Act LXXV of 2007

on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors

The operation of a market economy requires the publication - in accordance with the provisions of the relevant legal regulations - of objective information regarding the assets and liabilities, financial position and profits and losses of economic operators. The reliability and authenticity of such information is to be verified by independent auditors.

In view of the international nature and impact of economic developments and trends, it is necessary to adopt a regulatory environment for statutory audits to be carried out on the basis of auditing standards that have generally been accepted internationally, and to make the necessary regulatory arrangements for international cooperation.

Parliament recognizes the right of auditors to form their own trade association, and shall simultaneously ensure the enforcement of public interest by organizing an effective system of public oversight of auditors.

To this end, Parliament has adopted the following Act:

Chapter I

General Provisions

Objective and Scope

Section 1

(1) The purpose of this Act is to define the requirements for the activities of statutory auditors covering at least their public-interest function, intended to ensure the professional standards for such activities.
(2) This Act shall also apply to audit activities which are not prescribed by statutory provisions.
(3) This Act shall apply:
   a) to the Chamber of Hungarian Auditors (hereinafter referred to as “Chamber”);
   b) to registered statutory auditors;
   c) to audit firms;
   d) to third-country auditors and third-country audit entities admitted into the Chamber’s register;
   e) to persons attending training of chartered certified auditors;
   f) to apprentice auditors;
   g) to auditors authorized in another country, if wishing to engage in carrying out statutory audits in Hungary required by law; and
   h) to the Public Oversight Authority for Auditors.

Interpretative Provisions

Section 2

For the purposes of this Act:
1. ‘Audit committee’ means a body overseeing the activities for drawing up annual accounts and the statutory audits required by law of such annual accounts as prescribed under accounting regulations.
2. ‘Group auditor’ means the registered statutory auditor(s) or audit firm(s) carrying out the statutory audit of consolidated accounts.
3. ‘Arbitration Board’ means a standing forum body operated within the Chamber whose function is to mediate in disputes of a technical nature among Chamber members and between Chamber members and others.

4. ‘Competent government body’ means the Hungarian Financial Supervisory Authority in connection with organizations active on the money, capital and insurance markets, and the State Audit Office in connection with organizations funded from the central budget.

5. ‘Economic entity’ means the concept defined in the Accounting Act.

6. ‘Economic operator’ means the concept defined in the Civil Code.

7. ‘Economic operator (entity)’ means economic operators and any non-resident organization other than economic operators.

8. ‘Third country’ means any country that is not a member of the European Economic Area.

9. ‘Third-country auditor’ means a natural person, other than a registered statutory auditor, who is authorized in a third country to carry out statutory audits.

10. ‘Third-country audit entity’ means an entity, regardless of its legal form, other than an audit firm, and that is authorized in a third country to carry out statutory audits.

11. ‘IFAC’ means the International Federation of Accountants.

12. ‘Legal aid’ means a service provided by the Chamber to its members in the form of assistance to protect their interests as individuals.

13. ‘Registered statutory auditor’ means a natural person who is licensed by the Chamber to engage in carrying out statutory audits required by law in the territory of the Republic of Hungary.

14. ‘Audit firm’ means an economic operator (entity), regardless of its legal form, that is approved by the Chamber to carry out statutory audits in the territory of the Republic of Hungary.

15. ‘Affiliate of an audit firm’ means any economic operator (entity), regardless of its legal form, which is connected to an audit firm by means of common ownership, control or management.

16. ‘Apprentice auditor’ means a natural person with a certificate in auditing who is going through the phases of practical experience as a precondition for the examination of professional competence.

17. ‘Audit network’ means the larger structure:
   - which is aimed at cooperation and to which a registered statutory auditor or an audit firm belongs, and
   - which is clearly aimed at profit- or cost-sharing or shares common ownership, control or management, common quality-control policies and procedures, a common business strategy, the use of a common brand-name or a significant part of professional resources.

18. ‘Close relative’ means the concept defined in the Civil Code.

19. ‘Public-interest entities’ means:
   a) those entities whose transferable securities are admitted to trading on a regulated market of any Member State of the European Economic Area;
   b) any other entities other than those referred to in Paragraph a), designated by law as public-interest entities, which are of significant public relevance.

20. ‘Aptitude test’ means a test which shall be conducted in the Hungarian language and shall cover the statutory auditor’s adequate knowledge in so far as relevant to carrying out statutory audits in Hungary required by law.

21. ‘Mentor’ means a registered statutory auditor who is engaged in carrying out statutory audits required by law, and who provides assistance to an apprentice auditor in gaining the professional experience necessary.

22. ‘International auditing standards’ means the International Standards on Auditing (ISA) issued and approved by the International Auditing and Assurance Standard Board (IAASB) and related Statements and Standards, insofar as relevant to the statutory audit.

23. ‘Regulated market’ means the concept defined in the Act on the Capital Market.

24. ‘Examination of professional competence’ means a procedure to verify that the apprentice auditor has obtained the necessary level of theoretical knowledge of subjects relevant to statutory audit and the ability to apply such knowledge in practice.

25. ‘Professional services’ means statutory audits required by law and other professional services.

26. ‘Member State of the European Economic Area’ shall mean any Member State of the European Union and States who are parties to the Agreement on the European Economic Area.
Statutory Audits Required by Law

Section 3

(1) For the purposes of this Act ‘statutory audit required by law’ shall mean the following:
   a) for economic entities, review of the annual accounts specified in the Accounting Act, certification of its
      compliance with the regulations, its reliability and authenticity in the interest of providing a true and fair view of the
      economic entity’s assets and liabilities, financial position and profit or loss;
   b) carrying out the statutory evaluation, review, assessment and certification required upon the economic entity’s
      foundation, transformation and termination without succession;
   c) all other duties conferred upon auditors’ by law.

(2) For the purposes of this Act, professional services other than statutory audits required by law shall mean the
   following:
   a) advisory services and assessment of the operation of economic entities;
   b) expert activities in the fields of finance, taxation and accounting, and the relevant data processing and
      organizational matters related to the foundation, transformation, termination without succession, regular operation,
      management and information systems of economic entities, preparation of expert opinions, including consultation,
      and including - under the conditions set out in specific other legislation - the activities of auditors in judicial
      proceedings;
   c) professional training, advanced training, conducting examinations in accountancy, controlling, finances and
      auditing;
   d) bookkeeping services.

Legal Status and Vested Duties of the Chamber of Hungarian Auditors

Section 4

(1) The Chamber of Hungarian Auditors (hereinafter referred to as “Chamber”) is a self-governing public body
    of auditors. The Chamber is seated in Budapest.

(2) The Chamber is a legal person vested with national competence, and it operates through central agencies and
    regional branches lacking the legal status of a legal person.

(3) The Chamber is entitled to place the coat of arms of the Republic of Hungary in buildings and rooms of the
    Chamber and to use such on its official documents and stamps.

(4) In the application of Directive 2006/43/EC, in connection with granting authorizations to carry out statutory
    audits required by law, the registration of Chamber members and audit firms, quality assurance, disciplinary
    proceedings, maintaining a register on third-country auditors and third-country audit entities the Chamber shall be
    vested with powers to function as the competent authority.

