIT INSTITUTION MAY VARY FROM 0.1 TO 2 PER CENT OF THE MANDATORY MINIMUM SUBSCRIBED CAPITAL PRESCRIBED FOR THE TYPE OF CREDIT INSTITUTIONS IN THE ACT ON CREDIT INSTITUTIONS.

(2) THE AMOUNT OF PENALTY IMPOSED UPON ANY EXECUTIVE EMPLOYEE OF A CREDIT INSTITUTION - INCLUDING THE HEADS OF BANK REPRESENTATION OFFICES - MAY VARY FROM 10 TO 50 PER CENT OF THE NET INCOME OF THE PERSON AFFECTED EARNED DURING THE PREVIOUS YEAR IN SUCH OFFICE, OR MINIMUM ONE HUNDRED THOUSAND FORINTS. WHERE THE NET INCOME IS BELOW TWO MILLION FORINTS, THE AMOUNT OF THE PENALTY MAY NOT BE HIGHER THAN ONE MILLION FORINTS.

(3) IN THE EVENT OF ANY INFRINGEMENT OF THE PROVISIONS OF THE LEGISLATION LISTED UNDER SUBSECTION (1) OF SECTION 29, OR IN THE EVENT IF ITS FAILURE TO COMPLY WITH OR TO CARRY OUT THE INSTRUCTIONS CONTAINED IN THE REGULATORY DECISIONS OF THE MNB, AND FOR PARTIAL OR LATE COMPLIANCE WITH THE SAID PROVISIONS BY FINANCIAL INSTITUTIONS OR OTHER LEGAL ENTITIES PROVIDING AUXILIARY FINANCIAL SERVICES, THE AMOUNT OF THE PENALTY WHICH MAY BE IMPOSED ON THEM MAY VARY FROM TWO HUNDRED THOUSAND TO TWO MILLION FORINTS.

(4) WHEN DETERMINING ANY ACCOUNTABLE CONDUCT OF A NATURAL PERSON ACTING IN RELATION TO PREPARING AND MAKING DECISIONS RELATED TO THE OPERATIONS OF FINANCIAL INSTITUTIONS OR OTHER LEGAL ENTITIES PROVIDING AUXILIARY FINANCIAL SERVICES, THE PENALTY MAY NOT BE MORE THAN THIRTY FIVE PERCENT OF THE PENALIZED PERSON'S NET INCOME OBTAINED DERIVING FROM THE OFFICE OF THE PERSON CONCERNED IN THE PREVIOUS YEAR. IF NO SUCH INCOME IS AVAILABLE, THE AMOUNT OF THE PENALTY SHALL BE BETWEEN ONE HUNDRED THOUSAND AND ONE MILLION FORINTS.

(5) WHERE A BODY PROVIDING CLEARING OR SETTLEMENT SERVICES ACCORDING TO THE CMA, THE CENTRAL DEPOSITORY OR THE CENTRAL COUNTERPARTY HAS INFRINGED UPON ANY PROVISION OF THE LEGISLATION LISTED UNDER SUBSECTION (1) OF SECTION 29, OR IN THE EVENT IF ITS FAILURE TO COMPLY WITH OR TO CARRY OUT THE INSTRUCTIONS CONTAINED IN THE REGULATORY DECISIONS OF THE MNB, AND FOR PARTIAL OR LATE COMPLIANCE WITH THE SAID PROVISIONS THE AMOUNT OF THE PENALTY WHICH MAY BE IMPOSED ON THEM MAY VARY FROM ONE HUNDRED THOUSAND TO TEN MILLION FORINTS.

(6) WHERE A BODY OF THE CENTRAL OR ANY LOCAL GOVERNMENT, ANY ECONOMIC OPERATOR, NON-GOVERNMENTAL OR ANY OTHER ORGANIZATION THAT IS SUBJECT TO INSPECTION HAS INFRINGED UPON ANY PROVISION OF THE LEGISLATION LISTED UNDER SUBSECTION (1) OF SECTION 29, OR IN THE EVENT IF THEIR FAILURE TO COMPLY WITH OR TO CARRY OUT THE INSTRUCTIONS CONTAINED IN THE REGULATORY DECISIONS OF THE MNB, AND FOR PARTIAL OR LATE COMPLIANCE WITH THE SAID PROVISIONS THE AMOUNT OF THE PENALTY WHICH MAY BE IMPOSED UPON THE INSPECTED BODY OR ORGANIZATION, OR ANY DIRECTOR OF SUCH BODIES, OR THE PERSONS TREATED UNDER THE RELEVANT LEGISLATION AS EXECUTIVE EMPLOYEES OF SUCH BODIES MAY VARY FROM TWO HUNDRED THOUSAND TO TWO MILLION FORINTS.

Section 30.

Issuing Operations

Section 31.

(1) THE PRESIDENT OF THE MNB SHALL ANNOUNCE THE ISSUE OF BANKNOTES AND COINS, THEIR DENOMINATIONS AND DISTINGUISHING FEATURES, AND THE WITHDRAWAL OF BANKNOTES AND COINS FROM CIRCULATION BY PUBLIC NOTICE IN A DECREE. THE BANKNOTES AND COINS WITHDRAWN SHALL NOT BE HONORED AS THE LEGAL TENDER OF HUNGARY AFTER THE DATE OF WITHDRAWAL INDICATED IN THE DECREE OF THE PRESIDENT OF THE MNB.

(2) ALL PERSONS SHALL ACCEPT BANKNOTES AND COINS ISSUED BY THE MNB AT THEIR FACE VALUE UNTIL WITHDRAWN IN DISCHARGE OF TRANSACTIONS TO BE CONDUCTED IN THE LEGAL TENDER OF HUNGARY.

(3) THE MNB SHALL EXCHANGE THE BANKNOTES AND COINS IT HAS WITHDRAWN FROM CIRCULATION AND THAT ARE NO LONGER TREATED AS LEGAL TENDER WITHIN 20 YEARS FROM THE DATE OF WITHDRAWAL IN RESPECT OF BANKNOTES AND WITHIN 5 YEARS IN RESPECT OF COINS ON THEIR FACE VALUE TO THE LEGAL TENDER OF HUNGARY. THE MNB SHALL HAVE THE RIGHT TO HIRE A CONTRACTOR TO DISCHARGE THIS FUNCTION.

(4) WHERE A PAYMENT TRANSACTION IS CARRIED OUT IN CASH (BY WAY OF BANKNOTES OR COINS), ONLY CREDIT INSTITUTIONS AND POST OFFICE CASH DESKS ARE REQUIRED TO ACCEPT OVER FIFTY COINS IN A SINGLE TRANSACTION.

(5) COUNTERFEIT OR FRAUDULENT BANKNOTES AND COINS MUST NOT BE ACCEPTED AS PAYMENT UNDER ANY CIRCUMSTANCES.

(6) IT IS NOT MANDATORY TO ACCEPT WORN OR DEFECTIVE BANKNOTES AND COINS AS PAYMENT.

(7) THE MNB SHALL EXCHANGE WORN OR DEFECTIVE BANKNOTES AND COINS INTO LEGAL TENDER FREE OF CHARGE. THE MNB SHALL HAVE THE RIGHT TO HIRE A CONTRACTOR TO DISCHARGE THIS FUNCTION.

(8) THE MNB SHALL NOT PAY COMPENSATION FOR THE VALUE OF BANKNOTES OR COINS WHICH HAVE BEEN DESTROYED. PROCESSES FOR THE DESTRUCTION OF BANKNOTES OR COINS MAY NOT BE INITIATED. THE MNB SHALL HAVE EXCLUSIVE RIGHTS FOR THE SALE OF WORN OR DEFECTIVE COINS IDENTIFIED AS LEGAL TENDER AS RAW MATERIALS - OTHER THAN THE COMMEMORATIVE COINS ISSUED BY THE MNB -, INCLUDING THE COINS THAT THE MNB HAS WITHDRAWN FROM CIRCULATION, AND ALSO FOR THE SALE OF RAW MATERIALS OBTAINED FROM SUCH COINS; SUCH SALES PROCEDURES, HOWEVER, SHALL BE CONDUCTED UNDER MARKET CONDITIONS.

(9) THE PRESIDENT OF THE MNB SHALL GOVERN - BY AUTHORIZATION OF THIS ACT - THE PROVISIONS FOR THE EXCHANGE OF COINS FOR ANOTHER DENOMINATION OF COIN OR BANKNOTE AND FOR THE EXCHANGE OF BANKNOTES FOR ANOTHER DENOMINATION OF BANKNOTE OR COINS, INCLUDING THE BODIES REQUIRED TO COOPERATE AND THE CONDITIONS FOR REMUNERATION IN A DECREE LAYING DOWN THE CONDITIONS OF CASH DISTRIBUTION.

Section 31/A.

(1) THE NBH SHALL INSTITUTE TECHNICAL AND OTHER MEASURES WITHIN ITS SPHERE OF COMPETENCE TO PROTECT THE LEGAL TENDER OF HUNGARY AND OF OTHER COUNTRIES FROM COUNTERFEITING, SUCH AS IN PARTICULAR, CASH EXPERT SERVICES, EDUCATION, AND SUPPLY OF DATA AND INFORMATION. WHERE ANY PAYMENT INSTRUMENT IS DEEMED COUNTERFEIT OR FORGED WITHIN THE FRAMEWORK OF THE AFORESAID CASH EXPERT SERVICES, THE NBH SHALL BE ENTITLED TO PROCESS THE PERSONAL DATA (SURNAME AND FORENAME, ADDRESS, TYPE AND NUMBER OF THE IDENTIFICATION DOCUMENT) OF ANY NATURAL PERSON IN WHOSE POSSESSION THEY WERE FOUND FOR THE PURPOSES OF CRIMINAL PROCEEDINGS LAUNCHED IN CONNECTION WITH SUCH PAYMENT INSTRUMENTS, UNTIL THE FINAL CONCLUSION OF THESE PROCEEDINGS, AND TO DISCLOSE THE AFOREMENTIONED DATA TO THE RELEVANT LAW ENFORCEMENT AGENCIES INVESTIGATING COUNTERFEITING CASES AND/OR TO THE BODIES ENGAGED IN THE ENSUING CRIMINAL PROCEEDINGS.

