



Enforcement Policy of the Hungarian Financial Supervisory Authority

I. The objectives of the Enforcement Policy

1. In order to ensure the smooth and effective functioning of the financial markets, the transparency of market conditions, to maintain fair market competition, to strengthen confidence in the financial markets and to protect consumers, the Enforcement Policy aims at furthering and, if necessary, enforcing – by the strength of law and public opinion - the conduct of institutions and persons, supervised by HFSA or falling under its scope and competence as specified by law, ensures the following:
 - The stable, smooth, transparent and effective operation of the financial intermediary system;
 - operation in line with the standards and norms established in the domestic and EU financial markets;
 - promotion of the prudent operation of persons and organisations constituting the financial intermediary system, the continuous supervision of the practicing of owners' rights in compliance with the law;
 - detection of unwanted business and economic risks threatening certain financial organisations or certain sectors of financial organisations, the reduction or elimination of individual or industry risks that have already arisen, and the application of preventive measures in order to ensure the prudent operation of financial organisations;
 - prevention of the emergence of systemic risks in co-operation with the National Bank of Hungary, and the reduction or elimination of systemic risks that have already arisen;
 - protection of the rights of those who use the services provided by financial organisations;
 - product illustration and information which take account of consumers' knowledge;
 - prevention and combating of money laundering and terrorist financing;
 - maintenance of fair competition in the financial markets; and
 - reinforcement of the confidence in the financial intermediary system.
2. To ensure the necessary professional competence of new service providers entering the financial markets.
3. To present the principles and proceedings constituting the basis of the complex set of tools – ranging from personal discussions to different types of measures - which the HFSA employs in order to make its measures more predictable, calculable and consistent.

II. Principles of the Enforcement Policy

4. In concert with and based on the objectives specified in points 1-3, the HFSA's measures are guided by the endeavour to prevent market disturbances, to ensure the smooth and efficient functioning of the market and to enforce consumers' interests. The HFSA gives special attention to the application of these principles when taking its measures.
5. When taking its measures, the HFSA takes into consideration if a particular case affects an institution/person under consolidated supervision, furthermore, if it affects more than one financial sector, and if the case has international aspects, including - in particular - if local supervisory work is carried out hand in hand with a co-supervisor.
6. In connection with an event subject to its supervisory actions, the HFSA fully considers compliance with legal, financial market and supervisory requirements.
7. In the course of its measures and proceedings, the HFSA gives case-by-case consideration to the following:
 - When facts are clarified, the HFSA forms a general picture about an institution or person, and about the institution's management/executive officer, identifies processes and acts supporting the assessment of a particular case to the extent necessary for assessment;
 - The risk of processes and acts, the magnitude of their impact on a given institution/person, on consumers and on the financial markets are evaluated in their overall context, independently, within the framework specified by law;
 - The HFSA weighs the examined activity and possible infringement of each institution/person and its management/executive officer based on their own specificity, according to the assessment criteria and within the framework of the HFSA's authority specified in legal provisions;
 - The HFSA determines the measure to be taken against supervised institutions/persons and against their management/executive officers, as well as the form and extent of such measure in view of all the facts, circumstances and other information available to the HFSA.
8. The HFSA judges the cases subject to its actions and processes examined by the HFSA on an equal basis, which means that:
 - It evaluates an act or group of acts and processes in each case in an identical manner (in line with the specificities of the institution), prudently and aiming at completeness, within the framework specified in legal provisions;
 - The assessment criteria and principles specified in legal provisions, supervisory recommendations and operating policies, as well as in other regulatory tools or internal rules are applied uniformly in all HFSA proceedings.
9. When taking its measures, the HFSA acts, at all times, respecting the principles of legality, equality before the law and fair, professional and simple proceedings.
 - Unless otherwise provided by law, clients' right of access to documents for review and their right to make a declaration are enforced, at all times, in the course of a

proceeding or examination, including the opportunity to learn the details of the draft report on examination and to express an opinion.

- In the explanation of its resolutions containing measures, the HFSA always specifies the assessment criteria and the tools used for qualifying an act or group of acts, processes, and mentions all mitigating and aggravating circumstances taken into consideration in the case of an infringement. In the course of its proceeding, the HFSA pays special attention to clarify in each case the facts supporting the measure, as soon as possible and professionally, subject to the nature of the case, taking account of the principle of material evidence and to take the necessary steps within a short period of time;
- The HFSA applies its measures consistently, without bias and respecting the principle of equal treatment, thus ensuring that institutions/persons that comply with laws and standards suffer no competitive disadvantage.

10. The HFSA takes measures that adjust and are proportional to the process or act examined, analysed and that can best enforce the remedy of infringement or can serve as a guidance for other financial market participants (institutions and persons/service providers, management/executive officers of institutions) for avoiding similar situations. When selecting tools for a measure, the HFSA considers the following:

- the possible impact of a process/act on the financial markets and its gravity;
- whether consumer protection is enforced;
- whether the institution's future smooth operation is ensured;
- if there is an infringement, the seriousness thereof.

