

## ON CUSTOMER IDENTIFICATION RULES

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### 1. Customer-identification obligation

In accordance with the Act CXXXVI of 2007 on the prevention and combating of money laundering and the financing of terrorism the Bank can only establish a business relationship with or accept a transactional order for cash reaching or exceeding separately the amount of HUF three hundred thousand or in case of transactions connected to each other within one year the amount of HUF three million six hundred thousand (HUF or foreign currency) from a customer presenting his/her personal identification document and the identification of whom has been executed by the financial institution.

The identification obligation – for currency exchange – includes the single transactional order or transactional orders comprising several items made within one week and reaching HUF three hundred thousand.

Identification obligation also applies for the person authorized by the customer and all the persons with disposal right as well as the agent for service of process of a foreign person if there is such person assigned.

If the customer is a legal entity or an organization without legal entity, or a natural person acting on behalf thereof or based on the assignment thereof, beyond identification of the natural person, identification of the legal person or organization without legal personality shall also be performed.

The Bank shall record:

- regarding business relationships, the type, the subject matter and the term of the contract;
- regarding transaction orders, the subject matter and the value of the transaction.

Beyond the previous data the Bank may record the particulars of the transfer (place, time, and mode) and may also request to put the information about sources of cash and cash equivalents at Bank's disposal.

If the customer does not agree to perform the identification, no business relationship can be established therewith or the financial transaction shall be rejected.

### 2. Customer-identification

**For natural person:**

- family and first name (birth name),
- place and date of birth,
- mother's maiden family and first name,
- citizenship,

- address,
- number and type of the identification document.

**For foreign natural person beyond the previous data:**

- residency in Hungary shall be registered excluding those EU-state residents who do not have it and they can justify their residency within EU.

Customer identification shall be performed based on presentation of the following official documents:

- For inland natural persons: personal identification card (if it does not contain the address, then the official card certifying the address too); ID card and the official card certifying the address together; new type driving license card and official card certifying the address together;
- For foreign natural persons: passport; personal identification card if it authorizes residence in Hungary; a document evidencing the right of residence or a valid residence permit.

**For private entrepreneurs**, in addition to the above, the presentation of the following documents is required:

From private entrepreneurs, who pursue their activity according to Act CXV of 2009 on private entrepreneurs:

- entrepreneur document or a certificate issued by the body keeping the records of private entrepreneurs (currently : the KEKKH) or a certificate issued by the local government

From entrepreneurs, who pursue their activity according to other regulations:

- copy of the document of the registration by the NAV, disclosure of the tax number,
- certificate necessary for pursuing the activity (e.g. a document certifying a chamber membership, etc.).

**From agricultural primary producers:**

- In case of agricultural primary producers with license is required the agricultural primary producer's certificate with a sales interleaf, copy of the document of the registration by the NAV and disclosure of the tax number.
- In case of agricultural primary producers without license is sufficient disclosure of the tax ID number.

**In case of legal persons and organizations without legal personality:**

The Legal person and organization without legal personality

- name, short name,
- registered address, for enterprises with registered address in a foreign country, the address of the site
- main activity,
- for legal person or business organizations without legal personality registered by the Court of Registration – the registration number; for other registered legal persons or organizations without legal personality the number of decision on foundation

(recording, registration) or the recording number of the legal person or organization without legal personality; and

- name, position of authorized representatives; or identification data of the agent for service of process, if applicable should also be recorded.

For identification of legal persons or other organization registered (or to be registered) in Hungary shall be used the following official documents (not older than 30 days):

- prior to submission of application for registration by the Court of Registry, official or judicial registration to the Court of Registry, authority or court, deed of establishment of the legal person or organization without legal personality (deed of foundation, articles of incorporation);
- in case of inland business organization has been registered by the Court of Registration or the business organization has submitted the application for registration (E-File with digital registry);
- in case of other organization without legal personality certifying official or court of the receipt of the registration or submission of an application for registration; foreign legal person or organization without legal personality the registration or recording in accordance with the law of the own country has been performed.