(2) ANY PAYMENT INSTRUMENT, HUNGARIAN OR FOREIGN, THAT IS SUSPECTED TO BE COUNTERFEIT OR FRAUDULENT (HEREINAFTER REFERRED TO AS "SUSPECTED COUNTERFEIT") MUST BE SENT TO THE MNB FOR EXAMINATION, OR SHALL BE DELIVERED TO A BODY DECREED BY THE PRESIDENT OF THE MNB FOR THE PURPOSES OF FORWARDING IT FOR FURTHER EXAMINATION.

(3) NO COMPENSATION SHALL BE PROVIDED FOR COUNTERFEIT OR FRAUDULENT CURRENCIES, HUNGARIAN OR FOREIGN.

(4) PERSONS ENGAGED IN FINANCIAL TRANSACTION, CURRENCY EXCHANGE AND CASH PROCESSING SERVICES IN ACCORDANCE WITH THE CIFE AND AS DECREED BY

THE PRESIDENT OF THE MNB, AND THE BODIES PROVIDING INTERNATIONAL POSTAL MONEY ORDER SERVICES ACCORDING TO ACT CI OF 2003 ON POSTAL SERVICES ARE REQUIRED TO SEND ANY PAYMENT INSTRUMENTS THAT ARE SUSPECTED COUNTERFEIT OR FRAUDULENT TO THE MNB WITHOUT DELAY WITH A REPORT ATTACHED SUBJECT TO THE PROCEDURAL AND FORMAL REQUIREMENTS PRESCRIBED BY THE MNB, CONTAINING INFORMATION CONCERNING THE CIRCUMSTANCES LEADING TO THE DISCOVERY, INCLUDING THE PERSONAL DATA SPECIFIED IN SUBSECTION (1).

Section 32.

THE NBH SHALL ACCOUNT FOR THE COSTS ASSOCIATED WITH THE PRODUCTION OF BANKNOTES AND COINS AS AN EXPENSE.

Section 33.

Section 34.

(1) IMITATIONS OF BANKNOTES OR COINS IN CIRCULATION AS THE LEGAL TENDER FOR ANY PURPOSE MAY ONLY BE MADE IN DUE COMPLIANCE WITH THE PROVISIONS DECREED BY THE PRESIDENT OF THE NBH. REGARDING THE PRODUCTION, REGISTRATION, SAFEKEEPING AND DESTRUCTION OF IMITATIONS THE PROVISIONS DECREED BY THE PRESIDENT OF THE NBH MUST BE OBSERVED.

(2) THE REGULATIONS CONCERNING IMITATIONS OF EURO BANKNOTES AND COINS - INCLUDING MEDALS AND TOKENS SIMILAR TO EURO COINS - SHALL BE DECREED BY THE PRESIDENT OF THE NBH SUBJECT TO COUNCIL REGULATION (EC) NO. 2182/2004 OF 6 DECEMBER 2004 CONCERNING MEDALS AND TOKENS SIMILAR TO EURO COINS, WITH THE EXCEPTION OF THE APPLICABLE SANCTIONS.

Chapter III

Relations of the NBH with Other AGENCIES

Relations with Parliament

Section 35.

THE PRESIDENT OF THE NBH SHALL REPORT TO PARLIAMENT IN RESPECT OF THE ACTIVITIES AND MONETARY POLICY OF THE NBH ON AN ANNUAL BASIS. PARLIAMENT MAY ALSO REQUEST INFORMATION ON AN AD-HOC BASIS.

Relations with the Government, Ministries and the Public

Section 36.

THE NBH SHALL BE CONSULTED CONCERNING DECISIONS AND DRAFTS OF LEGISLATION RELATED TO THE TASKS AND DUTIES OF THE NBH AND WHICH AFFECT THE FINANCIAL SYSTEM.

Section 37.

THE MINISTER SHALL PROVIDE THE NBH WITH PRELIMINARY INFORMATION REGARDING THE BUDGET PROPOSAL. THE NBH MAY EXPRESS ITS OPINION ON THE

BUDGET PROPOSAL TO THE GOVERNMENT OR TO THE COMPETENT PARLIAMENTARY COMMITTEE AFTER THE BUDGET DRAFT IS PRESENTED TO PARLIAMENT.

Section 38.

THE GOVERNMENT MAY NOT INSTRUCT THE NBH IN RELATION TO ITS TASKS AND DUTIES SET FORTH IN THIS ACT.

Section 39.

(1) THE AGENDA OF THE MEETINGS OF THE MONETARY COUNCIL (SECTION 49) SHALL BE SUBMITTED TO THE GOVERNMENT.

(2) THE GOVERNMENT SHALL BE REPRESENTED WITHOUT VOTING RIGHTS BY THE MINISTER OR A PERSON DULY AUTHORIZED BY THE MINISTER AT THE MEETINGS OF THE MONETARY COUNCIL.

Section 40.

THE GOVERNMENT SHALL INVITE THE PRESIDENT OF THE NBH TO ATTEND ITS SESSION WHERE THE AGENDA CONTAINS ANY MATTERS PERTAINING TO THE TASKS AND DUTIES OF THE NBH.

Section 41.

(1) THE NBH SHALL PREPARE A REPORT ON MONETARY DEVELOPMENTS AND OTHER IMPORTANT ISSUES RELATED TO ITS BASIC TASKS AT LEAST ON A QUARTERLY BASIS AND SHALL MAKE IT AVAILABLE TO THE PUBLIC. THE NBH SHALL PUBLISH AN ANNOUNCEMENT REGARDING THE METHOD AND FREQUENCY OF PROVIDING SUCH INFORMATION.

(2) UPON REQUEST, THE NBH SHALL PROVIDE INFORMATION TO THE GOVERNMENT AND THE MINISTRIES ON AN AD-HOC BASIS IN RESPECT OF MONETARY DEVELOPMENTS AND OTHER IMPORTANT ISSUES RELATED TO ITS BASIC TASKS.

(3) THE PRESIDENT OF THE NBH SHALL INFORM THE MINISTER OF HIS DECISIONS ADOPTED WITHIN THE SCOPE OF POWERS CONFERRED UPON HIM UNDER SUBSECTION (1) OF SECTION 50 IN CONNECTION WITH THE OPERATIONS OF THE NBH, WHICH ARE OF KEY IMPORTANCE FROM THE STANDPOINT OF OPERATIONS. THE NBH SHALL REPORT TO THE MINISTER OF THE FOREIGN EXCHANGE TRANSACTIONS IT HAS CONDUCTED AND IN RESPECT OF GOLD AND FOREIGN EXCHANGE RESERVES ON A WEEKLY BASIS. THE MINISTER AND THE PRESIDENT OF THE NBH SHALL AGREE ON A YEARLY BASIS CONCERNING ANY ADDITIONAL INFORMATION TO BE SUPPLIED BY THE NBH.

(4) IF REQUESTED BY THE GOVERNMENT, THE NBH MAY UNDERTAKE DUTIES IN INTERNATIONAL FINANCIAL ORGANIZATIONS WHICH ARE CONFERRED UPON THE GOVERNMENT, UNLESS OTHERWISE PROVIDED FOR BY LAW.

Section 42.

THE GOVERNMENT AND THE MINISTRIES (CENTRAL GOVERNMENT BODIES) SHALL, AT THE REQUEST OF THE NBH, DISCLOSE INFORMATION RELATED TO THEIR ACTIVITIES.

Relations with the State Financial Institutions Commission

Section 43.

(1) IN THE COURSE OF PERFORMING ITS TASKS, THE NBH SHALL COOPERATE WITH THE COMMISSION.

(2)

Section 44.

(1) THE NBH AND THE COMMISSION SHALL EXCHANGE DATA AND INFORMATION WHICH IS NECESSARY FOR THE OTHER ORGANIZATION TO PERFORM ITS TASKS.

(2) THE NBH AND THE COMMISSION SHALL STIPULATE THE METHOD AND SYSTEM OF EXCHANGING DATA AND INFORMATION, WHICH IS NECESSARY TO PERFORM THEIR TASKS, IN AN AGREEMENT.

Relations with the State Audit Office

Section 45.

(1)

(2) THE SCOPE OF SUPERVISORY AUTHORITY OF THE STATE AUDIT OFFICE CONCERNING THE NBH SHALL BE DEFINED IN THE STATE AUDIT OFFICE ACT.

(3) PRIOR TO THE APPOINTMENT AND DISMISSAL OF THE AUDITOR OF THE NBH THE OPINION OF THE PRESIDENT OF THE STATE AUDIT OFFICE MUST BE OBTAINED.

(4)

Chapter IV

OrganizationAL STRUCTURE of the NBH

Legal Form of the NBH

Section 46.

(1) THE NBH SHALL BE A LEGAL ENTITY FUNCTIONING IN THE FORM OF A COMPANY LIMITED BY SHARES.

(2) THE CORPORATE NAME OF THE NBH NEED NOT BE REGISTERED IN THE COMPANY REGISTER. THE DESIGNATION 'COMPANY LIMITED BY SHARES' NEED NOT BE INDICATED IN THE CORPORATE NAME OF THE NBH.

(3) THE CHARTER DOCUMENT OF THE NBH SHALL BE ADOPTED BY THE SHAREHOLDER AND SHALL BE PRESENTED TO PARLIAMENT.

(4) THE SHARES OF THE NBH SHALL BE OWNED BY THE STATE. THE STATE, AS THE SHAREHOLDER, SHALL BE REPRESENTED BY THE MINISTER.

(5) THE SUBSCRIBED CAPITAL OF THE NBH IS 10,000,000,000 FORINTS, THAT IS, TEN BILLION FORINTS.

Section 46/A.

THE SHAREHOLDER SHALL ADOPT A SHAREHOLDER'S RESOLUTION CONCERNING:

A) THE APPROVAL OF THE ARTICLES OF ASSOCIATION AND ANY SUBSEQUENT AMENDMENT THEREOF;

B) THE APPROVAL OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT;

C) THE ELECTION AND DISMISSAL OF THE AUDITOR;

D) THE REMUNERATION OF THE AUDITOR.

