

Beneficial Owner Declaration - Guidelines

In the course of Customer due diligence, the Bank must obtain a **written declaration** from the Customer/ Customer's representative on the beneficial owner(s) of **legal persons** and **individual entrepreneur Customers**.

Beneficial owner (Point 38 of Section 3 of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing – hereinafter: **AML Act**):

- a) any natural person who owns or controls at least twenty-five per cent of the shares or voting rights in a legal person or an unincorporated organization directly or - by way of the means defined in Subsection (4) of Section 8:2 of Act V of 2013 on the Civil Code (hereinafter referred to as "Civil Code") - indirectly, or who is able to exercise effective control over the legal person or unincorporated organization via other means, if that legal person or unincorporated organization is not listed on a regulated market and is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards,
- b) any natural person who has a dominant influence in a legal person or unincorporated business association as defined in Subsection (2) of Section 8:2 of the Civil Code,
- c) any natural person on whose behalf a transaction is being conducted, or who is able to exercise effective control over the activity of a customer via other means in the case of natural persons,
- d) in the case of foundations:
 - da) where the future beneficiaries have already been determined, the natural person who is the beneficiary of twenty-five per cent or more of the property of the foundation,
 - db) where the individuals that benefit from the foundation have yet to be determined, the natural person in whose main interest the foundation is set up or operates, or
 - dc) the natural person who exercises control in the management of the foundation or exercises control over at least twenty-five per cent of the property of a foundation, and/or who is authorized to represent the foundation,
- e) in the case of fiduciary asset management contracts:
 - ea) the principal, and the beneficial owner referred to in Paragraph a) or b) thereof,
 - eb) the fiduciary, and the beneficial owner referred to in Paragraph a) or b) thereof,
 - ec) the beneficiaries or class of beneficiaries, and the beneficial owner referred to in Paragraph a) or b) thereof, furthermore
 - ed) any natural person exercising effective control over the trust fund via other means, furthermore
- f) in the absence of the natural person referred to in Paragraphs a) and b), the executive officer of the legal person or unincorporated business association;

Solely **natural person** can be indicated as beneficial owner!

Individual entrepreneurs and representatives of business organisations are requested to complete the *Declaration on the beneficial owner* providing the following data of its beneficial owner(s):

- surname and forename
- surname and forename by birth
- citizenship
- place and date of birth
- home address, or temporary place of residence in the absence thereof
- the nature and extent of ownership interest, and
- politically exposed person status.

Within the framework of the declaration on the beneficial owner, the Customer must also declare whether the beneficial owner is a politically exposed person and if the answer is yes, the customer must also specify the category based on which the beneficial owner is a politically exposed person. The Customer must report that information by using one of the following codes indicated in the declaration.

CODE	DEFINITION
2a)	Heads of State, heads of government, ministers and deputy ministers, state secretaries, in Hungary the head of State, the Prime Minister, ministers and state secretaries
2b)	members of parliament or of similar legislative bodies, in Hungary members of parliament and spokesmen for the nationality
2c)	members of the governing bodies of political parties, in Hungary members and officers of the governing bodies of political parties
2d)	members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, in Hungary members of the Constitutional Court, of the courts of appeal and the Curia;
2e)	members of courts of auditors or of the boards of central banks, in Hungary the President and Vice-President of the State Audit Office, members of the Monetary Council and the Financial Stability Board

2f)	ambassadors, chargés d'affaires and high-ranking officers in the armed forces, in Hungary the head of the central body of law enforcement bodies and organizations and his deputy, Chief of Staff of the Hungarian Army and Deputy Chiefs of Staff of the Hungarian Army
2g)	members of the administrative, management or supervisory bodies of enterprises with majority state ownership, in Hungary the managing directors of enterprises with majority state ownership, including members of the management body exercising control or supervisory rights of such enterprises
2 h)	directors, deputy directors and members of the board or equivalent function of an international organization.
3)	<i>Close relatives</i> of a person referred to in sections 2a)-2h) include the spouse or domestic partner of a politically exposed person; the biological and adopted children, stepchildren and foster children and their spouses or domestic partners, of a politically exposed person; the biological, adoptive, step- and foster parents.
4a)	<i>An individual having a close relationship</i> with the individual referred to in paragraphs 2a) -2h): Any natural person who is known to have joint beneficial ownership of legal entities or unincorporated organizations, or any other close business relations, with a person referred to in sections 2a)-2h)
4b)	<i>An individual having a close relationship</i> with the individual referred to in paragraphs 2a) -2h): Any natural person who has sole beneficial ownership of a legal entity or unincorporated organization which is known to have been set up for the benefit of a person referred to in sections 2a)-2h).

The natural person representative of the legal person always and solely declares **in the name of the legal person** and regarding the beneficial owners of the transaction orders of the legal person.

Representatives:

- if the representative can act **independently**, according to the company register, then he/she needs to complete and sign the declaration;
- if the representatives are to act **together**, according to the company register, two persons who are authorized to represent the company must jointly complete and sign the declaration.