(5) The Chamber shall:
   a) discharge the administrative proceedings conferred under its competence;
   b) draw up and regularly update the national standards for audits, advisory services, assurance services, and
      other related services, as well as internal quality control;
   c) define the requirements for the certification of auditors and for their examination, conduct the examination
      procedures, carry out the regulatory duties relating to the organization and supervision of training, determine the
      framework of professional qualification, coordinate the duties of bodies participating in the training system, and
      make arrangements for setting up the related system of quality assurance;
   d) organize and supervise the training of apprentice auditors, lay down the training program for apprentice
      auditors and the requirements for examinations of professional competence, conduct examinations of professional
      competence;
   e) lay down the requirements for aptitude tests, conduct aptitude tests;
f) organize and supervise the compulsory continuing education of registered statutory auditors, and make arrangements for setting up the related system of quality assurance;

g) express an opinion concerning matters related to statutory audits required by law;

h) hear the disciplinary cases involving registered statutory auditors and audit firms;

i)

(6) On behalf of its members, the Chamber shall:

a) draw up the statutes of the Chamber, and the Chamber’s rules of self-governance;

b) operate the system of quality assurance concerning the activities of registered statutory auditors and audit firms in connection with their carrying out of statutory audits required by law;

c) give its opinion on such acts and other regulations governing the conditions of operation and activities of auditors and directly affecting the duties and operation of the Chamber;

d) make recommendations for the minister in charge of accounting regulations (hereinafter referred to as “Minister”) regarding the registered statutory auditors who represent the Chamber in the bodies appointed by the Minister;

e) cooperate with the government agencies and authorities specified in the Chamber’s statutes, and take part in the work of the trade organizations;

f) offer methodological assistance within the framework of professional training and consulting to registered statutory auditors and audit firms to assist in the performance of their work, and assist them in fulfilling their work in compliance with this Act and other legal regulations through technical publications and the organization of conferences and other programs;

g) participate in the work of international organizations of auditors and maintain contact with the auditing organizations of other countries;

h) adopt the rules of professional ethics, taking into consideration the Code of Ethics of IFAC for Chamber members and audit firms, and monitor their conduct with a view to compliance with such rules;

i) operate the Arbitration Board and the Legal Aid Center;

j) monitor the activities of auditors and audit firms and take the measures necessary upon learning of a registered statutory auditor or audit firm being engaged in any unlawful activity or conduct, or of any infringement of the Chamber’s statutes or the Chamber’s rules of self-governance;

k) routinely gather information regarding measures affecting the interests of auditors, changes in the regulations, professional opinions and developments in trade activities, and regularly make available its findings.

(7) The Chamber shall ensure that its regulations adopted according to this Act are published on its official website and made available to the general public at all times.

Regulatory Chamber Proceedings

Section 5

The provisions of the Act on the General Rules of Administrative Proceedings shall apply - in due observation of what is contained in this Act - in the following proceedings:

a) admission to the Chamber, termination of Chamber membership;

b) granting authorization to carry out statutory audits required by law to economic operators (entities), and withdrawal of the authorization;

c) admission of third-country auditors and third-country audit entities into the official register, and their removal from the official register;

d) granting authorization for the suspension of carrying out statutory audits required by law, and authorization for reinstatement following such suspension of activities;

e) certification of registered statutory auditors and audit firms, withdrawal of certification;

f) admission into the chartered certified auditors’ training program, and into the register of apprentice auditors, and removal from the program or the register;

g)
h) recognition of foreign certificates and diplomas for attending the chartered certified auditors’ training program;
i) recognition of studies in the chartered certified auditors’ training program;
j) authorization for the organization and conduct of chartered certified auditors’ training programs to economic entities, authorization to engage in educational activities for natural persons, and the withdrawal of such authorizations;
k) quality control;
l) carrying out of the supervisory activities prescribed in the Act on the Prevention and Combating of Money Laundering and Terrorist Financing pertaining to registered statutory auditors and audit firms.

[Paragraphs a)-l) hereinafter referred to collectively as “regulatory chamber proceedings”].

Section 6

(1) The Chamber is vested with competence for the entire country with regard to regulatory chamber proceedings.
(2) The Chamber may compel the client to make formal statements and to supply information in connection with proceedings opened ex officio.
(3) The records and registers prescribed in this Act must be kept in Hungarian. The Chamber shall update all records and registers on a daily basis.

Section 7

(1) Certain regulatory chamber proceedings shall be conducted by the body of first instance specified in this Act.
(2) Requests for the opening of regulatory chamber proceedings shall be submitted in writing, or by way of electronic means on the standard form prescribed for this particular purpose.
(3)-(4)
(5) If the request is incomplete, the requesting person shall be apprised within twenty-two days to supply any missing information.
(6)
(7) As regards the proceedings under Paragraphs k) and l) of Section 5 the resolution shall be adopted within sixty days from the time of the opening of the proceedings, or if this is not possible, during the first board meeting past the deadline, in any case within not more ninety days. The chairperson of the acting body may extend the above-specified time limit in justified cases on one occasion, by maximum sixty days, of which the client affected must be notified.

Section 8

(1) The party affected may appeal the decision adopted in the first instance in regulatory chamber proceedings addressed to the Chamber’s Presidency.
(2) The administrative time limit in appeal proceedings is two months.
(3) The Presidency may extend the time limit referred to in Subsection (2) in justified cases on one occasion, by maximum thirty days.
(4)-(5)

Section 8/A

By way of derogation from the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities, if the Chamber fails to comply with its obligation to adopt a resolution within the relevant administrative time limit, the client shall not become entitled thereby to take up and pursue the activity to which the application pertains, and the general provisions of the Act on the General Rules of Administrative Proceedings relating to the omission of authorities shall apply.
Section 9

(1) For the regulatory chamber proceedings opened upon request - exclusive of the proceedings referred to in Subsection (3) of Section 30, Subsection (2) of Section 41, Subsection (2) of Section 52, Subsection (3) of Section 69, Subsection (3) of Section 71, Subsection (3) of Section 94, Subsection (2) of Section 101, Subsection (3) of Section 104 and Subsection (3) of Section 105 - an administrative service fee shall be paid to the account of the Chamber of Hungarian Auditors. The administrative service fee shall comprise the revenue of the Chamber.

(2) The amount of the administrative service fee referred to in Subsection (1) shall be 25,000 forints for natural persons and 50,000 forints for economic operators (entities).

(3) The appeal lodged against the decision of the first instance shall be subject to a fee that is fifty per cent of the administrative service fee described in Subsection (2).

(4) As regards the subject matter of the fee the provisions of Subsections (2) and (3) of Section 28 of Act XCIII of 1990 on Duties (hereinafter referred to as “Duties Act”), the persons liable to pay the fee shall be determined according to what is contained in the first sentence of Subsection (1) of Section 31 and in Subsection (7) of Section 31 of the Duties Act, refunds of fees shall be governed under Section 32 of the Duties Act, and Section 82 of the Duties Act shall apply to default penalties, with the exception that the state tax authority and the duty referred to therein shall mean, respectively, the Chamber and the fee.

Chapter II

Registered Statutory Auditor

Initiating Membership
in the Chamber

Section 10

(1) Natural persons may engage in carrying out statutory audits required by law in the territory of the Republic of Hungary upon being admitted to the Chamber and who are in possession of an auditor’s certificate in proof of their membership.

(2) Proceedings for the admission of new members to the Chamber shall be conducted by the Chamber’s Admission Committee.

Section 11

(1) Any natural person able to satisfy the requirements set out below shall be admitted to the Chamber upon request who:
   a) wishes to engage in carrying out statutory audits required by law in the territory of the Republic of Hungary;
   b) has a qualification as a chartered certified statutory auditor as prescribed in this Act;
   c) has passed the examination of professional competence within one year before the time of submission of the application, if not exempted from this obligation in accordance with Subsection (2) of Section 104;
   d) guarantees that he/she will not be employed by or otherwise associated with any principal other than another registered statutory auditor or audit firm, and is not engaged in civil service or public office, or in a service relationship following the commencement of activities for carrying out statutory audits required by law [with the exception of the relationship defined in Subsection (2)];
   e) guarantees that he/she will not be compelled to participate in an economic operator (entity) other than an audit firm, by virtue of being a member or executive officer of such economic operator (entity) following the commencement of activities for carrying out statutory audits required by law [with the exception of the relationship defined in Subsection (2)];
   f) has a liability insurance policy for the amount specified in the Chamber’s statutes, covering the statutory audits carried out in the territory of the Republic of Hungary;
h) acknowledges the provisions of the Chamber’s statutes and of the Chamber’s rules of self-governance as binding;

i) agrees to pay Chamber membership fees as due;

j) is not subject to any of the reasons specified in Section 12 for disqualification;

k) has paid the administrative service fee as prescribed.