Decision Making Bodies of the NBH

Section 47.

(1) THE BODIES OF THE NBH ARE THE MONETARY COUNCIL AND THE SUPERVISORY BOARD.

(2) THE NBH DOES NOT HAVE A GENERAL MEETING OR AN EXECUTIVE BOARD.

Section 48.

The Monetary Council

Section 49.

(1) IN RESPECT OF THE DUTIES DESCRIBED IN SECTION 4, SUBSECTION (2) OF SECTION 11 AND SECTION 14, THE SUPREME DECISION MAKING BODY OF THE NBH SHALL BE THE MONETARY COUNCIL.

(2) THE MONETARY COUNCIL SHALL CONVENE AT LEAST ONCE EVERY MONTH OR AT ANY TIME DEEMED NECESSARY.

(3) THE MONETARY COUNCIL SHALL CONSIST OF MINIMUM FIVE AND MAXIMUM SEVEN MEMBERS. MEMBERS OF THE MONETARY COUNCIL SHALL BE IN THE EMPLOY OF THE NBH FOR THE DURATION OF THEIR TERM IN OFFICE.

(4) THE MEMBERS OF THE MONETARY COUNCIL SHALL BE:

A) THE PRESIDENT OF THE NBH, AS THE CHAIRPERSON OF THE MONETARY COUNCIL;

B) THE VICE-PRESIDENTS OF THE NBH;

C) MAXIMUM FOUR OTHER MEMBERS, WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE REPUBLIC FOR A TERM OF SIX YEARS.

(5) MEMBERS OF THE MONETARY COUNCIL MUST BE HUNGARIAN CITIZENS AND MUST HAVE OUTSTANDING THEORETICAL OR PRACTICAL PROFESSIONAL EXPERTISE OF ISSUES RELATED TO MONETARY, FINANCIAL AND BANKING ACTIVITIES.

(6) CANDIDATES FOR THE MONETARY COUNCIL SHALL BE INTERVIEWED BY THE COMPETENT PARLIAMENTARY COMMITTEE.

(7) MEMBERS OF THE MONETARY COUNCIL SHALL TAKE OFFICE AT THE TIME INDICATED IN THE APPOINTMENT, OR FAILING THIS, AT THE TIME OF APPOINTMENT. MEMBERS OF THE MONETARY COUNCIL SHALL TAKE AN OATH OR DEPOSITION

BEFORE THE PRESIDENT OF THE REPUBLIC IN ACCORDANCE WITH THE ACT ON THE OATH AND DEPOSITION OF PUBLIC OFFICIALS, AND SHALL SIGN THE RELATED DOCUMENT.

(8) THE MANDATE OF A MEMBER OF THE MONETARY COUNCIL SHALL TERMINATE UPON:

A) EXPIRATION OF THE TERM OF OFFICE;

B) RESIGNATION;

C) DISMISSAL; OR

D) DEATH.

(9) RESIGNATIONS SHALL BE SUBMITTED IN WRITING TO THE PRESIDENT OF THE REPUBLIC AND THE PRIME MINISTER.

(10) THE PRESIDENT OF THE REPUBLIC SHALL HAVE POWERS TO RELIEVE A MEMBER OF THE MONETARY COUNCIL FROM OFFICE ONLY IF THE MEMBER OF THE MONETARY COUNCIL IN QUESTION NO LONGER FULFILLS THE CONDITIONS REQUIRED FOR THE PERFORMANCE OF HIS/HER DUTIES OR IS GUILTY OF SERIOUS MISCONDUCT.

(11) APPOINTMENT OR DISMISSAL OF TWO OF THE MEMBERS SPECIFIED IN PARAGRAPH C) OF SUBSECTION (4) SHALL BE INITIATED BY THE PRESIDENT OF THE NBH, WHICH SHALL BE SUBMITTED TO THE PRESIDENT OF THE REPUBLIC BY THE PRIME MINISTER, IF IN AGREEMENT. APPOINTMENT OR DISMISSAL OF TWO OTHER MEMBERS SHALL BE INITIATED BY THE PRIME MINISTER, UPON CONSULTING THE PRESIDENT OF THE NBH BEFORE SUBMITTING IT TO THE PRESIDENT OF THE REPUBLIC. THE MEMBERS REFERRED TO IN PARAGRAPH C) OF SUBSECTION (4) SHALL BE NOMINATED BY THE PRIME MINISTER AND THE PRESIDENT OF THE NBH IN ALTERNATE TURNS.

(12) A COPY OF THE PROPOSAL FOR DISMISSAL UNDER SUBSECTION (11) SHALL BE CONVEYED TO THE AFFECTED MEMBER OF THE MONETARY COUNCIL, WHO MAY SEEK REMEDY IN THE LABOR COURT IN ACCORDANCE WITH THE REGULATIONS SET FORTH IN THE LABOR CODE.

(13) THE PROPOSAL FOR THE DISMISSAL OF A MEMBER OF THE MONETARY COUNCIL UNDER SUBSECTION (11) MAY BE SUBMITTED TO THE PRESIDENT OF THE REPUBLIC FOLLOWING THE PERIOD AVAILABLE TO SEEK REMEDY AT THE LABOR COURT, OR FOLLOWING THE FINAL DECISION OF THE COURT IF APPLICABLE.

(14)

(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 CAST. IN THE EVENT OF A TIE, THE CHAIRPERSON SHALL HAVE THE CASTING VOTE. IN THE EVENT THAT THE CHAIRPERSON IS PREVENTED FROM VOTING, HIS DEPUTY SHALL HAVE THE CASTING VOTE.

(16) THE CHAIRPERSON OF THE MONETARY COUNCIL, OR IN HIS ABSENCE HIS DEPUTY, SHALL BE ENTITLED TO MAKE PUBLIC THE POSITION OF THE MONETARY COUNCIL.

(17) THE MONETARY COUNCIL SHALL ELECT THE DEPUTY CHAIRPERSON OF THE MONETARY COUNCIL EACH YEAR, DURING THE FIRST SESSION OF THE YEAR, BY A SIMPLE MAJORITY OF THE VOTES CAST. UPON THE EXPIRY OF THE TERM OF THE DEPUTY CHAIRPERSON THE MONETARY COUNCIL SHALL ELECT A NEW DEPUTY CHAIRPERSON IN ITS NEXT SCHEDULED SESSION.

(18) MEMBERS OF THE MONETARY COUNCIL - INCLUDING THE PRESIDENT AND VICE-PRESIDENTS OF THE NBH -, AND MEMBERS OF SUPERVISORY BOARD MAY NOT BE NOMINATED FOR MEMBERSHIP IN THE MONETARY COUNCIL WITHIN THREE YEARS UPON THE EXPIRY OF THEIR TERM IN OFFICE.

(19) EFFECTIVE AS OF THE OPERATIVE DATE OF THE COUNCIL'S DECISION TO ABROGATE THE DEROGATION REFERRED TO IN ARTICLE 122 OF THE TREATY ESTABLISHING THE EUROPEAN COMMUNITY THE MONETARY COUNCIL SHALL CEASE TO EXIST AND THE DELEGATED TERM OF ITS MEMBERS SHALL EXPIRE ON THAT SAME DAY.

The President of the NBH

Section 50.

(1) THE HEAD OF THE NBH SHALL BE THE PRESIDENT. THE PRESIDENT OF THE NBH SHALL BE RESPONSIBLE FOR THE IMPLEMENTATION OF THE DECISIONS OF THE MONETARY COUNCIL AND FOR THE OPERATIONS OF THE NBH. THE POWERS AND AUTHORITIES OF THE PRESIDENT OF THE NBH SHALL COVER:

A) GUIDANCE OF THE IMPLEMENTATION OF THE TASKS DESCRIBED IN SECTION 4;

B) WITH RESPECT TO MATTERS WHICH ARE NOT CONFERRED UNDER THE COMPETENCE OF THE SUPERVISORY BOARD, CONTROL OF THE INTERNAL AUDIT DEPARTMENT OF THE NBH;

C) EXERCISING EMPLOYER'S RIGHTS OVER THE EMPLOYEES OF THE NBH, NOT INCLUDING THE MEMBERS OF THE MONETARY COUNCIL REFERRED TO IN PARAGRAPH C) OF SUBSECTION (4) OF SECTION 49, AND EXCLUSIVE OF THE APPOINTMENT AND DISMISSAL OF THE VICE-PRESIDENTS;

D) THE DECISIONS RELATING TO ALL OTHER MATTERS WHICH ARE CONNECTED TO THE OPERATIONS OF THE NBH, AND WHICH ARE NOT CONFERRED UNDER THE COMPETENCE OF THE MONETARY COUNCIL.

(2) THE PRESIDENT OF THE NBH FUNCTIONS AS A SINGLE EXECUTIVE OFFICER IN ACCORDANCE WITH SECTION 247 OF ACT IV OF 2006 ON BUSINESS ASSOCIATIONS (HEREINAFTER REFERRED TO AS "COMPANIES ACT").

(3) THE PRESIDENT OF THE NBH SHALL BE NOMINATED BY THE PRIME MINISTER AND APPOINTED BY THE PRESIDENT OF THE REPUBLIC FOR A TERM OF SIX YEARS.

(4) THE PRESIDENT OF THE NBH MAY BE RELIEVED FROM OFFICE BY THE PRESIDENT OF THE REPUBLIC IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN SUBSECTION (10) OF SECTION 49, BY MOTION OF THE PRIME MINISTER.

(5) THE MOTION FOR DISMISSAL PURSUANT TO SUBSECTION (4) SHALL BE CONVEYED TO THE PRESIDENT OF THE NBH, WHO MAY SEEK REMEDY IN THE LABOR COURT IN ACCORDANCE WITH THE REGULATIONS SET FORTH IN THE LABOR CODE.

(6) THE MOTION FOR DISMISSAL CAN BE SUBMITTED TO THE PRESIDENT OF THE REPUBLIC FOLLOWING THE PERIOD AVAILABLE TO SEEK REMEDY AT THE LABOR COURT, OR FOLLOWING THE FINAL DECISION OF THE COURT IF APPLICABLE.