If personal liability can be established in connection with the conduct affected by a measure, and if it is justified by the seriousness of the infringement and by the level of liability, a supervisory fine will be levied on the person concerned.

11. In taking its measures, the HFSA has regard to the co-operation of institutions and persons subject to HFSA measures, the management/executive officer of the institutions.

12. In taking its measures, the HFSA considers the logical interrelation (graduality, proportionality) of subsequent measures.

- Subject to the seriousness of the case and to the results of the analysis of the process examined, measures can range from warnings through making proposals, consensual resolution, public disapproval to measures with serious repressive elements.
- The HFSA takes into account the given person(s)' former compliance with laws and standards or repeated infringements committed generally or with regard to the specific case.

In order to ensure transparency and consistency, the HFSA gives detailed reasoning of its proceedings applied in such cases.

13. The HFSA takes its measures in line with the principles set out in points 4-13 of the Enforcement Policy and with the feedback under point 29. In respect of the objectives set out in points 1-3 of the Enforcement Policy, it may however happen that due to the significance or gravity of the facts or the case, the HFSA selects a measure departing from the legal judgement of earlier similar cases, or the principles of graduality and proportionality are played down.

III. Tools

General, market-oriented tools:

14. **CEO circular** in which the HFSA provides information publicly to the executive officers of institutions about its opinion concerning an event and about the conduct to be followed.
15. **Recommendation**: a legally not binding, regulatory tool that is published by the chairman of the HFSA on the HFSA official website pursuant to the Act on the Hungarian Financial Supervisory Authority, in a form specified by the cited law. It presents the basic principles of the HFSA's practice of applying laws. Recommendations describe the requirements set by legal provisions, the principles proposed to be applied according to the HFSA's practice of applying laws as well as methods, market standards and norms.
16. **Statement of opinion**: a tool reflecting the criteria of interpreting and applying laws and issued by the HFSA ex officio or upon request. It cannot be deemed as a legal guidance governed by Act XI of 1987 on Codification (Hungarian acronym „Jat”), has no binding force and mandatory content.
17. **Prospectus**: legal guidelines that are published by the chairman of the HFSA on the HFSA official website pursuant to the Act on Codification, in the form specified by the law. The prospectus provides facts and information the organisation responsible for implementing the law is to be familiar with for performing its duty (e.g. Methodological Guidelines, Validation Guidelines).
18. **Directive**: legal guidance published by the chairman of the HFSA on the HFSA official website pursuant to the Act on Codification, in the form specified by the law. Directives give recommendation for the key direction and method of implementing the law.

Specific tools:

19. **Evaluation meeting**: (a meeting which may be prudential, preventive or other type of discussion subject to its role in a proceeding), in which the HFSA provides information to clients about its experience and amendment proposals.
20. **Action plan**: a plan which lays down the results of the evaluation meeting and specifies the requirements for the institution.
21. **Prudential letter**: a letter in which the HFSA conducts a dialogue, within a supervisory review, with supervised institutions/persons about their capital adequacy and about the related internal rules, strategies, proceedings and methods, and the risks assessed.
22. **Examination letter**: a letter in which the HFSA provides information to clients about infringements, minor errors, deficiencies that do not need to be set out in a resolution and that are assessed as low-level risks, and makes proposals for their elimination or issues calls stating that their implementation will be checked by the HFSA in follow-up examinations.
23. **Resolution** in which non-compliant parties are obliged to terminate the infringements and/or to meet the requirements specified for the HFSA by legal provisions. As to its content, a resolution may be:
 - A resolution terminated without measures,

- a legal action specifying or prohibiting specific tasks or actions aimed at the implementation of a legal, regulatory or supervisory requirement,
 - a redressive legal action aimed at restituting the situation before the infringement,
 - a repressive legal action, which significantly intervenes in the institution's daily operation: it withdraws decision-making powers, influences operative functioning or leads to additional costs. – These legal actions express the disapproval of the state and serve the purpose of sanctioning, retribution. Thus, repressive legal actions include supervisory fines (imposed on institutions and persons against the management/executive officer of institutions); orders to pay the costs of a supervisory commissioner; prohibition or limitation of certain payments (for instance, dividend) and commitments; withdrawal of the authorisation of executive officers, suspension of operating licenses, withdrawal of operating licenses, etc.
24. ***Ruling containing provisional measures***: the HFSA proceedings may prohibit, in an enforceable ruling irrespective of an appeal, the continuation of infringements and may order to terminate the infringement for a period until a resolution or a ruling terminating the proceeding is adopted if there is an urgent need for such due to the protection of the legal or business interests of the parties involved.
25. ***Administrative agreement***: instead of adopting a resolution in a consumer protection procedure, the HFSA may enter into a contract with a client who agrees to cease the infringement and to engage in conduct that is in conformity with the relevant legal provisions in accordance with the administrative agreement. Another criterion in applying the administrative agreement is that consumers' interests are to be enforced quickly and more efficiently, and if possible and justified in a particular case, the compensation of consumers concerned should also take place.