(2) In justified cases a natural person may be exempted from the requirements set out in Paragraphs e) and f) of Subsection (1), if his/her principal provides a written statement attesting that the applicant is capable of carrying out his/her duties as a registered statutory auditor, and that by enforcing the rights and obligations stemming from the relationships under Paragraphs e) or f) of Subsection (1) will not prevent the registered statutory auditor in question from carrying out the statutory audits required by law.

(3) The conditions set out in Paragraph g) of Subsection (1) shall not apply to any natural person who is engaged in carrying out statutory audits exclusively in the name and on behalf of an audit firm.

(4) Any natural person who is able to provide proof of having an authorization issued by the competent authority of any Member State of the European Economic Area to carry out statutory audits shall be admitted to the Chamber upon request, provided that he/she is able to satisfy the requirements set out in Paragraphs a) and e)-k) of Subsection (1) and has passed the aptitude test prescribed in this Act, and that he/she is not subject to any of the reasons specified in Section 12 for disqualification.

(5)

(6) Any natural person meeting the conditions set out in Paragraphs b), c) and h)-k) of Subsection (1) above shall be admitted to the Chamber upon request, where such person applies - at the same time when requesting admission - for authorization for the suspension of carrying out statutory audits.

Section 12

The following persons may not be admitted to the Chamber:

a) any person who has a prior criminal record;

b) any person who has no prior criminal record, but who has been convicted for a criminal offense by a final court verdict,

ba) for a period of twelve years from the effective time of exoneration in case of imprisonment of five years or more imposed for a premeditated criminal act,

bb) for a period of ten years from the effective time of exoneration in case of imprisonment of less than five years imposed for a premeditated criminal act,

bc) for a period of eight years from the effective time of exoneration in case of a suspended term of imprisonment imposed for a premeditated criminal act;

c) any person who has been restrained by court order from the pursuit of professions requiring chartered certified auditors’ qualifications;

d) any person who is under guardianship or conservatorship or, even without placement under guardianship, is incompetent;

e) any person who has been expelled from the Chamber under disciplinary proceedings, for three years following the operative date of the resolution therefor;

f) any person who, owing to his lifestyle or conduct, is unfit for the public trust necessary for practicing the auditing profession.

Section 12/A.

(1) The natural person applying for admission to the Chamber shall enclose with his application official documentary evidence to verify that he is not subject to any of the factors under Paragraphs a)-c) of Section 12 and Subsection (1) of Section 14, or shall request the body operating the penal register to disclose information to the Chamber based on its official request lodged for the purpose of assessment of the application for admission to the Chamber. In this context, the Chamber shall be entitled to request the data mentioned in Subsection (2) from the body operating the penal register.

(2) The Chamber shall check in the course of a regulatory inspection conducted during the period of membership in the Chamber to determine as to whether either of the circumstance under Paragraphs a)-c) of Section 12 and
Subsection (1) of Section 14 apply with respect to the auditor. The Chamber shall have powers to request information from the penal register for the purposes of regulatory inspection. The data request shall be limited to the information necessary to determine as to whether either of the circumstance under Paragraphs a)-c) of Section 12 and Subsection (1) of Section 14 apply with respect to the auditor.

(3) The Chamber shall be entitled to process the personal data obtained under Subsections (1) and (2):
   a) until the final and binding conclusion of the admission procedure, or
   b) for the duration of the regulatory inspection upon the auditor’s admission into the Chamber, or until the final and binding conclusion of the procedure for the termination of membership in the Chamber.

Section 13

(1) Any natural person meeting the following conditions shall be admitted to the Chamber upon request who:
   a) is exempt from what is contained in Subsection (4) of Section 11;
   b) is able to provide proof of having an authorization issued by the competent authority of a third country to carry out statutory audits;
   c) complies with the requirements set out in Paragraphs a), e)-k) of Subsection (1) of Section 11, and who is not subject to any of the reasons specified in Section 12 for disqualification.
   d) has passed the aptitude test prescribed in this Act;
   e) is able to provide proof that he or she complies with requirements equivalent to those laid down in Articles 4 and 6 to 13 of Directive 2006/43/EC;

   provided that the third-country whose competent authority has issued the authorization to carry out statutory audits follows the same procedure vis-à-vis Chamber members on the basis of reciprocity.

(2) In the assessment of reciprocity the position of the minister in charge of foreign policies - issued at the Chamber’s request - shall be authoritative, as formulated in agreement with the minister in charge of accounting regulations.

Section 14

(1) The Chamber’s Admission Committee shall suspend the admission procedure upon learning about the opening of any proceedings against the applicant owing to the commission of a willful crime that is to be publicly prosecuted.

(2) The suspension shall be upheld until the final conclusion of the criminal proceedings.

The Auditor’s Oath

Section 15

(1) Persons admitted to the Chamber shall take the oath before the President of the Chamber within thirty days of being admitted to the Chamber.

(2) The oath shall read as follows:

“I, ......................................, do solemnly swear that I shall perform auditing activities in compliance with the Constitution of the Republic of Hungary, the provisions of law and the professional and ethical requirements conscientiously and to the best of my knowledge, and that I shall maintain confidentiality regarding all classified information of which I become aware during such activities.

(According to the belief of the oath-taker:)

So help me God.”

(3) The Chamber shall make out an oath certificate, which shall include the text of the oath, the date on which it is taken and the date on which auditing activities commence. The oath-taker and the President of the Chamber shall sign the document. The Chamber shall retain the oath certificate.

(4) The auditor may commence activities following the oath.

(5) If there is anything to obstruct the auditor in taking the oath, the deadline specified in Subsection (1) shall be calculated as of the removal of such obstacle.
Auditor’s Certificate

Section 16

(1) The Chamber shall register all auditors admitted as members, after taking the oath, and shall furnish them with credentials bearing the auditor’s picture, upon the signature of the oath certificate.

(2) The auditor’s certificate shall contain:
   a) the member’s natural identification data;
   b) the member’s picture;
   c) the registration number of the member;
   d) the number and validity of the certificate;
   e) the signature of the President of the Chamber.

(3) The auditor’s certificate shall also verify the holder’s Chamber membership.

(4) The holder of an auditor’s certificate shall be entitled to use the title “certified statutory auditor”, “registered auditor”, and “certified accountant”, however, in the audit reports made out upon the conclusion of statutory audits required by law only the title “registered statutory auditor” may be used.

(5) The Chamber shall ensure that a model of the auditor’s most current certificate is made available to the general public on the Chamber’s website.

Rights of Members of the Chamber

Section 17

Registered statutory auditors shall have the right to:
   a) take advantage of the services - according to the statutes - the Chamber provides to its members;
   b) attend the meeting of members of the Chamber’s local branch in an advisory capacity with voting rights;
   c) take part in the election of delegates;
   d) be elected as delegates, officials, or members of committees;
   e) have access to the Register of Members to inspect his/her own data.

Section 18

Registered statutory auditors shall be entitled to provide professional services within and outside of the framework of statutory audits. Registered statutory auditors may also engage in any activities that are in compliance with legal regulations, the Chamber’s statutes and the Code of Ethics.

Section 19

(1) Members of the Chamber shall exercise their membership rights in agreement with this Act and with the Chamber’s statutes and rules of self-governance.

(2) Unless otherwise prescribed in this Act, registered statutory auditors may seek remedy in the court of law against any decision of a body of the Chamber on the grounds of infringement of legal regulations, the Chamber’s statutes or rules of self-governance, within thirty days following the delivery of the resolution in accordance with the general provisions of the Code of Civil Procedure.

Section 20

Registered statutory auditors may hire a contractor in connection with carrying out statutory audits required by law - in due observation of what is contained in the Hungarian national accounting standards - if the audited entity has agreed thereto or if it is implied by the nature of the assignment. The auditor shall be liable for the person he employs as if he himself had carried out the matter entrusted to him.
Section 21

(1) Members of the Chamber shall have the right to:
   a) attend the meetings of the audited entity’s supreme body, administrative or management body, if the agenda contains any issue that affects his rights prescribed by law or in his contract with the audited entity, or any issue related to discharging of his obligations or having any effect on them;
   b) have access to the audited entity’s books to the extent necessary to discharge the duties specified in his contract with the audited entity (including electronic files and systems), to request information from members of the supreme body, the administrative or management body and from the audited entity’s employees, and to inspect the assets and liabilities, and the existing contracts of the audited entity.