(7) THE PRESIDENT OF THE NBH SHALL APPOINT A VICE-PRESIDENT WITH GENERAL AUTHORIZATION TO REPRESENT HIM IN THE EVENT THAT HE IS PREVENTED FROM DISCHARGING HIS DUTIES.

(8) THE PRESIDENT OF THE NBH MAY DELEGATE THE POWERS AND AUTHORITIES SPECIFIED IN SUBSECTION (1) UPON THE VICE-PRESIDENTS.

(9) THE PROVISIONS OF SUBSECTIONS (5)-(10) OF SECTION 49 SHALL APPLY IN RESPECT OF THE PRESIDENT OF THE NBH.

Vice-Presidents of the NBH

Section 51.

(1) THE NBH SHALL HAVE TWO VICE-PRESIDENTS, WHOSE APPOINTMENT OR DISMISSAL SHALL BE INITIATED BY THE PRESIDENT OF THE NBH, WHICH SHALL BE SUBMITTED TO THE PRESIDENT OF THE REPUBLIC BY THE PRIME MINISTER IF IN AGREEMENT. THE PROPOSAL SHALL INDICATE THE SCOPE OF RESPONSIBILITIES OF THE CANDIDATE. THE PRESIDENT OF THE NBH SHALL INFORM THE PRESIDENT OF THE REPUBLIC, THE PRIME MINISTER AND THE COMPETENT PARLIAMENTARY COMMITTEE REGARDING ANY CHANGES IN THE SCOPE OF RESPONSIBILITIES OF A VICE-PRESIDENT.

(2) THE TERM OF OFFICE OF VICE-PRESIDENTS OF THE NBH SHALL BE SIX YEARS.

(3) THE PROVISIONS OF SUBSECTIONS (5)-(10) AND (12)-(13) OF SECTION 49 SHALL APPLY IN RESPECT OF THE VICE-PRESIDENTS OF THE NBH.

Section 52.

The Supervisory Board

Section 52/A.

(1) THE SUPERVISORY BOARD IS A BODY EXERCISING OVERSIGHT ON BEHALF OF THE OWNERS OF THE NBH.

(2) THE INTERNAL AUDIT DEPARTMENT OF THE NBH SHALL BE CONTROLLED BY THE SUPERVISORY BOARD SUBJECT TO THE RESTRICTIONS REFERRED TO IN SUBSECTION (3), OR BY THE EXECUTIVE BOARD WITH RESPECT TO MATTERS WHICH ARE NOT CONFERRED UNDER THE COMPETENCE OF THE PRESIDENT OF THE NBH. IF THE PRESIDENT OF THE NBH, IN EXERCISING ITS CONTROLLING POWERS, LEARNS ABOUT

ANY FINDINGS OF AN INSPECTION THAT FALLS WITHIN THE COMPETENCE OF THE SUPERVISORY BOARD, HE SHALL CONVEY SUCH INFORMATION TO THE SUPERVISORY BOARD.

(3) THE COMPETENCE OF THE SUPERVISORY BOARD SHALL NOT INCLUDE THE DUTIES DEFINED UNDER SUBSECTIONS (1)-(7) OF SECTION 4, NOR THE IMPACT OF SUCH ON THE PROFIT OR LOSS OF THE NBH. THE SUPERVISORY BOARD SHALL PREPARE THE ANNUAL REPORT PRESCRIBED UNDER SUBSECTION (3) OF SECTION 35 OF THE COMPANIES ACT IN ACCORDANCE WITH THESE RESTRICTIONS.

(4) THE SUPERVISORY BOARD SHALL CONSIST OF:

A) A CHAIRPERSON ELECTED BY PARLIAMENT;

B) ADDITIONAL MEMBERS DELEGATED BY PARLIAMENT;

C) A REPRESENTATIVE OF THE MINISTER;

D) AN EXPERT APPOINTED BY THE MINISTER.

(5) THE TOTAL NUMBER OF MEMBERS OF THE SUPERVISORY BOARD AS REFERRED TO IN PARAGRAPHS A) AND B) OF SUBSECTION (4) SHALL BE DETERMINED ON THE BASIS OF AND CONSISTENT WITH THE NUMBER OF MEMBERS OF THE GOVERNING AND OPPOSITION FACTIONS OF PARLIAMENT AS ON THE DAY OF OPENING THE PROCEEDINGS FOR THE ELECTION OF SUPERVISORY BOARD MEMBERS. THE TOTAL NUMBER OF MEMBERS SHALL BE CALCULATED BY DOUBLING THE NUMBER THAT IS THE GREATER OF THE TWO NUMBERS SO DETERMINED. HALF OF THE MEMBERS SHALL BE DELEGATED BY THE GOVERNING FACTION AND THE OTHER HALF BY THE OPPOSITION FACTION, WITH BOTH FACTIONS DELEGATING AT LEAST ONE MEMBER. IF ANY FACTION FAILS TO DELEGATE A MEMBER, THE OTHER FACTION(S) OF THE SAME SIDE SHALL MAKE THE DELEGATION INSTEAD. IF THE NUMBER OF MEMBERS NOMINATED FAILS TO REACH THE NUMBER THAT CAN BE ELECTED, THE SUPERVISORY BOARD MAY BE ELECTED NONETHELESS.

(6) THE CHAIRMAN OF THE SUPERVISORY BOARD SHALL BE DELEGATED BY THE GOVERNING FACTION(S).

(7) PARLIAMENT SHALL VOTE UNANIMOUSLY, IN GROUPS FOR THE ELECTION OF THE CANDIDATES NOMINATED BY THE FACTIONS FOR MEMBERSHIP ACCORDING TO PARAGRAPH B) OF SUBSECTION (4).

(8) ALL MEMBERS OF THE SUPERVISORY BOARD MUST BE HUNGARIAN CITIZENS AND MUST BE PROFESSIONALS HAVING EXCEPTIONAL KNOWLEDGE IN THE FIELD OF BANKING, FINANCES AND ACCOUNTING, AND THEY MUST BE ENFRANCHISED TO PARTAKE IN PARLIAMENTARY ELECTIONS.

Section 52/B.

THE MANDATE OF THE MEMBERS OF THE SUPERVISORY BOARD SHALL EXPIRE SIMULTANEOUSLY WITH THE GOVERNMENT'S TERM IN OFFICE. THE SUPERVISORY BOARD SHALL REMAIN IN OFFICE UNTIL THE NEW PARLIAMENT ELECTS NEW MEMBERS FOR THE SUPERVISORY BOARD WITHIN THREE MONTHS FROM ITS INAUGURAL SESSION. IF THE NEW PARLIAMENT DOES NOT ELECT THE NEW

SUPERVISORY BOARD MEMBERS WITHIN THE AFOREMENTIONED DEADLINE, THE SUPERVISORY BOARD SHALL REMAIN IN OFFICE UNTIL THE NEW PARLIAMENT DOES ELECT NEW MEMBERS FOR THE SUPERVISORY BOARD.

Section 52/C.

A MEMBER OF THE SUPERVISORY BOARD MAY BE DISMISSED BY THE PARLIAMENT OR THE MINISTER FROM WHOM HIS ORIGINAL MANDATE WAS RECEIVED.

Section 52/D.

MEMBERS OF THE SUPERVISORY BOARD SHALL REPORT TO THE PARLIAMENT OR THE MINISTER FROM WHOM THEIR ORIGINAL MANDATE WAS RECEIVED.

Remuneration of the President, Vice-Presidents, Members of the Monetary Council and Members of the Supervisory Board

Section 53.

(1) THE TOTAL EARNINGS OF THE PRESIDENT FROM THE NBH IN A GIVEN YEAR SHALL BE THE TOTAL EARNINGS ESTABLISHED FOR THE PRESIDENT FOR THE PRECEDING YEAR INCREASED BY THE CONSUMER PRICE INDEX ESTIMATED IN THE CONVERGENCE PROGRAM SUBMITTED FOR THE YEAR TO THE EUROPEAN COMMISSION.

(2) THE SALARY OF THE NBH VICE-PRESIDENT REFERRED TO IN SUBSECTION (7) OF SECTION 50 FROM THE NBH SHALL AMOUNT TO EIGHTY PER CENT OF THE SALARY OF THE PRESIDENT OF THE NBH.

(3) THE SALARY OF THE OTHER NBH VICE-PRESIDENT FROM THE NBH SHALL AMOUNT TO SEVENTY PER CENT OF THE SALARY OF THE PRESIDENT OF THE NBH.

(4) THE EARNINGS OF THE MEMBERS OF THE MONETARY COUNCIL DESCRIBED IN PARAGRAPH C) OF SUBSECTION (4) OF SECTION 49 FROM THE NBH SHALL AMOUNT TO THIRTY-FIVE (35) PER CENT OF THE EARNINGS OF THE PRESIDENT OF THE NBH.

(5) THE REMUNERATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD SHALL AMOUNT TO FIFTEEN (15) PER CENT OF THE EARNINGS OF THE PRESIDENT OF THE NBH RECEIVED FROM THE NBH.

(6) THE REMUNERATION OF OTHER MEMBERS OF THE SUPERVISORY BOARD SHALL AMOUNT TO TEN (10) PER CENT OF THE EARNINGS OF THE PRESIDENT OF THE NBH RECEIVED FROM THE NBH.

(7) THE PRESIDENT AND VICE-PRESIDENTS OF THE NBH SHALL NOT RECEIVE EXTRA REMUNERATION FOR THEIR MEMBERSHIP IN THE MONETARY COUNCIL.

(8) THE PRESIDENT AND THE VICE-PRESIDENTS OF THE NBH SHALL BE ENTITLED TO SEVERANCE PAY EQUAL TO SIX MONTHS PAY WHEN RELIEVED FROM OFFICE UNDER PARAGRAPH A) OF SUBSECTION (8) OF SECTION 49.

Professional Secrecy and the Legal Status of Employees of the NBH

Section 54.