IV. Publication of resolutions

The HFSA publishes, at all times, on its official website, in part or in full, resolutions containing measures, furthermore, it may also publish them in any other way deemed practical. In the course of publishing a resolution, the HFSA is obliged to respect the data protection rules as well as the rules on bank secret, payment secret, securities secret, fund secret, insurance secret, employer pension secret and business secret.

V. Methodology

26. The HFSA evaluates regular or standard supervisory tasks according to previously specified internal procedures, criteria and to the present Enforcement Policy, and determines – based on the evaluations - the measures applicable within the legal framework.
27. In the case of sanctionable infringements, the amount of fines is determined according to a consistent logical system and merit-based assessment. The logical system complies with

the principles set out in the risk-based supervision methodology and the merit-based assessment aligns to the principles set forth in the Enforcement Policy.

28. Based on the above, supervisory fines indicate the risk and impact rating of non-compliant institutions/persons and infringements, consequently, the HFSA makes evaluation of the following, in particular:

- the impact the act has on the supervised institutions/persons, and on their members and clients (consumers),
- the impact the act has on financial markets,
- the impact the act has on other members of the financial institution system, and
- the extent of the risk and damage caused and/or triggered by infringement or negligence.

VI. Monitoring/Feedback

29. In the course of fulfilling its responsibilities specified by legal provisions, the HFSA continuously and regularly monitors, based on its records, whether its measures are fully implemented. If the content of a measure is not fully implemented, it may immediately give rise to a more severe measure and may have an effect on future measures selected for the given institutions/persons, their management/executive officer in the given case. The feedback on the effectiveness of supervisory measures may also have an effect on measures to be selected in connection with other institutions/persons, their management/executive officers in the financial market concerned or with participants of another financial market.

Single policy on supervisory fines

The logical scheme behind the single system of supervisory fines, the procedure of imposing supervisory fines

1) Supervisory fines imposed on supervised institutions/persons

The amount of fines is established in each and every case individually.

The amount of fines is established in three steps:

1) first, the level (extent) of fines to be imposed is determined based on the minimum and maximum values as provided by law;

2) then, the interval – i.e. minimum and maximum amounts - of fines to be imposed on a given perpetrator in a given situation is determined based on the impact rating of the non-compliant party according to the prudential risk-based supervision methodology (KOMÓD);

3) finally, the final amount of fines is established taking account of the risk of infringement and having regard to mitigating and aggravating circumstances.

ad.1) There is a need to determine the level (extent) of fines to be imposed in order that the legal framework relevant to certain non-compliant institutions concerning certain cases of infringement is respected.

ad.2) Then, the interval of fines imposed is to be determined for the type of non-compliant institution by taking account of the institution's risk.

The non-compliant institution's risk is determined by the non-compliant party's impact rating in the risk-based supervision methodology. According to that, in the case of institutions rated into the categories of weak, below medium, above medium and strong impact institutions, the lower limit of fines that may be imposed under the law and their upper limit presented in the attached table, i.e. the interval, should be established to reflect the position of the non-compliant party in the supervision matrix. The starting point for accurately determining the amount of fines must be the arithmetical average of the interval which has been established based on the impact rating of the given non-compliant party. The accurate amount of the fine will depend on the assessment of the risk of infringements and the mitigating and aggravating circumstances.

The interval of fines to be imposed is to be determined according to the logic described below.

a. The whole fine interval between the minimum value as specified by law and the maximum value shown in the attached table applies to „strong impact” institutions, where the arithmetical average of the interval serves as a starting point.

b. As regards institutions with above medium impact, the ceiling of the interval is three-quarters of the fine interval specified in point “a”. The starting point for determining the accurate amount of the fine is the arithmetical average of the interval thus determined.

c. As regards institutions with below medium impact, the ceiling is half of the fine interval specified in point “a”. The starting point for determining the accurate amount of the fine is the arithmetical average of the interval.

d. As regards “weak impact” institutions, the ceiling is one-quarter of the fine interval specified in point “a”. The starting point for determining the accurate amount of the fine is the arithmetical average of the interval.

ad 3) Within the established fine intervals the arithmetical average of the given interval serves as the starting point for calculating the accurate amount of the fine. The establishment of the final amount of the fine is based on the above. When the final amount is determined the circumstances set out in Section 47 of Act CXXXV of 2007 (hereinafter referred to as „HFSA Act” must also be taken into consideration, including:

- a) the gravity of the infringement or negligence,
- b) the impact the act has on the principle of prudent and sound management and on the market,
- c) the impact the act has on the bodies and persons referred to in Section 4 of the HFSA Act and also on their members or clients;
- d) the impact the act has on other members of the entire financial system;
- e) the risk caused by the infringement or negligence, the extent of damage, and the perpetrator’s willingness for mitigation of damages ;
- f) co-operation with the Authority on the part of the persons responsible;
- g) 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;
- h) the suppression of the data, facts and information on which the sanction is based, or the intention to do so;
- i) the recurrence or frequency of the infringement.