(2) The provisions contained in Subsection (1) shall have no effect on other rights of registered statutory auditors fixed in specific other legislation.

Obligations of Members
of the Chamber

Section 22

Registered statutory auditors shall have the obligation:
   a) to observe the provisions set out in the Chamber’s statutes and other rules of self-governance;
   b) to report without delay, within fifteen days maximum, of any change in their compliance with the conditions set out in Section 11, or in the data listed under Subsection (1) of Section 33;
   c) to participate in regular advanced training courses as organized by the Chamber for its members in accordance with Section 106;
   d) to pay the membership fee.

Section 23

Registered statutory auditors shall have the obligation:
   a) to carry out their duties conscientiously and circumspectly, in agreement with the oath and in compliance with the relevant legal regulations and the standards referred to in Paragraph b) of Subsection (5) of Section 4;
   b) to practice their profession with due care and diligence, according to the best of their abilities.

Section 24

(1) Where a registered statutory auditor ascertains or otherwise learns in the course of carrying out the activity referred to in Paragraph a) of Subsection (1) of Section 3 that a considerable decrease in assets of the audited entity is probable, or perceives any other issue which entails the liability of the members of the administrative or management body, or supervisory body as set forth by law, he shall request that the audited entity’s supreme body be convened.

(2) If the audited entity fails to convene the supreme body upon the registered statutory auditor’s initiative, or if the supreme body fails to adopt the decisions required by legal regulations, the registered statutory auditor shall inform the competent body vested with judicial supervisory competence over the audited entity.

Section 25

A registered statutory auditor carrying out the activity referred to in Paragraph a) of Subsection (1) of Section 3 must attend the meeting of the audited entity’s supreme body that has on the agenda the annual account prescribed under accounting regulations.

Suspension of Activities
for Carrying Out Statutory Audits Required by Law
Section 26

(1) Registered statutory auditors shall have the right to suspend their activities to carry out statutory audits subject to authorization granted upon request, and shall suspend such activities where suspension is imposed by disciplinary proceedings (hereinafter referred to as “suspension”). Suspension is for a minimum period of three months if implemented by authorization granted upon request, or twelve months where suspension is imposed by disciplinary proceedings, with the exception of the suspension described in Subsection (6).

(2) A registered statutory auditor must apply for the authorization of suspension if unable to satisfy the requirements set out in Paragraph e) or f) of Subsection (1) of Section 11, or in Section 53.

(3) Authorizations for suspension are granted by the Chamber’s Admission Committee.

(4) Authorization for suspension shall be requested within sixty days from the time of entering into the relationship specified in Paragraph e) or f) of Subsection (1) of Section 11, or from the time of taking up the activities described in Section 53 which are deemed incompatible with auditing activities.

(5) Authorization of suspension may be refused if the registered statutory auditor failed to make arrangements:
   a) to transfer his/her assignments or to terminate them; furthermore
   b) for the termination of any registered statutory auditor or apprentice auditor in his/her employ.

(6) No authorization is required if suspension is requested owing to a mandate in the Hungarian or European Parliament or to a mayoral mandate. In these cases, suspension shall be notified within fifteen days upon taking office owing to such parliamentary or mayoral mandate in writing to the Chamber’s Admission Committee. The period of suspension shall last until the expiration of the mandate.

(7) The registered statutory auditors to whom the provisions of Subsection (6) apply, as well as those registered statutory auditors whose activities for carrying out statutory audits required by law are suspended as a punishment imposed by disciplinary proceedings shall also comply with the obligations set out in Subsection (5).

Section 27

(1) During the time of suspension the provisions contained in Paragraphs a), e)-g) of Subsection (1) of Section 11 and in Section 53 shall not apply to the registered statutory auditor in question.

(2) During the time of suspension the rights and obligations arising out of Chamber membership shall not apply to the registered statutory auditor affected, with the exception set out in Subsection (3).

(3) During the period of suspension, the registered statutory auditor:
   a) may take part in the activities of the local branch of jurisdiction by reference to his/her home address in an advisory capacity, and in other bodies of the Chamber if invited;
   b) shall be entitled to partake in the election of a delegate to represent the registered statutory auditors whose activities are suspended in the Chamber’s meeting of delegates, and may be elected as such delegate;
   c) shall have the right to use the Chamber’s services;
   d) must attend continuing professional training courses as required in Section 106, and in the Chamber’s statutes and rules on continuing professional training;
   e) shall be liable to pay a membership fee as specified in the Chamber’s statutes, consistent with the Chamber’s services.
   f) shall abide by the provisions set out in the Chamber’s statutes relating to registered statutory auditors whose activities to carry out statutory audits are not suspended;
   g) shall report any and all changes in his particulars listed under Subsection (1) of Section 33 without delay, or in any case within fifteen days.

Section 28

For the duration of suspension the auditor’s certificate shall be withdrawn against a receipt issued, and the change in the status of the auditor shall be recorded in the register of registered statutory auditors.

Section 29
Registered statutory auditors whose activity had been suspended may be reinstated upon request to engage in activities to carry out statutory audits. Registered statutory auditors whose activities for carrying out statutory audits had been suspended as a punishment imposed by disciplinary proceedings may submit such request following the point in time specified in the disciplinary decision.

The authorization proceedings referred to in Subsection (1) shall be conducted by the Chamber’s Admission Committee.

The authorization shall be refused if the registered statutory auditor in question fails to comply with the requirements set out in Paragraphs e)-g) of Subsection (1) of Section 11 and in Section 53.

If the Admission Committee granted authorization to carry out statutory audits, the auditor’s certificate of the Chamber member in question shall be returned, and the change in the status of the auditor shall be recorded in the register of registered statutory auditors.

Termination of Membership in the Chamber

Section 30

(1) With the exception set out in Subsection (2), Chamber membership shall terminate:
   a) upon the member’s resignation;
   b) upon the member’s expulsion under disciplinary proceedings;
   c) if the member ceases to comply with the requirements set out in Section 11;
   d) upon the member’s death.

(2) Membership of a Chamber member who has suspended his/her activities to carry out statutory audits shall not be terminated in the event of ceasing to comply during the period of suspension with the requirements set out in Paragraph e)-g) of Subsection (1) of Section 11.

(3) Termination of membership shall fall within the competence of the Chamber’s Admission Committee.

Section 31

(1) As of the operative date of the resolution for declaring the membership of a member terminated the auditor affected shall be removed from the register of Chamber members, and his/her auditor’s certificate shall be withdrawn, furthermore, the competent authorities of the states where the auditor is authorized to engage in activities for carrying out statutory audits shall be notified concerning the termination of the auditor’s Chamber membership with the reasons also indicated.

(2) Effective as of the date indicated in the resolution referred to in Subsection (1) and adopted for the termination of Chamber membership the natural person affected may no longer engage in activities for carrying out statutory audits.

(3) Upon being removed from the register the Chamber shall retain the personal data of the natural person affected for a period of ten years in a separate register, containing an indication of the reason and the date of termination.

Register of Statutory Auditors, Availability of Data to the General Public

Section 32

(1) The register of statutory auditors shall contain the natural persons who were admitted by the Chamber as members in accordance with the provisions of this Act.

(2) The Chamber shall keep the register in a central unit.

(3) The register shall contain the data of registered statutory auditors that they have supplied in writing in a signed document. Liability for the authenticity of data recorded in the register lies with the data subject under the rules of liability set out in specific other legislation, whereas liability for the safeguarding of such data and for providing the necessary technical protection lies with the Chamber.
The Chamber shall store the data and information in its registers in electronic format, in due compliance with data protection regulations.