(1) EMPLOYEES OF THE NBH AND MEMBERS OF ITS SUPERVISORY BOARD SHALL BE REQUIRED NOT TO DISCLOSE ANY STATE SECRETS, BANK SECRETS, PAYMENT SECRETS, SECURITIES SECRETS AND BUSINESS SECRETS WHICH THEY OBTAIN IN THE COURSE OF DISCHARGING THEIR DUTIES AT THE NBH. THIS OBLIGATION TO MAINTAIN SECRECY SHALL REMAIN IN EFFECT FOLLOWING THE TERMINATION OF THEIR EMPLOYMENT AT THE NBH.

(2) REGARDING THE DEFINITION OF BANK SECRETS, PAYMENT SECRETS, SECURITIES SECRETS AND BUSINESS SECRETS AND COMPLIANCE WITH THE OBLIGATION OF CONFIDENTIALITY THE PROVISIONS OF THE RELEVANT LAWS SHALL APPLY.

Section 55.

Section 56.

THE PROVISIONS OF THE LABOR CODE SHALL APPLY TO THE EMPLOYEES OF THE NBH, WITH DUE CONSIDERATION OF THE DEROGATIONS SET FORTH IN THIS ACT.

Conflict of Interest

Section 57.

(1) UNLESS OTHERWISE PROVIDED FOR BY LAW, EMPLOYEES OF THE MNB REFERRED TO IN SECTION 49 AND THE EMPLOYEES APPOINTED TO CARRY OUT THE BASIC FUNCTIONS SPECIFIED IN SUBSECTIONS (1)-(7) OF SECTION 4 (HEREINAFTER REFERRED TO AS "HIGH-RANKING EMPLOYEE"), MAY NOT ESTABLISH AND MAY NOT MAINTAIN A MEMBERSHIP RELATIONSHIP, EMPLOYMENT RELATIONSHIP, WORK-RELATED CONTRACTUAL RELATIONSHIP, OR A LEGAL RELATIONSHIP AS AN EXECUTIVE OFFICER OR MEMBER OF THE SUPERVISORY BOARD AT A FINANCIAL INSTITUTION - OTHER THAN THE ONES IN WHICH THE MNB HOLDS A SHARE -, OTHER LEGAL ENTITY ENGAGED IN ACTIVITIES AUXILIARY TO FINANCIAL SERVICES, INVESTMENT FIRM, THE ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP (*NATIONAL DEPOSIT INSURANCE FUND*) OR THE BEFEKTETŐVÉDELMI ALAP (*INVESTOR PROTECTION FUND*).

(2) SUBJECT TO THE EXCEPTIONS SET OUT IN SUBSECTION (3), THE MNB EMPLOYEES REFERRED TO IN SECTION 49 AND HIGH-RANKING EMPLOYEES MAY NOT HOLD ANY INTEREST IN A FINANCIAL INSTITUTION, LEGAL ENTITY ENGAGED IN ACTIVITIES AUXILIARY TO FINANCIAL SERVICES OR IN AN INVESTMENT FIRM.

(3) THE MNB EMPLOYEES REFERRED TO IN SECTION 49 AND HIGH-RANKING EMPLOYEES SHALL PROCLAIM:

A) AT THE TIME OF COMMENCEMENT OF THEIR EMPLOYMENT CONCERNING ANY INTEREST THEY MAY HAVE EXISTING, AND

B) IMMEDIATELY UPON THE OPERATIVE DATE OF THE GRANT OF PROBATE ADOPTED IN PROBATE PROCEEDINGS CONCERNING ANY INTEREST THEY MAY HAVE ACQUIRED BY WAY OF INHERITANCE DURING THE TIME OF EMPLOYMENT,

IN A FINANCIAL INSTITUTION, LEGAL ENTITY ENGAGED IN ACTIVITIES AUXILIARY TO FINANCIAL SERVICES OR INVESTMENT FIRM, AND SHALL ALIENATE SUCH INTEREST WITHIN THREE MONTHS FROM THE TIME OF THE COMMENCEMENT OF

EMPLOYMENT WITH THE MNB OR FROM THE OPERATIVE DATE OF THE GRANT OF PROBATE ADOPTED IN PROBATE PROCEEDINGS IN THE CASE OF INHERITANCE.

(4) THE MNB EMPLOYEES REFERRED TO IN SECTION 49 AND HIGH-RANKING EMPLOYEES SHALL NOTIFY THE ACQUISITION OF ANY FINANCIAL INSTRUMENTS GOVERNED UNDER THE IRA - OTHER THAN GOVERNMENT SECURITIES AND OPEN-ENDED PUBLIC INVESTMENT UNITS ISSUED BY AN INVESTMENT FUND - WITHIN THREE WORKING DAYS FROM THE TIME OF ACQUISITION.

(5) EMPLOYEES OF THE MNB TO WHOM SECTION 49 DOES NOT APPLY MAY ONLY ESTABLISH OR MAINTAIN EMPLOYMENT RELATIONSHIPS OR WORK-RELATED CONTRACTUAL RELATIONSHIP WITH THE PERMISSION OF THE PRESIDENT OF THE MNB, WITH THE EXCEPTION OF SCIENTIFIC, EDUCATIONAL, ARTISTIC, PROOF-READING AND EDITORIAL ACTIVITIES, AND INTELLECTUAL ACTIVITIES PROTECTED BY COPYRIGHT. SUCH ACTIVITIES MUST BE NOTIFIED.

(6) EMPLOYEES OF THE MNB TO WHOM SECTION 49 DOES NOT APPLY AND THE EMPLOYEES OTHER THAN HIGH-RANKING EMPLOYEES:

A) SHALL DECLARE AT THE TIME OF COMMENCEMENT OF THEIR EMPLOYMENT ANY INTEREST THEY MAY HAVE IN A FINANCIAL INSTITUTION, LEGAL ENTITY ENGAGED IN ACTIVITIES AUXILIARY TO FINANCIAL SERVICES OR INVESTMENT FIRM, AND

B) SHALL FORTHWITH NOTIFY THE ACQUISITION OF ANY INTEREST UNDER PARAGRAPH A) DURING THE TIME OF EMPLOYMENT.

(7) EMPLOYEES OF THE MNB SHALL FORTHWITH NOTIFY THE HOLDING OF ANY INTEREST BY A CLOSE RELATIVE LIVING IN THEIR HOUSEHOLD IN A FINANCIAL INSTITUTION, LEGAL ENTITY ENGAGED IN ACTIVITIES AUXILIARY TO FINANCIAL SERVICES OR INVESTMENT FIRM EXISTING AT THE TIME OF COMMENCEMENT OF THEIR EMPLOYMENT OR ACQUIRED DURING THE TERM OF THEIR EMPLOYMENT.

(8) ANY EMPLOYEE OF THE MNB, BEFORE TERMINATING THE RELATIONSHIP REFERRED TO IN SUBSECTIONS (1)-(3) OR HIS INTEREST, AND BEFORE COMPLIANCE WITH THE OBLIGATIONS SET OUT IN SUBSECTIONS (4)-(7) MAY NOT PARTICIPATE IN THE PREPARATION AND ADOPTION OF ANY DECISIONS PERTAINING TO AN ORGANIZATION IN WHICH THE EMPLOYEE OR HIS CLOSE RELATIVE LIVING IN THE SAME HOUSEHOLD HOLDS AN INTEREST, OR WITH WHICH HE IS INVOLVED BY ANY OF THE MEANS REFERRED TO IN SUBSECTIONS (1)-(7).

(9) UPON APPOINTMENT, EMPLOYEES OF THE MNB SHALL BE REQUIRED TO NOTIFY ANY MEMBERSHIP THEY MAY HAVE IN A COOPERATIVE CREDIT INSTITUTIONS.

(10) THE ABOVE SPECIFIED MEMBERSHIP OF THE MNB EMPLOYEE EXISTING AT THE TIME OF COMMENCEMENT OF HIS EMPLOYMENT NEED NOT BE TERMINATED AS LONG AS THE EMPLOYEE HAS ANY DEBT OWED TO THE COOPERATIVE CREDIT INSTITUTION. HOWEVER, DURING THIS PERIOD THE EMPLOYEE MAY NOT PARTICIPATE IN THE PREPARATION AND ADOPTION OF ANY DECISIONS PERTAINING TO THE ORGANIZATION IN WHICH THE EMPLOYEE IS A MEMBER.

(11) EMPLOYEES OF THE MNB:

A) ARE REQUIRED TO PROVIDE A WRITTEN STATEMENT AT THE TIME OF COMMENCEMENT OF THEIR EMPLOYMENT CONCERNING ANY CLOSE RELATIVE LIVING IN THE SAME HOUSEHOLD WHO IS EMPLOYED BY, HOLDS AN EXECUTIVE OFFICE IN, HAS ANOTHER WORK-RELATED LEGAL RELATIONSHIP WITH, OR IS A MEMBER OF THE SUPERVISORY BOARD OF ANY FINANCIAL INSTITUTION, LEGAL ENTITY ENGAGED IN ACTIVITIES AUXILIARY TO FINANCIAL SERVICES OR INVESTMENT FIRM, AND

B) SHALL NOTIFY WITHOUT DELAY WHERE ANY SUCH RELATIONSHIP UNDER PARAGRAPH A) IS ESTABLISHED BY ANY CLOSE RELATIVE LIVING IN THE SAME HOUSEHOLD.

(12) EMPLOYEES OF THE MNB MAY NOT PARTICIPATE IN THE PREPARATION AND ADOPTION OF ANY DECISIONS WHICH PERTAIN TO THE FINANCIAL INSTITUTION, LEGAL ENTITY ENGAGED IN ACTIVITIES AUXILIARY TO FINANCIAL SERVICES OR INVESTMENT FIRM IN WHICH THEIR CLOSE RELATIVE MAINTAINS A RELATIONSHIP DESCRIBED IN SUBSECTION (11).

(13) EMPLOYEES OF THE MNB TO WHOM SECTION 49 DOES NOT APPLY SHALL SUBMIT THE NOTICES AND STATEMENTS DESCRIBED IN THIS SECTION TO THE PARTY EXERCISING EMPLOYER'S RIGHTS.