In case of individual entrepreneurs and representatives of business organisations **beneficial owners must be indicated as follows:**

1. If the beneficial owner(s) of the legal person can be established based on Point 38. a)-e) of Section 3 of the AML Act, then particulars of these persons must be indicated on the Declaration.
2. If the beneficial owner of the legal person cannot be established based on Point 38. a)-e) of Section 3 of the AML Act, then the executive officer(s) defined in Point 38. f) of Section 3 of the AML Act of the legal person must be indicated as beneficial owners and their particulars must be recorded in the declaration. In this case **all executive officers** must be indicated and their data must be recorded on the Declaration.

The Customer indicates the ownership interest on the basis of beneficial owner definitions of the AML Act according to the following categories (selecting the applicable code):

CODE	DEFINITION
1a)	at least 25% direct or indirect ownership interest / voting rights
1b)	managing controlling function
1c)	dominant influence
1d)	executive officer
1ea)	member of a foundation / managing body or dominant influence over the assets of the foundation (at least 25%)
1eb)	foundation beneficiary (at least 25% of the assets)
1ec)	established / operated in the interest of a foundation (when there is no beneficiary)
1f)	fiduciary asset management - principal
1fa)	fiduciary asset management - asset manager
1fb)	fiduciary asset management - beneficiary
1fc)	fiduciary asset management - control management of the managed assets in some other way

FATCA declaration:

In comply with Act XIX of 2014 on the promulgation of the Agreement between the Government of Hungary and the Government of the United States of America to improve international tax compliance and to implement FATCA and amending certain acts relating thereto (the 'FATCA Act') all customers of the Bank have to make a written declaration of whether they are **taxpayers of the United States** in terms of tax residence or not.

If the legal entity customer turns out to be U.S. taxpayer – it has U.S. indicia (place of incorporation is in the USA, headquarters is in the USA, beneficial owner is U.S. citizen / born in the USA / has U.S. address, phone number) the U.S. SSN or TIN must be indicated on the Declaration as well.

Based on the above mentioned FATCA Act customers have to declare whether they are Passive Non-Financial Entities or not (definition attached to the Beneficial Owner Declaration helps to decide upon it). Mainly those organizations, legal entities considered as Passive Non-Financial Entities of which 50% or more of its annual net income is interest, dividend or any other capital based income. This means that most of the company's revenue does not come from some kind of active activity. E.g. asset management companies, real estate agents, leasing companies, or professional interests.

If the customer declares that it is a Passive Non-Financial Entity, the representative of the legal entity has to indicate the tax residence and – except regarding Hungarian tax residence - the tax ID of the **beneficial owner** of the legal person.

CRS declaration:

Based on the Act XXXVII of 2013 on certain rules of international administrative cooperation relating to tax liabilities and other public dues (the 'CRS Act') the Bank is obliged to collect information regarding the tax residence as well as the tax ID number (except the tax residence of the legal person is Hungary or the USA) of the legal person.

Declaration whether the legal entity qualifies as Passive Non-Financial Entity must be completed in line with the CRS Act as well. Due to this if the legal entity declares that it is a Passive Non-Financial Entity and if the tax residence of the legal entity customer is neither Hungary nor the USA, the tax residence and tax ID of the beneficial owner of the legal entity must be indicated as well.

DECLARATION
 on the person of the beneficial owner according to Act LIII of 2017 on the prevention and combating of money laundering and terrorist financing (AML/CFT Act) (for companies)

I, the undersigned: _____, I, the undersigned: _____
 Name: Name:
 Place and date of birth: Place and date of birth:
 Address: Address:

In the name of the following business organisation that I am acting for:

Company name/Short name: Client number:
 Seat: Branch code:
 Number of identification document:

being fully aware of my legal liability hereby declare to ERSTE BANK HUNGARY Zrt. (1138 Budapest, Napfűrdő u. 24-25.; hereinafter: the Bank) that, upon establishing business relation or giving transaction order with the Bank in case of the company represented by myself beneficial owner(s) is/are the following person(s):

I.

	1.	2.	3.	4.
Surname and first name:				
Birth name:				
Nationality:				
Place and date of birth:				
Address (or place of residence):				
Nature of the ownership* (Please indicate the relevant code):				
Extent of the ownership (if relevant):	Directly: Indirectly:	Directly: Indirectly:	Directly: Indirectly:	Directly: Indirectly:
Politically exposed person**: (Please mark X and indicate the relevant code)	<input type="checkbox"/> Yes, code: <input type="checkbox"/> No	<input type="checkbox"/> Yes, code: <input type="checkbox"/> No	<input type="checkbox"/> Yes, code: <input type="checkbox"/> No	<input type="checkbox"/> Yes, code: <input type="checkbox"/> No

*Nature of the ownership shall be indicated by the following codes based on the AML/CFT Act:

Code	Denomination
1a)	proportion of the ownership / voting rights directly or indirectly at least 25%
1b)	management or controlling function
1c)	dominant influence
1d)	executive officer
1ea)	foundations - member of the managing organisation, or who has a dominant influence over at least 25% of the property
1eb)	foundations - beneficiary of at least 25% of the property
1ec)	foundations - in whose main interest the foundation is established or operates (without a beneficiary)
1f)	trust - settlor
1fa)	trust - trustee
1fb)	trust - beneficiary
1fc)	trust - management or controlling function over the assets

Particulars of the representatives of the legal entity (depending on whether they have independent or joint signature right).