The criteria of the risk-based supervision methodology mentioned in the section dealing with the determination of the risk of an infringement also provide an adequate basis for weighing the qualifying circumstance described in point a).

Each circumstance that can be objectively identified based on the gravity of an infringement as well as the aggravating and mitigating circumstances must be evaluated case-by-case, separately and independently. The final amount of fines is set in view of the above factors.

For fund service providers, the final amount of the fine must be established by relying on the level of fines specified in the HFSA Act and the circumstances set out in para (4), Section 47 of the HFSA Act, furthermore, on the HFSA’s former practice concerning fund service providers, since fund service providers have no impact rating under the risk-based supervision methodology.

In setting the amount of the fine, the HFSA considers it as an aggravating circumstance when an infringement could have been avoided if the HFSA’s - non binding - recommendation had been complied with.

The maximum amount of fines (HUF 2 billion) as specified by law can be imposed in extraordinary cases.

2) Supervisory fines imposed on the institutions' management /executive officers

The HFSA takes into consideration that levying supervisory fines on persons based on and placing emphasis on personal liability has the effect of preventing individual and general infringements and encouraging compliance, and thus it furthers the implementation of the objectives set forth in the Enforcement Policy.

1. The imposition of supervisory fines on persons is justified especially when the responsibility of the executive officer of a supervised institution can be clearly established in respect of a given infringement or in the case of the supervised institution's repeated infringement if the infringement was committed despite the HFSA's earlier warning to the institution/executive officer.

Principles (set of conditions) of imposing a fine on persons:

- Secondary nature as compared to supervisory fines imposed on institutions (explanation: the institution as a whole is liable for compliance), not including market institutions operating like a non-profit organisation (private pension funds, voluntary pension and health funds, voluntary self-help funds and insurance associations).
- It can be applied if
 - (1) a person can be clearly identified and made liable (directly or indirectly) for an institution's infringement – i.e. the actual personal participation can be established;
 - (2) an institution has failed to fully comply with those set out in a former resolution (explanation: the management's considerable lack of willingness to co-operate);
- A number of different infringements which a given management/executive officer committed in different points of time give rise to measures (supervisory fines) of increasing gravity. Supervisory fines imposed on more than one occasion may give rise to declaring the management incompetent. This implicit cumulation may also take place if infringements of relatively lesser gravity occurred and even if completely different, unrelated infringements were committed separate in time and in the operational area concerned.
- Fines are to be paid exclusively by members of the management or executive officers who have been fined, under no circumstances can the payment be charged to the institution (its owners, members).
- The payee of fines imposed on persons may be an executive officer in accordance with the sectoral laws.

2. The determination of fines is done in two steps:

1) first, the level (extent) of fines to be imposed is set based on the minimum and maximum values as provided by law;

2) then, the final amount of fines is set taking account of the risk of infringement and based on mitigating and aggravating circumstances.

ad.1) There is a need to determine the level (extent) of fines imposed in order that the legal framework relevant to certain non-compliant institutions concerning infringements is respected.

ad 2) When the final amount is determined, the circumstances set out in Section 47 of the HFSA Act must also be taken into consideration, including:

- a) the gravity of the infringement or negligence;
- b) co-operation with the Authority on the part of the persons responsible;
- c) 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
- d) the suppression of the data, facts and information on which the sanction is based, or the intention to do so;
- e) the recurrence or frequency of the infringement;
- f) simultaneously, the type of action taken against the institution (including, in particular, the amount of the fine taken into account to implement the criteria for the imposition of supervisory fines, including :
 - fa.) the impact the infringement committed by the institution has on the prudent and sound management and on the market;
 - fb.) the impact the infringement committed by the institution has on the bodies and persons referred to in Section 4 of the HFSA Act and also on their members or clients,
 - fc.) the impact the infringement committed by the institution has on other members of the entire financial system,
 - fd) the risk caused by the infringement committed by the institution, the extent of damage, and the perpetrator's willingness for mitigation of damages ,

The criteria of the risk-based supervision methodology mentioned in the section dealing with the determination of the risk of an infringement also provide an adequate basis for weighing the qualifying circumstance described in point a).