(14) NO LEGAL RELATIONSHIP SHALL BE ESTABLISHED IN THE MNB, IN CONSEQUENCE OF WHICH AN EMPLOYEE OF THE MNB IS PLACED IN A MANAGING (SUPERVISORY), CONTROLLING OR ACCOUNTING RELATIONSHIP WITH A CLOSE RELATIVE.

(15) WITH A VIEW TO CARRYING OUT THE OBLIGATIONS SPECIFIED IN THIS SECTION, AND TO MONITORING COMPLIANCE THE MNB SHALL RETAIN THE NOTICES AND STATEMENTS PROVIDED BY THE EMPLOYEES FOR A PERIOD OF THREE YEARS FOLLOWING THE TERMINATION OF EMPLOYMENT.

(16) FOR THE PURPOSES OF THIS SECTION, CLOSE RELATIVES SHALL BE UNDERSTOOD AS THE PERSONS SPECIFIED IN PARAGRAPH B) OF SECTION 685 OF THE CIVIL CODE AND DOMESTIC PARTNERS.

Section 58.

(1) MEMBERS OF THE MONETARY COUNCIL OF THE NBH MAY ONLY ENGAGE IN ANY OTHER ACTIVITIES WHICH ARE COMPATIBLE WITH THEIR CENTRAL BANK DECISION MAKING DUTIES. SUCH MEMBERS MAY NOT HOLD OFFICE IN POLITICAL PARTIES, MAY NOT CARRY OUT PUBLIC ACTIVITIES ON BEHALF OF OR IN THE INTEREST OF POLITICAL PARTIES, MAY NOT BE REPRESENTATIVES IN PARLIAMENT OR IN LOCAL GOVERNMENTS AND MAY NOT BE SENIOR OFFICERS OR PUBLIC OFFICIALS IN THE NATIONAL OR IN A LOCAL GOVERNMENT.

(2) MEMBERS OF THE MONETARY COUNCIL OF THE NBH MAY NOT BE EXECUTIVE OFFICERS OR SUPERVISORY BOARD MEMBERS OF A BUSINESS ASSOCIATION.

(3) THE PRESIDENT AND VICE-PRESIDENTS OF THE NBH MAY NOT ENTER INTO ANY OTHER EMPLOYMENT RELATIONSHIPS OR OTHER WORK-RELATED CONTRACTUAL RELATIONSHIPS.

(4) MEMBERS OF THE MONETARY COUNCIL (PARAGRAPH C) OF SUBSECTION (4) OF SECTION 49) MAY ESTABLISH OTHER EMPLOYMENT RELATIONSHIPS OR WORK-RELATED CONTRACTUAL RELATIONSHIPS IF SUCH DO NOT CONSTITUTE CONFLICT OF INTEREST WITH THEIR MEMBERSHIP IN THE MONETARY COUNCIL. SUCH RELATIONSHIPS SHALL BE REPORTED.

(5) MEMBERS OF THE MONETARY COUNCIL MAY ESTABLISH OTHER LEGAL RELATIONSHIPS FOR THE PERFORMANCE OF SCIENTIFIC, EDUCATIONAL, ARTISTIC, PROOF-READING AND EDITORIAL WORK, AS WELL AS INTELLECTUAL ACTIVITIES PROTECTED BY COPYRIGHT. SUCH RELATIONSHIPS SHALL BE REPORTED IN ADVANCE.

(6) MEMBERS OF THE MONETARY COUNCIL OF THE MNB SHALL SUBMIT THEIR NOTICES AND STATEMENTS PURSUANT TO SECTION 57 AND SUBSECTIONS (4) AND (5) OF SECTION 58 TO THE PRESIDENT OF THE REPUBLIC.

(7) IN RESPECT OF MEMBERS OF THE MONETARY COUNCIL OF THE NBH THE CONFLICT OF INTEREST PROVISIONS SET FORTH IN SUBSECTION (1) OF SECTION 57 SHALL REMAIN IN EFFECT FOR A PERIOD OF SIX MONTHS FOLLOWING TERMINATION OF THE EMPLOYMENT RELATIONSHIP.

Declaration of Personal Wealth

Section 58/A.

(1) THE PRESIDENT OF THE NBH, THE VICE-PRESIDENTS AND THE MEMBERS OF THE MONETARY COUNCIL REFERRED TO IN PARAGRAPH C) OF SUBSECTION (4) OF SECTION 49, AS WELL AS THE MEMBERS OF THE SUPERVISORY BOARD SHALL FILE THEIR DECLARATIONS OF PERSONAL WEALTH IN THE SAME MANNER AS MEMBERS OF THE PARLIAMENT, WITH THE SAME CONTENTS AND IN SAME FREQUENCY. THE DECLARATION OF PERSONAL WEALTH SHALL BE FILED IN THE YEAR WHEN DUE SHOWING THE STATUS AS AT 31 DECEMBER OF THE PREVIOUS YEAR, AT THE TIME OF APPOINTMENT, AND THE DECLARATION OF PERSONAL WEALTH THAT IS REQUIRED AT THE TIME OF DISMISSAL SHALL BE FILED SHOWING THE STATUS OF THE DATE OF APPOINTMENT OR DISMISSAL. EACH PERSON SUBJECT TO THIS REQUIREMENT SHALL ATTACH THE DECLARATION OF HIS SPOUSE, DOMESTIC PARTNER OR CHILDREN (NEXT OF KIN), SUBJECT TO THE SAME CONTENT REQUIREMENTS AS THOSE OF MEMBERS OF THE PARLIAMENT, WITH HIS OWN DECLARATION. THESE DECLARATIONS OF PERSONAL WEALTH, APART FROM THE ONES OF RELATIVES, SHALL BE PUBLIC INFORMATION, AND THEY SHALL BE POSTED ON THE OFFICIAL WEBSITE OF THE PARLIAMENT BY ORDER OF THE SPEAKER OF THE PARLIAMENT.

(2)

(3) THE PARLIAMENT COMMITTEE ON IMMUNITY, CONFLICT OF INTEREST AND CREDENTIALS SHALL KEEP RECORDS OF THE DECLARATIONS. THE DECLARATIONS OF THE PRESIDENT OF THE NBH, THE VICE-PRESIDENTS AND THE MEMBERS OF THE MONETARY COUNCIL REFERRED TO IN PARAGRAPH C) OF SUBSECTION (4) OF SECTION 49, AND OF THE SUPERVISORY BOARD MEMBERS, AS WELL AS THE RELATED PROCEEDINGS WITH THE EXCEPTIONS SET OUT IN THIS SECTION, SHALL BE SUBJECT TO THE PROVISIONS GOVERNING THE DECLARATIONS OF PERSONAL WEALTH OF MEMBERS OF PARLIAMENT, AND THE RELATED PROCEEDINGS. ANY PERSON MAY

INITIATE THE PROCEEDING OF THE SPEAKER OF THE PARLIAMENT CONCERNING DECLARATIONS OF PERSONAL WEALTH.

(4)

Section 58/B.

THE PROVISIONS OF SUBSECTIONS (1), (3)-(6), (9), (10) AND (13) OF SECTION 57 AND SUBSECTION (7) OF SECTION 58 SHALL APPLY TO MEMBERS OF THE SUPERVISORY BOARD.

Auditor

Section 59.

THE AUDITOR OF THE NBH MAY BE APPOINTED FOR A MAXIMUM TERM OF FIVE YEARS. FOLLOWING EXPIRATION OF SAID TERM THE SAME AUDITOR MAY NOT BE REAPPOINTED WITHIN FIVE YEARS.

Chapter V

Miscellaneous Provisions

Powers and Authorities

Section 60.

(1) THE PRESIDENT OF THE MAGYAR NEMZETI BANK IS HEREBY AUTHORIZED TO DECREE:

A) THE PERCENTAGE OF THE CENTRAL BANK BASE RATE;

B) THE MANDATORY RESERVE RATIO;

C) THE METHOD OF CALCULATION OF THE REQUIRED MINIMUM CENTRAL BANK RESERVES, AND THE METHOD OF ALLOCATION AND PLACEMENT OF SUCH RESERVES, AND THE MEASURES TO BE IMPLEMENTED IN THE EVENT OF NON-COMPLIANCE WITH THESE REGULATIONS;

D) THE ISSUE OF BANKNOTES AND COINS (INCLUDING COMMEMORATIVE BANKNOTES AND COINS), THEIR DENOMINATIONS AND DISTINGUISHING FEATURES, AND THEIR WITHDRAWAL FROM CIRCULATION;

E) THE TECHNICAL AND OTHER MEASURES REFERRED TO IN SUBSECTION (1) OF SECTION 31/A FOR THE PROTECTION OF THE LEGAL TENDER OF HUNGARY AND OF OTHER COUNTRIES FROM COUNTERFEITING;

F) THE CONDITIONS FOR THE AUTHORIZATION OF MAKING IMITATIONS OF BANKNOTES OR COINS IN CIRCULATION AS THE LEGAL TENDER, AND THE REQUIREMENTS CONCERNING THE PRODUCTION, REGISTRATION, SAFEKEEPING AND DESTRUCTION OF IMITATIONS;

G) REGULATIONS CONCERNING IMITATIONS OF EURO BANKNOTES AND COINS - INCLUDING MEDALS AND TOKENS SIMILAR TO EURO COINS - SUBJECT TO COUNCIL

REGULATION (EC) NO. 2182/2004 OF 6 DECEMBER 2004 CONCERNING MEDALS AND TOKENS SIMILAR TO EURO COINS, WITH THE EXCEPTION OF THE APPLICABLE SANCTIONS; AND

H) THE TYPE OF INFORMATION TO BE SUPPLIED FOR THE PURPOSES OF THE CENTRAL BANK INFORMATION SYSTEM AND THE BODIES REQUIRED TO SUPPLY THEM, INCLUDING THE RELATED PROCEDURES AND TIME LIMITS.