Particulars of the customer legal entity.

Each particulars of all beneficial owners must be completed.

Nature of the ownership must be defined by using code 1a)-1fc).

Extent of the ownership must be defined in case of 1a).

It must be indicated whether the beneficial owner is a politically exposed person (PEP) or not. If the answer is YES, the category based on which the Beneficial Owner is a PEP must be specified by using code 2a)- 4b).

Categories of PEP status.

** Politically exposed person shall mean natural persons who are or have been entrusted with prominent public functions (above) within one year before the carrying out of customer due diligence measures.

2a)	head of State, head of government, ministers, vice-ministers, secretaries of state, in Hungary the Head of State, the Prime Minister, ministers and secretaries of state
2b)	members of parliaments or members of similar legislative bodies, in Hungary members of the Parliament and spokespersons of national minorities
2c)	members of the controlling bodies of political parties, in Hungary members and officers of the controlling body of political parties
2d)	members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, in Hungary members of the Constitutional Court, of the Courts of Appeal and of the Supreme Court
2e)	members of the board of directors of courts of auditors or of central banks, in Hungary the Chairman and Vice President of the State Audit Office, members of the Monetary Council and the Financial Stability Council
2f)	ambassadors, charges d'office and high-ranking officers in the armed forces, in Hungary the head and deputy head of the central body of organizations responsible for law enforcement, the head of the Chief of Staff of the Hungarian Armed Forces and his/her deputies
2g)	members of the administrative, management or supervisory bodies of state-owned enterprises, in Hungary managers and members of the management or supervisory bodies of majority state-owned companies
2h)	heads of international organisations , their deputies and members of the managing bodies of such organisations
3)	close relatives: spouse, domestic partner, biological, adopted, step- or fostered child, spouses and domestic partners of them, and adopted, step- or fostered parents of the politically exposed person
4a)	close associates: any natural person who is known to have joint beneficial ownership of a legal person or an organization not having a legal personality, or any other close business relations, with a person referred to in points 2a)-2h)
4b)	close associates: any natural person who has sole beneficial ownership of a legal person or an organization not having a legal personality which is known to have been established for the benefit of the person referred to in points 2a)-2h)

II.

Based on the Act XIX of 2014 on the agreement between the Government of Hungary and the Government of the United States of America to improve international tax compliance and to implement FATCA (FATCA Act) and according to the Act XXXVII of 2013 on certain rules of the international administrative cooperation related to taxes and other types of public duties (CRS Act), I the undersigned hereby declare that the customer business organization that I am acting for:

a) **qualifies as a U.S. taxpayer:**

- No
 Yes, tax identification number (SSN/TIN):

b) **has a tax residence in a country which is different from Hungary:**

- No
 Yes, tax identification number (SSN/TIN):

c) **qualifies as a Passive Non-Financial Entity*:**

- No
 Yes: (If the answer is „YES“ the following table has to be fulfilled!)

	Name:	Residence for tax purposes:	TIN/SSN (in case of a country which is different from Hungary):
Beneficial owner(s)			

I, the undersigned hereby declare that the above Statement reflects the actual situation as at the time of establishing a business relation/placing a transaction order with the bank. I accept that according to the Act on the prevention and combating of money laundering and financing of terrorism, I am required to inform the bank by filling in additional Beneficial Owner Statement, whenever I act in a different manner than stipulated in the Statement upon establishing further business relations or placing a transaction order with a value over HUF 3,600,000 or an exchange with a value of HUF 300,000. I hereby commit to fulfill these requirements.

FATCA declaration: the legal entity customer is U.S. tax payer or not →
 If the answer is YES, U.S. SSN or TIN should be indicated.

CRS declaration: tax residence of the customer is neither Hungary nor the USA → if the answer is YES, tax ID should be indicated.

Declaration regarding the legal entity qualifies as **Passive Non-Financial Entity** from FATCA/CRS point of view (definition is found at the end of the Declaration).

If the legal entity qualifies as a Passive Non-Financial Entity the **tax residence and tax ID of the beneficial owner(s)** must be indicated.

Furthermore, I hereby confirm my awareness of the rule that I am required to report to the bank within five working days any changes in my personal data or in the information which I provided in the above statement. I also acknowledge that I shall be liable for all damages that arise from my failure to fulfil these obligations.

Date/place:/day//month//year/

.....
signature
(person(s) entitled to procurator, announced at the bank)



Signatures of the representative(s) – depending on the independent or joint signature rights.

