ANNOUNCEMENT

on account restrictions to be applied against those customers, who appear on the list of entities with unreliable Beneficial Owner data operated by the Tax Authority

Dear Client,

We would like to inform you about the **account restrictions to be applied** by financial service providers (including Citibank) based on Act 43 of 2021 on the reporting requirements of financial service providers in relation to their identification tasks (Data Reporting Act) **against customers, who appear on the list of entities with unreliable Beneficial Owner data operated by the Tax Authority.**

Based on the Data Reporting Act, the Tax Authority operates the Central Beneficial Owner Registry, where financial institutions are required to report the Beneficial Owner (hereinafter BO) data of Hungarian registered entities, for whom they provide payment account services.
The Tax Authority, when receiving notification of discrepancy of BO data from other service providers and authorities utilizing the Central Beneficial Owner Registry, will send a warning to the impacted entity to update its BO data via the bank(s) where it has payment accounts. If BO data is not updated within the target date provided by the Tax Authority, the Tax Authority qualifies the entity as having unreliable BO data and publishes it on its website on the list of “data providers having unreliable BO data”.

The financial service providers (including Citibank) are obliged based on Section 13 (2) of the Data Reporting Act to refuse the execution of transactions reaching or exceeding HUF 4,5 million of customers registered on the above list.

In order to be able to support you in the timely correction of your company’s BO data to avoid the above account restrictions, **we kindly ask you to contact your Citibank Relationship Manager** (and other banks in Hungary where you have payment accounts) **as soon as possible after receiving notification from the Tax Authority to update your BO data.** Please indicate that you have received such notification from the Tax Authority along with the provided target date. Your Relationship Manager will arrange that you receive the list of necessary documents to update your BO information, which you should submit without delay so that the Bank can process them within the target date provided by the Tax Authority.

Please consider that as per the current processes stipulated in the regulation, you can update your BO data only via your bank(s) where you hold payment accounts.

For reference, please find below the relevant part of the Act:
Section 13
(1) Upon the notification by the Registration Authority per Section 14 (1), the Service Provider shall consider the data providers with "unreliable" ultimate beneficial ownership data rating as high risk as per Section 10 (1) (b) of the AML Act and perform the customer due diligence measures for high risk customers required by Section 16 of the AML Act.
(2) Upon the notification by the Registration Authority per Section 14 (1) the Service Provider refuses to carry out a transaction initiated by a data provider with "unreliable" certified data reaching or exceeding the amount of four million five hundred thousand forints.
Section 14
(1) If the data provider has beneficial ownership data of "unreliable" rating, the Registration Authority shall publish the data specified in Section 4 (1) (b) and (d) of the data provider on its website.

Original text:
13. § (1) A nyilvántartó szerv 14. § (1) bekezdés szerinti közzététele alapján „megbízhatatlan” minősítésű tényleges tulajdonosi adatokkal rendelkező adatszolgáltatót a szolgáltató a Pmt. 10. § (1) bekezdés b) pontja alapján magas kockázatúnak tekinti, és végrehajtja a Pmt. 16. §-a szerinti magas kockázati szintnek megfelelő ügyfél-átvilágítási intézkedéseket.
(2) A nyilvántartó szerv 14. § (1) bekezdés szerinti közzététele alapján a szolgáltató megtagadja a „megbízhatatlan” minősítésű tényleges tulajdonosi adatokkal rendelkező adatszolgáltató által kezdeményezett, négymillió-ötszázezer forintot elérő összegű ügylet teljesítését.
14. § (1) Ha az adatszolgáltató „megbízhatatlan” minősítésű tényleges tulajdonosi adatokkal rendelkezik, a nyilvántartó szerv az adatszolgáltató 4. § (1) bekezdés b) és d) pontjában meghatározott adatait és a „megbízhatatlan” minősítést honlapján közzéteszi.

Link to the Act (available in Hungarian only):
2021. évi XLIII. törvény a pénzügyi és egyéb szolgáltatók azonosítási feladatához kapcsolódó adatszolgáltatási háttér megteremtéséről és működtetéséről - Hatályos Jogszabályok Gyűjteménye (jogtar.hu)

Link to the dedicated website of the Tax Authority.
https://nav.gov.hu/adatbazisok/afad-tv.-szerinti-bizonytalan-es-megbizhatatlan-adatszolgaltatok/megbizhatatlan-tt-adatokkal-rendelkezo-adatszolgaltatok

Should you have any further questions about this matters please do not hesitate to reach out to your Citi contact.

October 4, 2022

Sincerely,

Citibank Europe plc Hungarian Branch Office