

In order to meet the requirements of Act LIII of 2017 on the Prevention and Impeding of Money Laundering and Terrorist Financing (the "Money Laundering Act") **on 26 June 2017 the following changes will enter in force for the execution of cash desk transactions:**

### 1) Statement on politically exposed person (PEP) status

In accordance with Art. 19 of the Act, a **natural person customer shall make a written statement to the effect whether he or she qualifies as a politically exposed person or not.** If a natural person customer qualifies as a politically exposed person, the statement should include under which subparagraph of Art. 4 (2) he/she qualifies as a politically exposed person (earlier only foreign resident customers needed to make a statement). In accordance with the new Money Laundering Act, you have to make a statement irrespective of residence.

The following shall qualify as politically exposed persons:

2	a)	head of state, head of government, minister, deputy or assistant minister, in Hungary the President, the Prime Minister, a minister or secretary of state,
	b)	member of parliament or member of similar legislative body, in Hungary a member of Parliament or an ethnic spokesperson,
	c)	member of governing body of political party, in Hungary a member or official of the managing body of a political party,
	d)	member of supreme court, constitutional court or other high-level judicial body whose decisions are not subject to further appeal, in Hungary a member of the Constitutional Court, a court of appeal or the Curia,
	e)	member of court of auditors or of the board of central bank, in Hungary the President and Vice-President of the State Audit Office, a member of the Monetary Council and of the Financial Stability Board,
	f)	ambassador, chargé d'affaires, high-ranking officer in the armed forces, in Hungary the head and deputy head of the central unit of the body in charge of law enforcement, and the Chief of the General Staff of the Armed Forces and his deputies,
	g)	member of the administrative, management or supervisory body of a majority state-owned enterprise, in Hungary the managing director or a member of the governing body having administrative or supervisory rights of a majority state-owned enterprise,
	h)	director, deputy director or member of the governing body of an international organisation.
3		immediate family member <sup>1</sup> of a person mentioned in point 2 above,
4	a)	the following persons qualify as close associates of a politically exposed person: any natural person who has joint beneficial ownership of a legal person or an entity without legal personality, or has any other close business relations, with a person referred to in point 2 above,
	b)	any natural person who has sole beneficial ownership of a legal person or an entity without legal personality which has been set up for the benefit de facto of a person referred to in point 2 above.

### 2) Statement on the identity of beneficial owner

A wider range of data should be provided on the beneficial owner. In addition to the data needed previously—name, nationality, address—the **following data should also be provided in the statement: family name and given name at birth, place and date of birth, residential address (in its absence, place of stay).** If you act on behalf of a non-natural person in the course of the transaction, you should also name the **nature and measure of ownership interest** in respect of the beneficial owner in the statement. The statement should also include whether a natural person beneficial owner qualifies as a politically exposed person or not.

**"Beneficial owner" means**

a) any natural person who **holds directly or indirectly**—as specified in Art. 8:2 (4) of Act V of 2013 on the Civil Code of Hungary (the "Civil Code")—**25 percent or more of votes or ownership interest in a legal person or entity without legal personality, or exercises actual governance or control in some other manner over the legal person or entity without legal personality,** if the legal person

or entity without legal personality is not a company quoted on a regulated market that is subject to disclosure requirements in line with Community law or equivalent international arrangements,

- b) any natural person **holding controlling interest** as specified in Art. 8:2 (2) of the Civil Code in a legal person or entity without legal personality (a person holding an interest in a legal person has controlling interest if he/she is a member or shareholder of such legal person, and
- ba) has the right to elect or recall the majority of the executive officers or supervisory committee members of the legal person, or
  - bb) based on an agreement with the other members or shareholders of the legal person he/she alone owns more than 50 percent of votes),
- c) in the absence of a natural person as per points a)-b) above, an executive officer of the legal person or entity without legal personality.

**In the case of a foundation, beneficial owner** means any natural person

1. who is a **beneficiary receiving 25 percent or more of the assets of the foundation**, if the future beneficiaries have already been determined,
2. **in whose interest the foundation was created or is being operated**, if the future beneficiaries have not been determined yet, or
3. **who is a member of the managing body of the foundation, or controls 25 percent or more of the assets of the foundation**, or is authorised to act on behalf of the foundation.

**In the case of a trust agreement:**

1. **the trustor**, or its beneficial owner as per the definition of beneficial owner in points a) or b) above,
2. **the trustee**, or its beneficial owner as per the definition of beneficial owner in points a) or b) above,
3. **the beneficiary or group of beneficiaries**, or their beneficial owner as per the definition of beneficial owner in points a) or b) above, and
4. the natural person who **exercises governance or control in some other manner over the assets held in trust**.

### 3) Copying of identification documents

In accordance with Art. 7 (8) of the Act, the **identification documents of the customer must be photocopied** if the transaction initiated by the customer reaches the due diligence threshold (if the value of the transaction or connected transactions reaches or exceeds HUF 3.6 million; in the case of currency exchange, if the value of connected transactions or a lump-sum transaction reaches HUF 300,000).

*"In view for the verification of identity, the document including the data specified in paragraph (2), presented in accordance with paragraph (3), shall be photocopied—for the purpose of the prevention and impeding of money laundering, the adequate performance of the obligations specified in this act, the all-inclusive fulfilment of customer due diligence obligations, and the efficient performance of supervisory activities—by the service provider."*

### 4) Change of due diligence threshold for currency exchange

In accordance with Art. 21 of the Act, the threshold for customer due diligence measures (formerly HUF 500,000) changed to HUF 300,000.

### 5) Information request on the source of funds

In accordance with Art. 10 (2) of the Act, the service provider may request information from the customer on the source of funds—based on a risk sensitivity approach—and in view for the verification of such information it may request documents concerning the source to be presented.

*"In addition to the data specified in paragraph (1), the service provider may—based on a risk sensitivity approach—request the customer to provide information on the source of funds and in view for the verification of such information to present documents concerning the source of funds."*