The weighing of qualifying circumstances under point f) is appropriately addressed by the impact rating and institution assessment of the non-compliant institution, i.e. by its position in the supervision matrix. As regards the imposition of supervisory fines on institutions, the assessment of the measure (fine) against the institution does not raise the question of the prohibition of double assessment.

Points a)-d) are to be considered as elements to be separately assessed.

Each circumstance that can be objectively identified based on the gravity of the infringement as well as the aggravating and mitigating circumstances must be evaluated case-by case, separately and independently. The final amount of the fine is set in view of the above factors.

3) Fines in cases of market supervision

3.1. Acts committed by non-supervised organisations or persons

In market supervision procedures and in proceedings initiated against public securities issuers and against entities that are obliged to report the extent of voting right, the clients concerned or perpetrators of the sanctioned acts are typically not supervised institutions. The sanction

applied in order to ensure fairness of the market is fundamentally based on the impact of the act on money and capital markets. The sanction also considers the nature and seriousness of infringements weighing all circumstances of the case with the aim of bolstering confidence in the financial system.

If the amount of the revenue gained can be established in the market supervision procedures, the total revenue is to be deprived as a sanction.

3.2. Default penalty

According to para (7), Section 49 of the HFSA Act, the maximum amount of penalties that can be imposed in a market supervision procedure is ten million forints.

4.) Supervisory fines for infringing the regulations investigated in a consumer protection proceeding

Following the principles of the HFSA's general Enforcement Policy, clients' interests that need to be given special protection in consumer protection proceedings must be taken into account in the first place. These include, in general, *the number of consumers affected by an infringement, the scope of injuries to consumers' interests, the level of an infringement and its special nature affecting consumers as well as the extent of damage caused to consumers.* Separate rules of procedure and related special fine amounts are assigned by law to interests requiring special protection.

As a consequence, the sanction system formulated based on the principles of impact rating and institution assessment according to the risk-based supervision methodology can be applied with a limited scope in consumer protection proceedings, since the conduct of institutions rated into the weaker impact category may also generate a mass of complaints and media publicity. Thus, even a single case may justify a sanction of considerable amount which is not in line with the institution's supervisory risk-based impact rating.

A fine is basically a sanction of repressive character, but its deterrent and preventive effect gains special emphasis in the area of consumer protection with a view to protecting potentially affected consumers. It is therefore necessary to give special weight to the consumer protection criteria set out in the para (4), Section 47 of the HFSA Act within the general conditions for the imposition of supervisory fines set out in the same provision:

- the gravity of the infringement or negligence;
- the impact the act has on clients;
- the willingness to co-operate in the interest of clients;
- the risk caused by the infringement or negligence, the extent of damage, and the perpetrator's willingness for mitigation of damages ;
- 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; and
- the recurrence or frequency of the infringement.

In establishing **the level and exact amount of supervisory fines**, the HFSA takes account of the consumer protection criteria and it:

- evaluates all circumstances of the case,

- deprives the pecuniary advantage as fine if the non-compliant institution obtained pecuniary advantage;
- when setting supervisory fines, the HFSA mainly has regard to the number of consumers concerned, thus differentiating between individual and systemic mistakes, infringements to be found in the practice of the institution concerned;
- instead of assessing the market weight of the institution in itself, it is assessed by the HFSA only when the number of potentially affected consumers is determined;
- evaluates separately the suppression of data, facts and information on which the measure is based and the intention to prolong the proceedings, as an aggravating circumstance, while
- considers the co-operation formed in the interest of clients and the perpetrator's conduct for mitigation of damages as a mitigating circumstance.

Aggravating and mitigating circumstances are evaluated by the HFSA case-by case, separately and independently. Within the wide intervals of supervisory fines specified by law, the final amount of fines is set in accordance with the **requirements of proportionality**.

The **statutory minimum** amount can be applied if an infringement committed at the given institution is not serious, it only affects consumers in individual cases. If an infringement takes place repeatedly, affecting more than one consumer, the minimum fine is no longer applicable.

The maximum fine can only be applied in the case of an **infringement that causes significant pecuniary disadvantage to a wide range of consumers**.

It is mandatory to impose a consumer protection fine if the same service provider commits the same infringement within a period of six months, or if a service provider fails to meet, on time, its obligations specified in an enforceable resolution.