I) THE AMOUNT OF THE ADMINISTRATIVE SERVICE FEE CHARGED FOR THE PROCEEDINGS OF THE MNB OPENED UPON REQUEST - OTHER THAN THE PROCEEDINGS FOR LICENSING THE PROVISION OF AUXILIARY FINANCIAL SERVICES UNDER THE CIFE WITHIN THE FRAMEWORK OF THE MNB'S LICENSING AUTHORITY, AND FOR THE WITHDRAWAL OF SUCH LICENSES, AND THE PROCEEDINGS FOR THE APPOINTMENTS 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.

(2) THE PRESIDENT OF THE MAGYAR NEMZETI BANK IS HEREBY AUTHORIZED TO DECREE - IN CONNECTION WITH THE DUTIES OF THE MNB CONFERRED UNDER SUBSECTION (5) OF SECTION 4 AND SUBSECTION (3) OF SECTION 26:

A) IN CONNECTION WITH THE PAYMENT SYSTEM THE PROVISIONS CONCERNING PAYMENT TRANSACTIONS, AND THE PROVISIONS ON THE VARIOUS PAYMENT METHODS AND ON THEIR APPLICATION;

B) THE REQUIREMENTS FOR CASH DISTRIBUTION;

C) THE REGULATIONS FOR MONEY PROCESSING OPERATIONS; AND

D) THE DETAILED REGULATIONS FOR THE PURSUIT OF THE SERVICES SPECIFIED IN PARAGRAPH *B)* OF SUBSECTION (2) OF SECTION 3 OF THE CIFE;

(3) THE PRESIDENT OF THE MAGYAR NEMZETI BANK IS HEREBY AUTHORIZED TO DECREE - IN CONNECTION WITH THE DUTIES OF THE MNB CONFERRED UNDER SUBSECTION (5) OF SECTION 4 AND SUBSECTIONS (1)-(2) OF SECTION 27:

A) THE FORMAL AND CONTENT REQUIREMENTS RELATING TO THE STANDARD SERVICE AGREEMENTS AND OF BODIES ENGAGED IN THE OPERATION OF PAYMENT SYSTEMS UNDER THE CIFE, OTHER INTERNAL REGULATIONS RELATING TO THEIR ACTIVITIES;

B) THE FORMAL AND CONTENT REQUIREMENTS RELATING TO THE STANDARD SERVICE AGREEMENTS AND OF BODIES PROVIDING CLEARING AND SETTLEMENT SERVICES UNDER THE CMA, AND

BA) THE REGULATIONS RELATING TO THE COMMENCEMENT AND TERMINATION OF CLIENT RELATIONSHIPS,

BB) THE REGULATIONS RELATING TO THE FINANCIAL AND TECHNICAL CONDITIONS TO BE SATISFIED BY THE CLIENTS,

BC) CLEARING AND SETTLEMENT PROCEDURES,

BD) RISK MANAGEMENT MECHANISMS,

BE) THE PROCEDURES FOR THE CREATION AND APPROPRIATION OF MANDATORY PROVISIONS,

BF) THE RULES FOR COMMITMENTS IN CONNECTION WITH THE SETTLEMENT OF EXCHANGE TRANSACTIONS,

BG) THE PROCEDURES FOR THE SETTING UP, USE AND ADMINISTRATION OF COLLATERAL ACCOUNTS,

BH) THE GUIDELINES RELATING TO THE FEES CHARGED FOR SERVICES RENDERED TO CLIENTS;

C) IN CONNECTION WITH CENTRAL DEPOSITORIES:

CA) THE REGULATIONS RELATING TO THE COMMENCEMENT AND TERMINATION OF CLIENT RELATIONSHIPS,

CB) THE REGULATIONS RELATING TO THE FINANCIAL AND TECHNICAL CONDITIONS TO BE SATISFIED BY THE CLIENTS,

CC) THE GUIDELINES RELATING TO THE FEES CHARGED FOR SERVICES RENDERED TO CLIENTS,

CD) RISK MANAGEMENT MECHANISMS;

D) IN CONNECTION WITH BODIES ACTING AS CENTRAL COUNTERPARTIES:

DA) THE REGULATIONS RELATING TO THE COMMENCEMENT AND TERMINATION OF CLIENT RELATIONSHIPS,

DB) THE REGULATIONS RELATING TO THE FINANCIAL AND TECHNICAL CONDITIONS TO BE SATISFIED BY THE CLIENTS,

DC) THE RULES FOR COMMITMENTS IN CONNECTION WITH THE PERFORMANCE OF EXCHANGE TRANSACTIONS,

DD) RISK MANAGEMENT MECHANISMS,

DE) THE PROCEDURES FOR THE CREATION AND APPROPRIATION OF MANDATORY PROVISIONS,

DF) THE PROCEDURES FOR THE SETTING UP, USE AND ADMINISTRATION OF COLLATERAL ACCOUNTS, AND

DG) THE GUIDELINES RELATING TO THE FEES CHARGED FOR SERVICES RENDERED TO CLIENTS.

(4) THE MINISTER IN CHARGE OF THE JUDICIAL SYSTEM SHALL NOT BE CONSULTED IN CONNECTION WITH THE DECREES OF THE PRESIDENT OF THE NBH.

(5) THE DECREE REFERRED TO IN PARAGRAPH A), OF SUBSECTION (1), OR IN EXCEPTIONAL CASES THE DECREE REFERRED TO IN PARAGRAPH B) OF SUBSECTION (1) MAY STIPULATE ITS DATE OF ENTRY INTO FORCE TO FALL ON THE DAY OF PROMULGATION, OR AT A TIME FOLLOWING PROMULGATION, AS SPECIFIED THEREIN.

(6)

(7) A DECREE ADOPTED FOR THE PURPOSES OF PARAGRAPH C) OF SUBSECTION (1) SHALL BE PROMULGATED FIFTEEN DAYS BEFORE ITS OPERATIVE DATE.

(8)

Section 60/A.

Section 61.

(1) THE MNB SHALL BE ENTITLED TO OPEN ACCOUNTS FOR:

A) PAYMENT SERVICE PROVIDERS SPECIFIED IN POINT 22 OF SECTION 2 OF ACT LXXXV OF 2009 ON THE PURSUIT OF THE BUSINESS OF PAYMENT SERVICES;

B) BODIES PROVIDING CLEARING AND SETTLEMENT SERVICES UNDER THE CMA;

C) BODIES ENGAGED IN THE OPERATION OF PAYMENT SYSTEMS UNDER THE CIFE;

D) BODIES ENGAGED IN CASH PROCESSING ACTIVITIES;

E) CENTRAL DEPOSITORIES;

F) THE ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP (*NATIONAL DEPOSIT INSURANCE FUND*);

G) THE BEFEKTETŐVÉDELMI ALAP (*INVESTOR PROTECTION FUND*);

H) ANY OTHER RESIDENT ORGANIZATIONS IN CONNECTION WITH DISCHARGING THE BASIC FUNCTIONS SPECIFIED UNDER SUBSECTIONS (1), (4), (5) AND (7) OF SECTION 4; AND

I) A NONRESIDENT ORGANIZATION IN CONNECTION WITH DISCHARGING THE BASIC FUNCTIONS SPECIFIED UNDER SUBSECTIONS (1), (4), (5) AND (7) OF SECTION 4 AND WITH A VIEW TO DISCHARGING ANY COMMITMENT ASSUMED UNDER INTERNATIONAL TREATY;

DENOMINATED IN FORINT OR IN A FOREIGN CURRENCY.

(2) IN DISCHARGING ITS FUNCTIONS REFERRED TO IN SUBSECTIONS (1)-(7) OF SECTION 4, THE MNB SHALL HAVE AUTHORITY TO CONDUCT ANY TRANSACTION IN FORINTS, FOREIGN CURRENCIES AND PRECIOUS METALS INCLUDED IN THE SCOPE OF FINANCIAL SERVICES AND ACTIVITIES AUXILIARY TO FINANCIAL SERVICES.

(3) IN DISCHARGING ITS FUNCTIONS REFERRED TO IN SUBSECTIONS (1) AND (7) OF SECTION 4, THE MNB SHALL BE AUTHORIZED TO PERFORM ANCILLARY SERVICES AND INVESTMENT ACTIVITIES ACCORDING TO PARAGRAPHS A) AND B) OF SUBSECTION (2) OF SECTION 5 OF THE IRA.

Section 62.

(1) BASED ON CLAIMS ARISING IN CONNECTION WITH ITS CENTRAL BANKING DUTIES, THE NBH SHALL BE ENTITLED TO A STATUTORY LIEN ON THE ASSETS OF A DOMESTIC DEBTOR, REGARDLESS OF THE LEGAL GROUNDS UPON WHICH TITLE TO SUCH ASSETS WAS ACQUIRED. BASED ON THE STATUTORY LIEN THE NBH SHALL HAVE POWERS TO SATISFY ITS CLAIMS FROM THE PROPERTY TO WHICH THE LIEN PERTAINS WITHOUT

ANY COURT PROCEEDINGS, IN THE MANNER IT DEEMS MOST SUITABLE. THIS PROVISION SHALL BE APPROPRIATELY APPLIED TO SATISFACTION FROM COLLATERAL SECURITY PROVIDED TO THE NBH.

(2) IN RESPECT OF LIENS OR COLLATERAL SECURITY OBTAINED BY THE NBH IN CONNECTION WITH ITS CENTRAL BANKING TASKS AND DUTIES, THE PROVISIONS OF ACT XLIX OF 1991 ON BANKRUPTCY PROCEEDINGS, LIQUIDATION PROCEEDINGS AND MEMBERS' VOLUNTARY DISSOLUTION ON THE RESTRICTION OF DIRECT ENFORCEMENT OF SUCH COLLATERAL CLAIMS SHALL NOT BE APPLIED.

(3) THE PROVISIONS OF SUBSECTIONS (1) AND (2) SHALL ALSO APPLY TO SECURITIES PROVIDED TO THE BENEFIT OF THE CENTRAL BANK OF ANOTHER MEMBER STATE OF THE EUROPEAN UNION OR THE EUROPEAN CENTRAL BANK IN CONNECTION WITH ITS CENTRAL BANKING DUTIES.