Section 33

(1) The register of statutory auditors shall contain the following information of each member:
   a) registration number;
   b) the number of the auditor’s certificate;
   c) surname and forename, surname and forename by birth;
   d) date and place of birth;
   e) mother’s surname and forename by birth;
   f) address, phone and fax number and e-mail address;
   g) number of any document in proof of education or vocational training, date and name of the issuer;
   h) the qualification under Section 49;
   i) name, registered office, domain address and registration number of the audit firm in whose activities the registered statutory auditor participates;
   j) membership status (active or suspended);
   k) proof of completion of continuing professional training;
   l) any disciplinary sanction and the date on which it expires;
   m) information relating to continuing professional training, quality control and payment of membership fees; and
   n) registration number and the name of the registration authority, if registered in any other Member State of the European Economic Area as authorized to carry out statutory audits;
   o) name of the registration authority and - if available - the registration number if registered in a third country in the capacity of an auditor.

(2) The register of statutory auditors shall also indicate the name and address of the authorities whose responsibility it is to authorize the activity for carrying out statutory audits, and if it covers quality assurance, disciplinary proceedings, and the public oversight of auditors.

(3) The purpose of the register of statutory auditors is to provide authentic proof that the registered person satisfies the requirements prescribed for carrying out statutory audits. Public disclosure of the data of the persons admitted into the register, which is considered public information, and the changes therein, serves the purpose to control and to provide up-to-date information at all times.

(4) The data specified in Paragraphs a), b), c), f), h), i), j), n) and o) of Subsection (1), and in Subsection (2) shall be treated as public information, and shall be made available to the general public on demand.

(5) The Chamber shall publish the registration number, name and address of the persons registered during the current year, as well as the changes in these data of previously registered persons in the Chamber’s official journal on an annual basis, and shall provide continuous access to these public data on its official web site.

Chapter III
Audit Firms

Authorization Granted to Economic Operators (Entities) to Carry Out Statutory Audits

Section 34

(1) An economic operator (entity) may engage in carrying out statutory audits in the territory of the Republic of Hungary if so authorized by the Chamber in accordance with Section 35 and if having been granted credentials therefor [economic operators (entities) in possession of the said authorization and credentials are hereinafter referred to as “audit firm”].

(2) The credentials referred to in Subsection (1) shall verify the holder’s entitlement to carry out statutory audits.
(3) The authorization proceedings referred to above shall be conducted by the Chamber’s Admission Committee.
(4) The Chamber shall ensure that a model of the most current credentials is made available to the general public on the Chamber’s website.

Section 35

Upon request an authorization shall be granted to an economic operator (entity) for carrying out statutory audits if in compliance with the following requirements:
   a) wishes to engage in carrying out statutory audits required by law in the territory of the Republic of Hungary;
   b) the majority of voting rights in the supreme body of the economic operator (entity) are controlled by a statutory auditor (auditors) or audit firm (firms) authorized in any Member State of the European Economic Area to engage in activities for carrying out statutory audits;
   c) the majority of members of the administrative or management body of the economic operator (entity) are statutory auditors or audit firms authorized in any Member State of the European Economic Area to engage in activities for carrying out statutory audits. If the administrative or management body is comprised of maximum two members, at least one of them has to comply with the above-specified requirement;
   d) the economic operator (entity) has a registered statutory auditor or auditors in its employ to carry out audits required in its name and on its behalf;
   e) the economic operator (entity) has a good business reputation;
   f) the economic operator (entity) is not engaged in any activity that could be a hindrance in carrying out the statutory audits properly;
   g) has a liability insurance policy for the amount specified in the Chamber’s statutes, covering the statutory audits carried out in the territory of the Republic of Hungary;
   h) acknowledges the provisions of the Chamber’s statutes and of the Chamber’s rules of self-governance as binding;
   i) agrees to pay the contribution prescribed in the Chamber’s statutes;
   j) is not subject to any of the reasons specified in Section 36 for disqualification;
   k) has paid the administrative service fee as prescribed.

Section 36

No authorization may be granted for carrying out statutory audits to any economic operator (entity):
   a) whose instrument of constitution contains any activity under the scope of activities that is incompatible with the principles of auditing;
   b) whose authorization was revoked under disciplinary proceedings, for a period of three years from the operative date of the resolution therefor;
   c) whose authorization was terminated, upon the request of the economic operator (entity), for a period of one year from the operative date of the resolution therefor;
   d) who is undergoing liquidation or winding-up proceedings.

Rights of Audit Firms

Section 37

Audit firms have the right:
   a) to attend the meetings of the Chamber’s local branch of jurisdiction by reference to their registered office or branch office in an advisory capacity;
   b) to delegate a Chamber member to the Presidency of the Chamber to represent audit firms.

Section 38
Audit firms shall be entitled to provide professional services within and outside of the framework of statutory audits. Audit firms may also engage in any activities that are in compliance with legal regulations, the Chamber’s statutes and the Code of Ethics.

Section 39

Unless otherwise prescribed in this Act, audit firms may seek remedy in the court of law against any decision of a body of the Chamber on the grounds of infringement of legal regulations, the Chamber’s statutes or rules of self-governance, within thirty days following the delivery of the resolution in accordance with general provisions of the Code of Civil Procedure.

Obligations of Audit Firms

Section 40

Audit firms shall have the obligation:

a) to carry out their duties in compliance with the relevant standards referred to in Paragraph b) of Subsection (5) of Section 4;

b) to observe the provisions set out in the Chamber’s statutes and other rules of self-governance;

c) to report without delay, within fifteen days maximum, of any change in their compliance with the conditions set out in Section 35, or in the data listed under Subsection (1) of Section 44;

d) to pay the annual contribution specified in the Chamber’s statutes.

Termination of the Authorization of Audit Firms

Section 41

(1) The authorization of an audit firm shall terminate:

a) at the request of the audit firm in question;

b) upon the withdrawal of the audit firm’s authorization under disciplinary proceedings;

c) if the audit firm ceases to comply with the requirements set out in Section 35;

d) if the audit firm is wound up.

(2) Termination of authorization shall fall within the competence of the Chamber’s Admission Committee.

Section 42

(1) As of the operative date of the resolution for declaring the authorization of an audit firm terminated the economic operator (entity) affected shall be removed from the register of audit firms, and the credentials referred to in Subsection (1) of Section 34 shall be withdrawn; furthermore, the competent authorities of the states where the economic operator (entity) is authorized to engage in activities for carrying out statutory audits shall be notified concerning the termination of the authorization of the economic operator (entity) with the reasons also indicated.

(2) Effective as of the date indicated in the resolution referred to in Subsection (1) and adopted for the termination of the authorization, the economic operator (entity) affected may no longer engage in activities for carrying out statutory audits.

(3) Upon being removed from the register the Chamber shall retain the particulars of the economic operator (entity) affected for a period of ten years in a separate register, containing an indication of the reason and the date of termination.
Register of Audit Firms, Availability of Data to the General Public

Section 43

(1) The register of audit firms shall contain the economic operators (entities) that were authorized in accordance with the provisions of this Act to engage in activities to carry out statutory audits.

(2) The provisions contained in Subsections (2)-(4) of Section 32 shall also apply to the registers referred to in Subsection (1).

Section 44

(1) The register of audit firms shall contain the following information of each audit firm:
   a) registration number;
   b) the number of the credentials specified in Subsection (1) of Section 34;
   c) name and legal form;
   d) registered office, phone and fax number, electronic mail address, website address;
   e) name of the primary contact person;
   f) address of each office where activities are carried out;
   g) the qualification under Section 49;
   h) name and registration number of all registered statutory auditors who participate in the audit firm’s activities;
   i) names and business addresses of all owners and shareholders;
   j) names and business addresses of all members of the administrative or management body;
   k) if applicable, the membership of an audit network and a list of the names and addresses of member firms and affiliates or an indication of the place where such information is publicly available;
   l) any disciplinary sanction and the date on which it expires;
   m) information relating to payment of the contribution;
   n) registration number and the name of the registration authority, if registered in any other Member State of the European Economic Area as an authorized audit firm to carry out statutory audits;
   o) the name of the registration authority, and, if applicable, the registration number if registered as an audit entity in any third country.