Type of institution	Impact rating of the institution	Minimum and maximum amounts (01.2010)	Starting point (01.2010)	Fines imposed in extraordinary cases (01.2010)
Bank, building society, mortgage credit institution	Strong impact institution	THUF 100 - MHUF 100	MHUF 50.050	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceed HUF 2 billion
	Above medium impact institution	THUF 100 – MHUF 75	MHUF 37.55	
	Below medium impact institution	THUF 100 - MHUF 50	MHUF 25.05	
	Weak impact institution	THUF 100 - MHUF 25	MHUF 12.55	
Co-operative credit institution	Strong impact institution	THUF 100 - 80 MHUF	MHUF 40.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceeds HUF 2 billion
	Above medium impact institution	THUF 100 - 60 MHUF	MHUF 30.05	
	Below medium impact institution	THUF 100 - 40 MHUF	MHUF 20.05	
	Weak impact institution	THUF 100 - MHUF 20	MHUF 10.05	
Financial enterprise	Strong impact institution	THUF 100 - MHUF 50	MHUF 25.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceeds HUF 2 billion
	Above medium impact institution	THUF 100 – MHUF 37.5	MHUF 18.8	
	Below medium impact institution	THUF 100 - MHUF 25	MHUF 12.55	
	Weak impact institution	THUF 100 – MHUF 12.5	MHUF 6.3	
Insurance company	Strong impact institution	THUF 100 - MHUF 100	MHUF 50.050	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established
	Above medium impact institution	THUF 100 - MHUF 75	MHUF 37.55	
	Below medium impact institution	THUF 100 - MHUF 50	MHUF 25.05	
	Weak impact institution	THUF 100 - MHUF 25	MHUF 12.55	

Type of institution	Impact rating of the institution	Minimum and maximum amounts (01.2010)	Starting point (01.2010)	Fines imposed in extraordinary cases (01.2010)
				for the institution concerned if it exceeds HUF 2 billion
Insurance association	Strong impact institution	THUF 100 - MHUF 50	MHUF 25.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceeds HUF 2 billion
	Above medium impact institution	THUF 100 – MHUF 37.5	MHUF 18.8	
	Below medium impact institution	THUF 100 - MHUF 25	MHUF 12.55	
	Weak impact institution	THUF 100 – MHUF 12.5	MHUF 6.3	
Independent intermediaries	Strong impact institution	THUF 100 - MHUF 20	MHUF 10.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceeds HUF 2 billion
	Above medium impact institution	THUF 100 - MHUF 15	MHUF 7.55	
	Below medium impact institution	THUF 100 - MHUF 10	MHUF 5.05	
	Weak impact institution	THUF 100 - MHUF 5	MHUF 2.55	
Investment firm	Strong impact institution	THUF 100 - MHUF 50	MHUF 25.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceed HUF 2 billion
	Above medium impact institution	THUF 100 – MHUF 37.5	MHUF 18.8	
	Below medium impact institution	THUF 100 - MHUF 25	MHUF 12.55	
	Weak impact institution	THUF 100 – MHUF 12.5	MHUF 6.3	
Investment fund management	Strong impact institution	THUF 100 - MHUF 30	MHUF 15.05	Can reach up to HUF 2 billion, or up to 200 % of

Type of institution	Impact rating of the institution	Minimum and maximum amounts (01.2010)	Starting point (01.2010)	Fines imposed in extraordinary cases (01.2010)
company, stock exchange, clearing house, central depository, central counterparty and other legal or natural person	Above medium impact institution	THUF 100 – MHUF 22.5	MHUF 11.3	the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceed HUF 2 billion
	Below medium impact institution	THUF 100 - MHUF 15	MHUF 7.55	
	Weak impact institution	THUF 100 – MHUF 7.5	MHUF 3.8	
Venture capital fund management	Strong impact institution	THUF 100 - MHUF 20	MHUF 10.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceed HUF 2 billion
	Above medium impact institution	THUF 100 - MHUF 15	MHUF 7.55	
	Below medium impact institution	THUF 100 - MHUF 10	MHUF 5.05	
	Weak impact institution	THUF 100 - MHUF 5	MHUF 2.55	
Private pension fund	Strong impact institution	THUF 100 - MHUF 20	MHUF 10.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceed HUF 2 billion
	Above medium impact institution	THUF 100 - MHUF 15	MHUF 7.55	
	Below medium impact institution	THUF 100 - MHUF 10	MHUF 5.05	
	Weak impact institution	THUF 100 - MHUF 5	MHUF 2.55	
Voluntary pension and health funds	Strong impact institution	THUF 100 - MHUF 10	MHUF 5.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution
	Above medium impact institution	THUF 100 – MHUF 7.5	MHUF 3.8	
	Below medium impact institution	THUF 100 - MHUF 5	MHUF 2.55	
	Weak impact institution	THUF 100 – MHUF 2.5	MHUF 1.3	

Type of institution	Impact rating of the institution	Minimum and maximum amounts (01.2010)	Starting point (01.2010)	Fines imposed in extraordinary cases (01.2010)
				concerned if it exceed HUF 2 billion
Voluntary self-help funds	Strong impact institution	THUF 100 - MHUF 2	MHUF 1.05	Can reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceed HUF 2 billion
	Above medium impact institution	THUF 100 – MHUF 1.5	THUF 800	
	Below medium impact institution	THUF 100 - MHUF 1	THUF 550	
	Weak impact institution	THUF 100 - THUF 500	THUF 300	