For a legal person or organizations without legal personality registered in a foreign country a certificate not older than 30 days certifying the registration or record of the organization in accordance with its own country with endorsement or Apostille and attested Hungarian translation of such documents is required. The National Agency of Translation and Translation Authentication (OFFI), a Hungarian specialized translator or a translator-lector can perform the official Hungarian translation of the documents necessary for identification. To a translation completed by a specialized translator or a translator-lector the copy of the document certifying a translator or an interpreter qualification shall be attached.

### **3. Declaration of the person of the beneficial owner**

In case of customer identification the customer or the agent acting on the customer's authority shall make a written declaration on the beneficial owner of the customer.

If such declaration does not exist, the financial institution shall reject the establishment of business relationship or the transaction.

Beneficial owner shall mean natural person,

- who owns - directly or indirectly – the way enacted in Section 685/B (3) of Act IV of 1959 on the Civil Code of Hungary – controls at least twenty-five per cent of the shares or voting rights in a legal person or organization lacking the legal status of a legal person, if that legal person or organization lacking the legal status of a legal person is not listed on a regulated market and is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards;
- who has a dominant influence in a legal person or business association lacking the legal status of a legal person as defined in Subsection (2) of Section 685/B of Act IV of 1959 on the Civil Code of the Republic of Hungary;

- whose behalf a transaction is carried out; and
- in case of foundations, who is the beneficiary of twenty-five per cent or more of the property of the foundation; where the future beneficiaries have already been determined, whose main interest the foundation is set up or operates; where the individuals that benefit from the foundation have yet to be determined, or who has exercises control in the management of the foundation or exercises control over twenty-five per cent of the property of a foundation, or who is authorized to represent the foundation, furthermore
- lacking a natural person defined in points above, the executive officer of a legal person or business association without legal entity.

The client liable during the contractual relationship regarding the specified data in the identification and the beneficial owner of the obligation concerning any change in 5 working days after becoming aware notify the Bank.

*\* Civil Code § 685/B:*

*1) Majority influence: is such a relation in which a natural person, a legal person or a business organization without legal personality (hereinafter jointly referred to as the influence bearer) has more than fifty percent of the votes or has a dominant influence.*

*2) The influence bearer has a dominant influence in a legal person if it is a member or shareholder of it or*

*a) it is entitled to elect or recall the executive officers or members of the supervisory board of the legal person or*

*b) it has alone more than fifty percent of the votes according to an agreement with other members or shareholders of the legal person.*

*3) The dominant influence also exists when the influence bearer fulfils indirectly the eligibility criteria specified in (2). To determine whether the influence bearer indirectly has more than fifty percent of votes or has an indirect dominant influence in a legal person you have to multiply the votes of the other legal persons with voting power in the legal person (intermediate enterprises) by the votes of the influence bearer in the intermediate enterprises. If the extent of voting power in the intermediate enterprises exceeds fifty percent it has to be counted as one whole.*

*4) Pursuant to Article b) of Section 685 the direct or indirect proprietary shares or voting power of close relatives have to be counted jointly.*

The identification conditions determined in point 2 concern for the marked beneficial owner

#### **4. Declaration on the politically exposed person status**

In case of customer identification the customer with foreign residence shall make a written declaration to the service provider whether or not he/she is considered a politically exposed person in accordance with the law of his/her own country and if he/she is considered a politically exposed person, he/she shall make a declaration on the source of his/her cash and cash equivalents as well.

In case of marking as beneficial owner of a person with residency abroad shall declare that the nominated person by him/her qualifies as politically exposed person. If so, it shall be indicate under which category.

**Politically exposed person:** the natural person having residence only outside Hungary, consequently not having official card certifying Hungarian address who is entrusted with prominent public functions or was entrusted with prominent public functions within one year prior to the customer due diligence measures and immediate family member of such person and persons known to be close associate of such person.

**Person entrusted with prominent public functions:**

- heads of State, heads of government, ministers and assistant ministers;
- members of parliaments;
- members of the Constitutional Court or of other high-level judicial bodies whose decisions are not subject to further appeal;
- the head of the court of auditors, members of courts of auditors or of the senior decision making body of central banks, ambassadors, chargés d'affaires and high-ranking officers and generals in the armed forces, members of the administrative, management or supervisory bodies of State-owned enterprises.