(2) The register of audit firms shall also indicate the name and address of the authorities whose responsibility it is to authorize the activity for carrying out statutory audits, and if it covers quality assurance, disciplinary proceedings, and the public oversight of auditors.

(3) With the exceptions set out in Paragraphs l) and m) of Subsection (1), the data specified in Subsections (1) and (2) shall be treated as public information, and shall be made available to the general public on demand.

(4) The provisions contained in Subsections (3) and (5) of Section 33 shall also apply to the register of audit firms.

Chapter IV

Common Provisions Relating to Registered Statutory Auditors and Audit Firms

General Provisions

Section 45

(1) All contracts of registered statutory auditors and audit firms for the provision of statutory audits must be fixed in writing.
(2) The above-specified contracts shall be governed by the general provisions of the Civil Code of the Republic of Hungary, in due observation of the statutory provisions containing regulations concerning audits.

(3) Where additional responsibilities are conferred upon auditors carrying out statutory audits in connection with the statutory audits in specific other legislation, they shall be included in the contract concluded with their audited entity.

(4) Unless otherwise prescribed in this Act, the regulations pertaining to registered statutory auditors engaged in carrying out statutory audits required by law shall also apply to the registered statutory auditors acting in the name and on behalf of an audit firm, if the statutory audits are carried out by the audit firm in question, i.e. the relevant contract is entered into by that audit firm.

Section 46

(1) Registered statutory auditors and audit firms shall inform the Public Oversight Authority for Auditors concerning their dismissal or resignation during the term of appointment for statutory audits, including an adequate explanation of the reasons therefor.

(2) Registered statutory auditors and audit firms shall verifiably inform - in the event of their dismissal or resignation during the term of appointment referred to in Subsection (1) - in due observation of the provisions of specific other legislation and including an adequate explanation of the reasons therefor under exemption form duties and publication charges:

a) the court of registry of jurisdiction by reference to their audited entity, if the audited entity is registered in a court of registry;  
b) the authority of jurisdiction by reference to their audited entity, if the audited entity is registered by that authority.

Section 47

Registered statutory auditors and audit firms are required to notify their audited entities concerning any circumstances which are likely to prevent them from carrying out the statutory audits in due time within the prescribed time limit at least thirty days prior to the deadline contracted, or if the obstacle occurs subsequently, within three working days of such occurrence.

Section 48

(1) Unless otherwise provided for by statutory provisions, the group auditor is responsible for ensuring proper delivery, when requested, to the public oversight authorities of the documentation of the audit work performed by the third-country auditor(s) or third-country audit entity(ies), where the statutory audits for any economic entity comprised in the consolidated annual account has been carried out by a third-country auditor or a third-country audit entity.

(2) To ensure compliance with the provisions set out in Subsection (1), the group auditor shall retain a copy of such documentation, or alternatively agree with the third-country auditor(s) or third-country audit entity(ies) his proper and unrestricted access upon request, or take any other appropriate action. If legal or other impediments prevent audit working papers from being passed from a third country to the group auditor, the documentation retained by the group auditor shall include evidence that he or she has undertaken the appropriate procedures in order to gain access to the audit documentation referred to in Subsection (1), and shall specify any impediments arising.

Qualified Registered Statutory Auditors and Audit Firms

Section 49

In accordance with the provisions of specific other legislation, only qualified registered statutory auditors or audit firms may conduct the statutory audits of certain economic entities. The qualification carries an entitlement for the registered statutory auditor or audit firm to carry out the statutory audits of economic entities which are covered by that particular class of qualification.
Section 50

(1) Registered statutory auditors and audit firms may obtain the professional qualification referred to in Section 49 from the Chamber. Qualification proceedings shall be conducted by the Chamber’s Admission Committee.

(2) Upon request, professional qualification may be awarded to a registered statutory auditor if:
   a) able to verify three years of previous experience - within a five-year period prior to the date of submission of the application - in accountancy and control relating to economic entities which are covered by that particular class of qualification (including the related regulatory and oversight), and has at least two years of previous experience in carrying out statutory audits required by law; or
   b) able to verify three years of previous experience in carrying out statutory audits - within a five-year period prior to the date of submission of the application - and at least two years of employment under a registered statutory auditor holding the same professional qualification in connection with the statutory audits of an economic entity for whom the professional qualification in question is prescribed mandatory by specific other legislation.

(3) Upon request, professional qualification may be awarded to an audit firm if able to satisfy the following requirements:
   a) must have at least one registered statutory auditor with the appropriate qualification, who carries out statutory audits in the name and on behalf of the audit firm; and
   b) must provide guarantees that the registered statutory auditor who carries out statutory audits in the name and on behalf of the audit firm of an economic entity for whom the professional qualification in question is prescribed mandatory by specific other legislation has the appropriate professional qualification.

(4) In connection with the applications referred to in Subsections (2) and (3) the competent government body shall be consulted and the findings of any quality review procedure(s) and the results of any disciplinary proceedings conducted in connection with the applicant shall be taken into account.

(5) Awarding the qualification shall be refused if:
   a) it was withdrawn from the applicant within three years prior to the date of submission of the application under disciplinary proceedings;
   b) relying on the information referred to in Subsection (4) it cannot be ascertained that the applicant is able to properly carry out statutory audits of the economic entities which are covered by that particular class of qualification.

(6) The award of the qualification shall be fixed in writing, and the qualification shall be entered in the relevant Chamber registers as well.

(7) Qualified registered statutory auditors and audit firms shall be listed in separate registers according to their particular class of qualification.

Section 51

Qualified registered statutory auditors and qualified audit firms shall report in writing when they cease to satisfy the requirements of qualification.

Section 52

(1) The qualification referred to in Section 49 must be withdrawn if:
   a) so requested by the qualified registered statutory auditor or audit firm in question;
   b) the conditions for qualification are no longer satisfied;
   c) the qualification was withdrawn under disciplinary proceedings.

(2) Proceedings for the withdrawal of qualifications shall be conducted by the Chamber’s Admission Committee. Opening of the proceedings may be requested by the competent government body with the reason indicated.

(3) If the qualification is withdrawn the corresponding data contained in the Chamber’s registers shall be amended accordingly, and the certificate referred to in Subsection (6) of Section 50 shall be withdrawn.

Activities Incompatible with Auditing Activities (Audit Function)
Section 53

(1) Registered statutory auditors and audit firms may not engage in any activity outside the realm of statutory audits that is or could be an affront to their prestige, integrity and objectivity, independence or good repute, and that is therefore incompatible with their professional activities and function.

(2) The provisions of different professional services concurrently shall not in itself be construed to impede integrity, objectivity or independence.

(3) Incompatibility with auditing activities (audit function) shall mean:

a) the provision of any professional service; and

b) performance of any activity that is unrelated to professional services,
if it interferes with the ability of the registered statutory auditor or audit firm to maintain good audit quality when carrying out statutory audits.

(4) Detailed regulations concerning activities which are considered incompatible with auditing activities (audit function) are laid down in the Chamber’s statutes and code of ethics.

Fees of Statutory Audits

Section 54

(1) Registered statutory auditors and audit firms shall be entitled to appropriate remuneration. The fees for statutory audits may be negotiated freely.

(2) Registered statutory auditors and audit firms shall calculate their fees for statutory audits consistent with the job on hand, the time required, all personal and material conditions required for carrying out the audits, and all other foreseeable costs and expenses.

(3) The fees for statutory audits shall be independent from all other services that may be provided to the same audited entity, and they may not be allowed to interfere with the audit fees in any way or form.

(4) The fees for statutory audits may not be determined tied to certain conditions.

(5) Registered statutory auditors and audit firms may not pay any commission for client referral services, and may not receive any commission for referring clients to third parties.

(6) The Chamber may publish recommendations for the principles and fundamentals for setting the fees for statutory audits.