Comparative chart for the former and current practice of imposing supervisory fines

Type of institution	Impact rating of the institution	Minimum and maximum amounts (31.07.2009)	Minimum and maximum amounts (01.2010)	Starting point (31.07.2009)	Starting point (01.2010)
Bank, building society,	Strong impact institution	MHUF 2 - MHUF 60	THUF 100 - MHUF 100	MHUF 31	MHUF 50.050
	Above medium impact institution	MHUF 2- MHUF 45	THUF 100 - MHUF 75	MHUF 23.5	MHUF 37.55
	Below medium impact institution	MHUF 2- MHUF 30	THUF 100 - MHUF 50	MHUF 16	MHUF 25.05
	Weak impact institution	MHUF 2- MHUF 15	THUF 100 - MHUF 25	MHUF 8.5	MHUF 12.55
Mortgage credit institution	Strong impact institution	THUF 500 –MHUF 90	THUF 100 - MHUF 100	MHUF 45.25	MHUF 50.050
	Above medium impact institution	THUF 500 – MHUF 67.5	THUF 100 - MHUF 75	MHUF 34	MHUF 37.55
	Below medium impact institution	THUF 500 – MHUF 45	THUF 100 - MHUF 50	MHUF 22.75	MHUF 25.05
	Weak impact institution	THUF 500 – MHUF 22.5	THUF 100 - MHUF 25	MHUF 11.5	MHUF 12.55
Co-operative credit institution	Strong impact institution	THUF 250 – MHUF 7.5	THUF 100 - MHUF 80	MHUF 3.875	MHUF 40.05
	Above medium impact institution	THUF 250 –MHUF 5,625	THUF 100 – MHUF 60	MHUF 2.9375	MHUF 30.05
	Below medium impact institution	THUF 250 – MHUF 3.75	THUF 100 - MHUF 40	MHUF 2	MHUF 20.05
	Weak impact institution	THUF 250 – MHUF 1.875	THUF 100 - MHUF 20	THUF 1.0625	MHUF 10.05
Financial enterprise	Strong impact institution	THUF 200 – MHUF 2	THUF 100 - MHUF 50	MHUF 1.1	MHUF 25.05
	Above medium impact institution	THUF 200 – MHUF 1.5	THUF 100 – MHUF37.5	THUF 850	MHUF 18.8
	Below medium impact institution	THUF 200 – 1 MHUF	THUF 100 - MHUF 25	THUF 600	MHUF 12.55
	Weak impact institution	THUF 200 – THUF 500	THUF 100 – MHUF 12.5	THUF 350	MHUF 6.3
Insurance company	Strong impact institution	THUF 100 – MHUF 20	THUF 100 - MHUF 100	MHUF 10.05	MHUF 50.050
	Above medium impact institution	THUF 100 – MHUF 15	THUF 100 - MHUF 75	MHUF 7.55	MHUF 37.55
	Below medium impact institution	THUF 100 – MHUF 10	THUF 100 - MHUF 50	MHUF 5.05	MHUF 25.05
	Weak impact institution	THUF 100 – MHUF 5	THUF 100 - MHUF 25	MHUF 2.55	MHUF 12.55
Insurance association	Strong impact institution	THUF 100 – MHUF 20	THUF 100 - MHUF 50	MHUF 10,05	MHUF 25.05
	Above medium impact institution	THUF 100 – MHUF 15	THUF 100–MHUF 37. 5	MHUF 7.55	MHUF 18.8
	Below medium impact institution	THUF 100 – MHUF 10	THUF 100 - MHUF 25	MHUF 5.05	MHUF 12.55
	Weak impact institution	THUF 100 – MHUF 5	THUF 100 –MHUF 12.5	MHUF 2.55	MHUF 6.3
Independent intermediaries	Strong impact institution	THUF 40– MHUF 5	THUF 100 - MHUF 20	MHUF 2.52	MHUF 10.05
	Above medium impact institution	THUF 40 – MHUF 3.75	THUF 100 - MHUF 15	MHUF 1.895	MHUF 7.55
	Below medium impact institution	THUF 40 – MHUF 2.5	THUF 100 - MHUF 10	MHUF 1.27	MHUF 5.05