**Immediate family member:** spouse, direct relative, adopted or stepchild or nursing, adopting or step- or foster-parent and sibling; furthermore, close relatives include common-law spouse, spouse of the direct relative, fiancé, direct relative and sibling of spouse and the spouse of sibling.

Person being a close associate of the politically exposed person:

- a) a natural person who is the beneficial owner of the legal person and organization without legal personality together with a person entrusted with prominent public functions or is in close business relationship with such person;
- b) a natural person who is one-man owner of a legal person or organization without legal personality founded for the benefit of a person entrusted with prominent public functions.

The client liable during the contractual relationship regarding the specified data in the identification and the beneficial owner of the obligation concerning any change in 5 working days after becoming aware notify the Bank.

## **5. Rules of procedure concerning high amount cash deposits/FX payments for private customers**

Please note our respected clients, in case of cash payment or payment order with the amount of more than EUR/USD 10.000 to be initiated within a day altogether, the order may only be executed with subject to the presentation of any of the document listed in the "List of required documents".

The certificate shall be presented upon order of cash deposits/FX payments where the total amount of cash deposits/FX transfers exceeds this amount for the order.

### **List of required documents**

As verification of the source of the cash to be deposited, the presentation of the following original documents issued to the name of the payment account holder or the person with disposal right over the payment account can be acceptable:

- a) a final judicial or administrative decision not older than 1 year (e.g. decision on grant of probate),
- b) official certificate not older than 1 year (e.g. by land registry office),
- c) other public deed not older than 1 year (e.g. about sale of property or vehicle),
- d) statement of account issued by payment- or investment service provider and cash payment certificate not older than 3 months (if the client is unable to present an account statement in the absence thereof, then also the individual certificate on cash withdrawal may be accepted),
- e) a certificate not older than 3 months on behalf of the company engaged in the organization of gambling services about the winnings,
- f) a certificate not older than 3 months on behalf of the employer about wages, dividends and bonuses,
- g) a Cash Declaration Form not older than 3 months to be completed upon entry into territory of the European Union (to indicate personal details, the data of the owner of the cash, the data regarding the cash, the origin and intended use thereof, and the transport details).

Cash deposit/ payment transfer based on certificate can be exclusively made in the currency in which the certificate was originally denominated.

If the certificate is issued in a language other than Hungarian, also the attested Hungarian translation thereof shall be attached. Attested Hungarian translations may be performed by the National Office for Translation and Attestation (OFFI), by a specialist translator or specialist translator/proof-reader. In the case of translations from a specialist translator or specialist translator/proof-reader also a copy of the document in proof of the specialist translator's/interpreter's qualification shall be attached.

### **Refusal of order**

The cash deposit and payment order detailed hereunder may be refused based on the present announcement if:

- a) the account holder or the person having disposal right over the account fails to submit any of the certificates listed in the "List of required documents" or if the certificate submitted is inadequate (there is no attested Hungarian translation attached, it is not duly signed or it is denominated for third person),
- b) the data of the certificate presented are fully identical with the recorded data of the certificate presented previously and the amount of the present cash deposit/payment order and the previous cash deposits/payment orders by the same certification exceeds the amount of certification.

In case the amount of the certificate exceeds the cumulated amounts of the transactions justified by it, additional cash payment or payment transfer order can be accepted for the amount by which the total amount of certificate exceeds the cumulative amount of already executed transactions but exclusively in currency in which the certification and the cash deposits were prepared.

- c) In this case the amount indicated in the certificate by which the cumulative amount is exceeded.
- d) with regard to the authenticity of the data submitted by way of the certificate there is doubt existing or the legal title indicated in the certificate is not contained in the “List of required documents” section.

If the Bank is entitled to reject the (take over of) FX transfer order based on the above, the Bank may suspend temporarily the execution of its rejection right by the account owner request. In this case the Bank’s duties for fulfilling the order will remain pending until the circumstances that give rise to rejection will be eliminated or remedied, but no later than the third banking day following the day of take over of the relevant order.

The Bank will immediately notify the client about the temporary suspension of its rejection right. During the mentioned suspension period the Bank does not consider the submitted orders (including in particular the prioritized and value-dated payment orders) as taken over.

**KDB Bank Europe Ltd.**