(4) THE MNB MAY SATISFY ITS CLAIMS FROM CREDIT INSTITUTIONS ARISING IN CONNECTION WITH ITS ACTIVITIES SPECIFIED IN SECTION 7 FROM THE ACCOUNTS IT MAINTAINS ON BEHALF OF SUCH CREDIT INSTITUTIONS, IN THE ORDER PRECEDING THE EXECUTION OF OFFICIAL TRANSFER ORDERS AND TRANSFERS CARRIED OUT UNDER A WRIT OF TRANSFER.

Section 63.

DOMESTIC LEGAL ACTION AGAINST THE NBH MAY ONLY BE FILED AT THE COURT HAVING JURISDICTION FOR THE PLACE WHERE IT IS ESTABLISHED. THIS PROVISION SHALL NOT APPLY IN RESPECT OF LEGAL ACTIONS ARISING FROM EMPLOYMENT RELATIONSHIPS.

Section 64.

THE BOOKS OF THE NBH AND THE EXCERPTS FROM SUCH BOOKS, SIGNED ON BEHALF OF THE NBH, SHALL HAVE POWER OF EVIDENCE AS OFFICIAL PUBLIC DOCUMENTS.

Regulation pertaining to the Income of the NBH

Section 65.

(1) THE NBH SHALL PAY DIVIDEND BASED ON THE DECISION OF THE SHAREHOLDER FROM THE PROFITS RETAINED FOR THE YEAR OR FROM THE PROFIT RESERVE. THE PAYMENT OF DIVIDEND SHALL BE EFFECTED WITHIN 8 DAYS OF APPROVAL OF THE ANNUAL ACCOUNT OF THE NBH BY THE SHAREHOLDER ADOPTED FOR THE YEAR IN QUESTION IN ACCORDANCE WITH PARAGRAPH B) OF SECTION 46/A.

(2) THE NBH SHALL NOT PAY DIVIDEND ADVANCES.

(3) WHERE THE LOSSES INCURRED IN A YEAR EXCEED THE BALANCE OF THE PROFIT RESERVE, THE DIFFERENCE SHALL BE PAID BY THE GOVERNMENT DIRECTLY TO THE PROFIT RESERVE WITHIN 8 DAYS OF APPROVAL OF THE ANNUAL ANNUAL ACCOUNT OF THE NBH BY THE SHAREHOLDER ADOPTED FOR THE YEAR IN QUESTION IN ACCORDANCE WITH PARAGRAPH B) OF SECTION 46/A.

Chapter VI

Approximation with the Laws of the European Communities

Section 66.

Chapter VII

Closing Provisions

Section 67.

(1) TASKS AND DUTIES OF THE NBH

A) RELATIVE TO THE AUTHORIZATION OF PAYMENT SERVICES AND ACTIVITIES AUXILIARY TO FINANCIAL SERVICES FALLING UNDER ITS AUTHORITY MAY BE PRESCRIBED BY AN ACT OF PARLIAMENT,

B) OR BY THIS ACT FOR REASONS OTHER THAN WHAT IS CONTAINED PARAGRAPH A).

(2) THE TASKS AND DUTIES REFERRED TO IN SUBSECTION (1) SHALL BE CONSISTENT WITH THE CENTRAL BANKING TASKS AND RESPONSIBILITIES OF THE NBH AS SET FORTH IN THIS ACT.

Section 67/A.

Section 68.

Section 69.

(1) SUBJECT TO THE EXCEPTIONS SET OUT IN SUBSECTIONS (2) AND (3), THE MNB MAY NOT HOLD ANY OWNERSHIP INTERESTS IN ANY ORGANIZATION, RESIDENT OR NONRESIDENT.

(2) THE MNB SHALL BE AUTHORIZED TO HOLD AN OWNERSHIP INTEREST IN BODIES:

A) ESTABLISHED IN CONNECTION WITH ITS ACTIVITIES;

B) ENGAGED IN THE OPERATION OF PAYMENT SYSTEMS;

C) ESTABLISHED FOR STOCK EXCHANGE, CLEARING HOUSE, CENTRAL DEPOSITORY AND CENTRAL COUNTERPARTY ACTIVITIES.

(3) SUBSECTION (1) SHALL NOT APPLY TO THE ACQUISITION OF EQUITY SECURITIES IN A REGULATED MARKET IN THE PROCESS OF DISCHARGING THE FUNCTIONS CONFERRED UPON THE MNB IN SUBSECTIONS (1) AND (7) OF SECTION 4, WITH THE EXCEPTION THAT THE MNB MAY NOT ACQUIRE A QUALIFYING INTEREST IN THE ISSUER OF SUCH SECURITIES. THE MNB, WITHIN THE FRAMEWORK OF ITS FUNCTIONS CONFERRED UNDER SUBSECTIONS (1) AND (7) OF SECTION 4, MAY NOT ACQUIRE EQUITY SECURITIES DIRECTLY FROM THE ISSUER OF THE SECURITIES.

Section 70.

THE PROVISIONS OF THE COMPANIES ACT SHALL APPLY TO NBH BY WAY OF THE EXCEPTIONS SET OUT IN THIS ACT.

Section 71.

(1) THE TERMS AND CONDITIONS OF LOANS THE NBH HAS PROVIDED TO THE GOVERNMENT PRIOR TO THE ENTRY INTO FORCE OF THIS ACT SHALL BE CONSISTENT WITH PREVAILING MARKET TRENDS.

(2) A PORTION OF PRIVATIZATION REVENUES AT LEAST EQUAL TO THE AMOUNT OF CREDIT THE NBH HAS EXTENDED FOR THE SALE OF STATE PROPERTY, SHALL BE ALLOCATED FOR THE REDUCTION OF GOVERNMENT DEBT VIS-&AGRAVE;-VIS THE NBH.

(3) THE MNB MAY PROVIDE AN EMERGENCY LOAN FOR A MAXIMUM TERM OF THREE MONTHS - SUBJECT TO THE PROHIBITION OF MONETARY FINANCING UNDER SUBSECTION (1) OF SECTION 16 - TO THE ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP (*NATIONAL DEPOSIT INSURANCE FUND*) UNDER EXTRAORDINARY CIRCUMSTANCES WHERE THE STABILITY OF THE FINANCIAL SYSTEM ON THE WHOLE, INCLUDING THE PAYMENT AND SETTLEMENT SYSTEM, IS IN JEOPARDY.

Section 71/A.

THE OVERSIGHT COMPETENCE OF THE CENTRAL BANK SHALL COVER COMPLIANCE WITH THE LEGAL REGULATIONS ON FINANCIAL TRANSACTIONS, THE STATUTORY PROVISIONS ON THE CONDITIONS FOR THE PROVISION OF FINANCIAL SERVICES AND CARRYING OUT ACTIVITIES AUXILIARY TO FINANCIAL SERVICES SUBJECT TO LICENSING BY THE NBH, AND THE REGULATIONS OF THE CENTRAL BANK ENACTED BEFORE 1 MAY 2004 AND WHICH ARE STILL IN FORCE AT THE TIME WHEN THE ACTIVITY TO WHICH THE INSPECTION PERTAINS IS CARRIED OUT OR WHEN THE INSPECTED EVENT OCCURS.

Section 72.

(1) THIS ACT SHALL ENTER INTO FORCE ON THE EIGHTH DAY FOLLOWING ITS PROMULGATION, WITH DUE CONSIDERATION OF THE EXCEPTIONS SET FORTH IN SUBSECTION (2).

(2) SECTION 17 AND SUBSECTION (4) OF SECTION 65 SHALL ENTER INTO FORCE ON 1 JANUARY 2002 AND 1 JANUARY 2003, RESPECTIVELY.

(3) IN RESPECT OF THE PROFIT OR LOSS OF THE NBH FOR 2001, THE PROVISIONS OF SUBSECTIONS (1) AND (2) OF SECTION 20 OF THE NBH ACT IN FORCE ON 1 JANUARY 2001 SHALL BE APPLIED, WHILE IN RESPECT OF DIVIDEND PAYMENT OBLIGATIONS FOR 2002, SUBSECTION (4) OF SECTION 78 OF THE NBH ACT IN FORCE ON 1 JANUARY 2001 SHALL BE APPLIED. THE PROVISIONS OF SUBSECTIONS (4) AND (5) OF SECTION 17 OF THIS ACT SHALL BE APPLIED IN RESPECT OF DISCHARGING PAYMENT OBLIGATIONS RELATED TO EQUALIZATION RESERVES.

(4)

Section 73.

(1) THE PROVISIONS OF THE ACT ON THE GENERAL RULES OF ADMINISTRATIVE PROCEEDINGS PERTAINING TO ELECTRONIC COMMUNICATION SHALL NOT APPLY TO THE REGULATORY PROCEEDINGS OF THE MNB BEFORE 30 JUNE 2011. THIS SUBSECTION SHALL BE REPEALED EFFECTIVE AS OF 1 JULY 2011.

(2) ANY INFRINGEMENT THAT WAS COMMITTED BEFORE 1 OCTOBER 2009 SHALL BE SANCTIONED ACCORDING TO THE REGULATIONS IN EFFECT AT THE TIME IT WAS COMMITTED.

Sections 74-75.

Act XV of 2007 on the Amendment of Act LVIII of 2001 on the National Bank of Hungary

SECTION 18. (1) THIS ACT SHALL ENTER INTO FORCE ON THE 8TH DAY FOLLOWING PROMULGATION.

(2) IN CONNECTION WITH THE MEMBERS OF THE MONETARY COUNCIL IN OFFICE AT THE TIME OF THIS ACT ENTERING INTO FORCE THE PROVISIONS OF SUBSECTIONS (10) AND (14) OF SECTION 49 OF THE MNB ACT IN EFFECT UP TO THE DAY OF THIS ACT ENTERING INTO FORCE SHALL APPLY, AND IN CONNECTION WITH THE PRESIDENT AND VICE-PRESIDENTS OF THE NBH IN OFFICE AT THE TIME OF THIS ACT ENTERING INTO FORCE THE PROVISIONS OF SUBSECTION (8) OF SECTION 53 OF THE MNB ACT IN EFFECT UP TO THE DAY OF THIS ACT ENTERING INTO FORCE SHALL APPLY.