Type of institution	Impact rating of the institution	Minimum and maximum amounts (31.07.2009)	Minimum and maximum amounts (01.2010)	Starting point (31.07.2009)	Starting point (01.2010)
	Weak impact institution	THUF 40 – MHUF 1.25	THUF 100 - MHUF 5	THUF 645	MHUF 2.55
Investment firm	Strong impact institution	THUF 5– MHUF 20	THUF 100 - MHUF 50	MHUF 10.025	MHUF 25.05
	Above medium impact institution	THUF 5–MHUF 15	THUF 100 –MHUF 37.5	MHUF 7.5025	MHUF 18.8
	Below medium impact institution	THUF 5– MHUF 10	THUF 100 - MHUF 25	MHUF 5.025	MHUF 12.55
	Weak impact institution	THUF 5– MHUF 5	THUF 100 –MHUF 12.5	MHUF 2.5025	MHUF 6.3
Investment fund management company, stock exchange, clearing house, central depository, central counterparty and other legal or natural person	Strong impact institution	THUF 50 – MHUF 20	THUF 100 - MHUF 30	MHUF 10.025	MHUF 15.05
	Above medium impact institution	THUF 50 – MHUF 15	THUF 100 –MHUF 22.5	MHUF 7.525	MHUF 11.3
	Below medium impact institution	THUF 50 – MHUF 10	THUF 100 - MHUF 15	MHUF 5.025	MHUF 7.55
	Weak impact institution	THUF 50 – MHUF 5	THUF 100 – MHUF 7.5	MHUF 2.525	MHUF 3.8
Venture capital fund management	Strong impact institution	THUF 50 – MHUF 20	THUF 100 - MHUF 20	MHUF 10.025	MHUF 10.05
	Above medium impact institution	THUF 50 – MHUF 15	THUF 100 - MHUF 15	MHUF 7.525	MHUF 7.55
	Below medium impact institution	THUF 50 – MHUF 10	THUF 100 - MHUF 10	MHUF 5.025	MHUF 5.05
	Weak impact institution	THUF 50 – 5 MHUF	THUF 100 - MHUF 5	MHUF 2.525	MHUF 2.55
Private pension fund	Strong impact institution	HUF 0 – 3 per mill of the annual membership fee (for grave infringement HUF 0 - 1%)	THUF 100 - MHUF 20	subject to the amount of the membership fee	MHUF 10.05
	Above medium impact institution	HUF 0 – 2.25 per mill of the annual membership fee (for grave infringement HUF 0 - 0.75%)	THUF 100 - MHUF 15	subject to the amount of the membership fee	MHUF 7.55
	Below medium impact institution	HUF 0 –1.5 per mill of the annual membership	THUF 100 - MHUF 10	subject to the amount of the	MHUF 5.05

Type of institution	Impact rating of the institution	Minimum and maximum amounts (31.07.2009)	Minimum and maximum amounts (01.2010)	Starting point (31.07.2009)	Starting point (01.2010)
		fee (for grave infringement HUF 0 - 0.5%)		membership fee	
	Weak impact institution	HUF 0 – annual membership fee 0.75 per mill (for grave infringement 0.25%)	THUF 100 - MHUF 5	subject to the amount of the membership fee	MHUF 2.55
Voluntary pension and health funds	Strong impact institution	HUF 0 –3 % of the annual membership fee (for grave infringement HUF 0 - 5 %)	THUF 100 - MHUF 10	subject to the amount of the membership fee	MHUF 5.05
	Above medium impact institution	HUF 0 –2.25 % of the annual membership fee (for grave infringement HUF 0 – 3.75 %)	THUF 100 – MHUF 7.5	subject to the amount of the membership fee	MHUF 3.8
	Below medium impact institution	HUF 0 –1.5 % of the annual membership fee (for grave infringement HUF 0 – 2.5 %)	THUF 100 - MHUF 5	subject to the amount of the membership fee	MHUF 2.55
	Weak impact institution	HUF 0 –0.75 % of the annual membership fee (for grave infringement HUF 0 – 1.25 %)	THUF 100 – MHUF 2.5	subject to the amount of the membership fee	MHUF 1.3
Voluntary self-help funds	Strong impact institution	HUF 0 – annual membership fee 3 %-a (for grave infringement HUF 0 - 5 %)	THUF 100 – MHUF 2	subject to the amount of the membership fee	MHUF 1.05
	Above medium impact institution	HUF 0 –2.25 % of the annual membership fee (for grave infringement HUF 0 – 3.75 %)	THUF 100 – MHUF 1.5	subject to the amount of the membership fee	THUF 800

Type of institution	Impact rating of the institution	Minimum and maximum amounts (31.07.2009)	Minimum and maximum amounts (01.2010)	Starting point (31.07.2009)	Starting point (01.2010)
	Below medium impact institution	HUF 0 – 1.5 % of the annual membership fee (for grave infringement HUF 0 – 2.5 %)	THUF 100 – MHUF 1	subject to the amount of the membership fee	THUF 550
	Weak impact institution	HUF 0 – 0.75 % of the annual membership fee (for grave infringement HUF 0 – 1.25 %)	THUF 100 - THUF 500	subject to the amount of the membership fee	THUF 300

As of 1 January 2010 the amount of the supervisory fines may reach up to HUF 2 billion, or up to 200 % of the annual supervisory fee (basic fee plus variable fee) established for the institution concerned if it exceeds HUF 2 billion!