Special Provisions Relating to the Statutory Audits of Public-Interest Entities

Section 55

(1) Any audit firm that carries out statutory audits of public-interest entities shall publish on their websites, within three months of the end of each financial year, annual transparency reports. These transparency reports shall include at least the following concerning the audit firm in question:
   a) a description of the legal structure and ownership;
   b) where the audit firm belongs to a network, a description of the network and the legal and structural arrangements in the network;
   c) a description of the governance structure;
   d) a description of the internal quality control system of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning;
   e) an indication of when the last quality assurance review by the Chamber took place;
   f) a list of public-interest entities for which the audit firm has carried out statutory audits during the financial year;
g) a statement concerning the audit firm’s independence practices which also confirms that an internal review of independence compliance has been conducted;

h) a statement on the policy followed by the audit firm concerning the continuing education of registered statutory auditors carrying out audits in the name and on behalf of the audit firm;

i) financial information showing the importance of the audit firm, such as the total turnover divided into fees from the statutory audit of annual and consolidated accounts, and fees charged for other assurance services and tax advisory services;

j) information concerning the basis for the remuneration of registered statutory auditors carrying out statutory audits.

(2) The transparency report shall be signed by the audit firm or its authorized representative, as the case may be.

Section 56

(1) Any audit firm that carry out statutory audits of public-interest entities shall supply a written statement to the audit committee (or a body performing equivalent functions in the absence thereof) of the economic entity:

    a) to confirm annually their independence from the audited public-interest entity;

    b) to disclose any additional non-audit services it provides to the public-interest entities apart from statutory audits.

(2) The audit firm referred to in Subsection (1) shall discuss annually with the audit committee (or a body performing equivalent functions in the absence thereof) the threats to their independence and the safeguards applied to mitigate those threats.

(3) The audit firms referred to in Subsection (1) shall report to the audit committee (or a body performing equivalent functions in the absence thereof) on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process.

Section 57

Any registered statutory auditor who is engaged in carrying out statutory audits of public-interest entities not in the name of an audit firm, shall be required to comply with the requirements set out in Section 55 and Section 56 in due observation of the conditions pertaining to them.

Section 58

(1) A registered statutory auditor may be appointed to carry out the statutory audits of a public-interest entity for a maximum period of five financial years. Following the expiry of the original term of appointment the registered statutory auditor may not undertake to carry out the statutory audits of the same public-interest entity within two financial years of the date of expiry.

(2) The provisions contained in Subsection (1) shall apply to the registered statutory auditor who is personally responsible for carrying out the statutory audits, if the agreement to carry out statutory audits of the public-interest entity in question was concluded by an audit firm.

(3) The registered statutory auditor to whom Subsection (1) and Subsection (2) applies in connection with carrying out statutory audits of a public-interest entity may not be a member of the administrative or management body of that public-interest entity within two years following the expiry of his/her term of appointment.

Section 59

In connection with public-interest entities, stricter provisions than those prescribed in this Act may be prescribed in specific other legislation regarding registered statutory auditors and audit firms engaged in carrying out statutory audits.

Rules of Liability Relating to Statutory Audits Required by Law
Section 60

(1) Registered statutory auditors (including the registered statutory auditors acting in the name and on behalf of audit firms) and audit firms shall be subject to disciplinary liability in accordance with the relevant provisions of this Act in their activities for carrying out statutory audits (professional liability).

(2) Registered statutory auditors and audit firms shall be subject to liability in accordance with the relevant provisions of the Civil Code of the Republic of Hungary for damages caused in connection with carrying out statutory audits (financial liability).

(3) The financial liability of a registered statutory auditor engaged in carrying out statutory audits in the name and on behalf of an audit firm vis-à-vis the audit firm shall be governed under contract between the registered statutory auditor and the audit firm.

(4) Additional rules of liability may be prescribed in specific other legislation regarding registered statutory auditors and audit firms.

Independence

Section 61

(1) Registered statutory auditors and audit firms shall be required, when carrying out statutory audits, to:
   a) preserve their independence; and
   b) render an opinion that is objective and impartial.

(2) Registered statutory auditors and audit firms may not be involved in the decision-taking of the audited entity.

Section 62

(1) Registered statutory auditors, their close relatives, audit firms and other members of the audit network to which the registered statutory auditor or audit firm belongs may not establish any relationship with the audited entity, comprising direct or indirect financial interest in the audited entity, work-related relationship, business or other relationship (including professional and other non-audit services provided in addition to statutory audits), that has the potential to constitute a threat to the independence of the registered statutory auditors and audit firms in question.

(2) A registered statutory auditor or audit firm may accept an appointment to carry out statutory audits only if it does not constitute any threat to their independence.

(3) Registered statutory auditors and audit firms shall frequently monitor threats, such as self-review, self-interest, advocacy, familiarity or trust or intimidation, that have the capacity to compromise their independence when carrying out statutory audits.

(4) If the registered statutory auditor’s or audit firm’s independence is affected by threats, the registered statutory auditor or audit firm must apply safeguards in order to mitigate or eliminate those threats. If this is not possible, the registered statutory auditor or audit firm shall not carry out the statutory audit.

(5) Registered statutory auditors and audit firms shall document in the audit working papers all significant threats to his, her or its independence as well as the safeguards applied to mitigate those threats.

Section 63

(1) In the application of Subsection (3) of Section 62, threats to the independence of a registered statutory auditor or audit firm means:
   a) where any professional and additional non-audit services provided or to be provided to the audited entity is connected to the statutory audits carried out by the registered statutory auditor, audit firm, or by any other member of the audit network to which the registered statutory auditor or audit firm belongs;
   b) where any executive officer or executive employee of the audited entity is a close relative of the registered statutory auditor;
   c) where the registered statutory auditor carries out the statutory audits of an economic entity in which the registered statutory auditor or his/her close relative held a seat in the administrative or management body, or in the...
supervisory body within a period of two years prior to the appointment, or if still a member during the term of the appointment;

d) if the audited entity exerts influence in any way or form upon the registered statutory auditor or audit firm.

(2) Other cases of threats to independence may be defined in specific other legislation.

(3) In the case of audit firms the provisions pertaining to independence shall apply to all registered statutory auditors engaged in carrying out statutory audits in the name and on behalf of the audit firm. Any threat to the independence of a registered statutory auditor shall also be construed as threat to the independence of the audit firm.

(4) In the case of audit firms, the provisions pertaining to independence shall apply to all members of the audit firm’s supreme body, administrative or management body and supervisory body, and to all executive employees as well.

Section 64

(1) Registered statutory auditors may not be instructed in connection with their proceedings to carry out statutory audits required, and may not be influenced by anybody.

(2) Members of the supreme body, administrative or management body and supervisory body of the audit firm or an affiliate of the audit firm may not exert any influence in carrying out the statutory audits that constitutes a threat to the independence and objectivity of the registered statutory auditor when carrying out statutory audits in the name and on behalf of the audit firm.

Section 65

The detailed regulations concerning independence, objectivity and impartiality are laid down in the Chamber’s statutes and code of ethics.

Confidentiality

Section 66

(1) Registered statutory auditors and audit firms shall treat all data and information, professional and business secrets (hereinafter referred to collectively as “secret”) obtained in the course of carrying out statutory audits under strict confidentiality and professional secrecy.

(2) Registered statutory auditors and audit firms may not use or publish the secrets referred to in Subsection (1) without appropriate and express authorization, unless making such secrets available to the public is his/her right or obligation by virtue of law.

(3) Registered statutory auditors and audit firm shall be held responsible for enforcing the confidentiality obligation with relation to any person who has come into possession of any secret specified above in any way through them. Any person, who obtained any secret as explained in Subsection (2), shall be subject to the same obligation of secrecy as the registered statutory auditor or audit firm affected.

(4) The obligation of secrecy shall remain to apply to the persons to whom Subsections (1)-(3) applies, following termination of the appointment for carrying out statutory audits.

Section 67

(1) The obligation of secrecy shall not apply to the cases when data or information is disclosed within the framework of the Chamber’s quality assurance system, and to the extent necessary for the purposes of investigations conducted pursuant to the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, and for the purposes of disciplinary proceedings conducted by the Chamber’s disciplinary committee, or within the framework of and to the extent necessary for public oversight functions for the purpose of quality control or disciplinary proceedings, nor to the transfer of audit working papers to bodies handling quality control, to persons appointed to discharge the duties conferred under the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, to the parties to disciplinary proceedings, or to the authority or authorities responsible for public oversight. To this end the bodies handling quality control, the persons appointed to discharge the duties
conferred under the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, and the parties to disciplinary proceedings, and the authority or authorities responsible for public oversight shall be subject to the same level of obligation of secrecy as registered statutory auditors and audit firms.

(2) The obligation of secrecy shall not apply to the cases when a registered statutory auditor or audit firm, whose appointment to carry out statutory audits is terminated, transfers data and information to the registered statutory auditor or audit firm designated or appointed by the audited entity to carry out statutory audits to the extent necessary to discharge their obligation to provide high quality audit services.

Chapter V

Regulations Relating to Third-Country Auditors and Third-Country Audit Entities

Registration

Section 68

(1) Where the trading of the transferable securities of an economic operator (entity) that is incorporated in a third country is authorized in the regulated market of the Republic of Hungary, the audit report published in relation to their annual accounts and consolidated annual accounts shall be recognized as an audit report filed in compliance with the laws of the Republic of Hungary if the third-country auditor or third-country audit entity providing the said audit report is listed in the Chamber’s relevant register.

(2) Subsection (1) shall not apply to the audit report that was provided in relation to the annual accounts or consolidated annual accounts of an economic operator (entity) that is incorporated in a third country and that:

a) is an issuer exclusively of debt securities; and

b) the denomination per unit of its securities is at least EUR 50000 or, in case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50000 translated by the official exchange rate of MNB.

Section 69

(1) The Chamber shall maintain a separate register for third-country auditors.

(2) Any third-country auditor who is able to satisfy the requirements set out below shall be admitted to the Chamber’s register upon request, and in due observation of the relevant provisions:

a) the applicant was authorized to engage in auditing activities subject to regulations which are equivalent to the provisions of this Act;

b) the applicant carries out the audits in accordance with the international auditing standards recognized in the European Union, or with equivalent standards and requirements;

c) the applicant proceeds in accordance with the requirements of independence, objectivity and impartiality, and as regards audit fees in accordance with regulations which are equivalent to the provisions of this Act;

d) the applicant publishes on its website an annual transparency report in the manner and in the cases defined in this Act, or complies with equivalent disclosure requirements;

e) the applicant acknowledges the provisions of the Chamber’s statutes and of the Chamber’s rules of self-governance pertaining to third-country auditors as binding;

f) the applicant agrees to pay the contribution specified by the Chamber;

g) the applicant has paid the administrative service fee as prescribed.

(3) A third-country auditor shall be removed from the register referred to in Subsection (1):

a) upon the auditor’s request;

b) upon the auditor’s expulsion under disciplinary proceedings;

c) if the auditor ceases to comply with the requirements set out in Subsection (2);
d) upon the auditor’s death.

Section 70

(1) The register of third-country auditors shall contain the following information for each auditor:
   a) registration number;
   b) number of the certificate referred to in Subsection (2) of Section 73;
   c) the data specified under Paragraphs c), f), n) and o) of Subsection (1) of Section 33;
   d) the data specified under Paragraphs d), e), g), l) and m) of Subsection (1) of Section 33;
   e) name, address, website address and registration number of the third-country audit entity in whose operations
      the applicant participates.
   
   (2) The information listed under Paragraphs a)-c) and e) of Subsection (1) are treated as information of public
      interest and are available to the general public on demand.

Section 71

(1) The Chamber shall maintain a separate register for third-country audit entities.
   
   (2) Any third-country audit entity that is able to satisfy the requirements set out below shall be admitted to the
       Chamber’s register upon request, and in due observation of the relevant provisions:
       a) the majority of members of the applicant’s administrative or management body is able to comply with the
          provisions which are considered equivalent to the provisions of this Act on the registration of Chamber members;
       b) the third-country auditor who carries out audits in the applicant’s name and on its behalf is able to comply with
          the provisions which are considered equivalent to the provisions of this Act on the registration of Chamber members;
       c) the applicant carries out the audits in accordance with the international auditing standards recognized in the
          European Union, or with equivalent standards and requirements;
       d) the applicant proceeds in accordance with the requirements of independence, objectivity and impartiality, and
          as regards audit fees in accordance with regulations which are equivalent to the provisions of this Act;
       e) the applicant publishes on its website an annual transparency report in the manner and in the cases defined in
          this Act, or complies with equivalent disclosure requirements;
       f) the applicant acknowledges the provisions of the Chamber’s statutes and of the Chamber’s rules of self-
          governance pertaining to third-country audit entities as binding;
       g) the applicant agrees to pay the contribution specified by the Chamber;
       h) the applicant has paid the administrative service fee as prescribed.
   
   (3) A third-country audit entity shall be removed from the register referred to in Subsection (1):
       a) upon the audit entity’s request;
       b) upon the audit entity’s expulsion under disciplinary proceedings;
       c) if the audit entity ceases to comply with the requirements set out in Subsection (2);
       d) upon the audit entity’s termination.

Section 72

(1) The register of third-country audit entities shall contain the following information for each audit entity:
   a) registration number;
   b) number of the certificate referred to in Subsection (2) of Section 73;
   c) the data specified under Paragraphs c)-f), i)-k) and n) and o) of Subsection (1) of Section 44;
   d) the data specified under Paragraphs l) and m) of Subsection (1) of Section 44;
   e) the name, address, website address and registration number of the auditors who participate in the operations of
      the applicant third-country audit entity.
   
   (2) The information listed under Paragraphs a)-c) and e) of Subsection (1) are treated as information of public
      interest and are available to the general public on demand.
Common Provisions Relating to the Registers of Third-Country Auditors and Third-Country Audit Entities

Section 73

(1) Maintaining the registers of third-country auditors and third-country audit entities falls within the competence of the Chamber’s Admission Committee (including admission into and removal from the registers as well).

(2) The Chamber shall provide a certificate upon the admission referred to in Subsection (1). The Chamber shall ensure that a model of the most current certificates is made available to the general public on the Chamber’s website.

(3) The registers referred to in Subsection (1) shall contain an entry to clearly indicate that third-country auditors and third-country audit entities listed in the registers are not entitled to carry out statutory audits in the Republic of Hungary.

(4) The registers described in Subsection (1) shall also indicate the name and address of the bodies (authorities) whose responsibility it is to authorize the activity for carrying out statutory audits, and if it covers quality assurance, disciplinary proceedings, and the public oversight of auditors. These are treated as information of public interest and are available to the general public on demand.

Section 74

(1) The provisions contained in Subsections (2)-(4) of Section 32 shall also apply to the registers of third-country auditors and third-country audit entities.

(2) The purpose of the registers referred to in Subsection (1) is to provide authentic evidence that the persons listed in the registers are able to satisfy the requirements prescribed for registration. Disclosure of the particulars of the persons admitted to the register - to the extent available to the public - and any changes therein is performed with a view to provide facilities for control and to provide up-to-date information at all times.

(3) The Chamber shall publish the registration number, name, and address of the persons registered during the current year, as well as the changes in these data of previously registered persons in the Chamber’s official journal on an annual basis, and shall provide continuous access to these public data on its official website.

Section 75

(1) As of the operative date of the resolution for the removal of any third-country auditor or third-country audit entity from the register, the third-country auditor or third-country audit entity shall be deleted from the register, and their registration certificate shall be withdrawn at the same time.

(2) Following the date of removal from the register as indicated in the resolution specified in Subsection (1), any audit report provided by the third-country auditor or third-country audit entity affected shall not be recognized as an audit report filed in compliance with the laws of the Republic of Hungary.

(3) Upon being removed from the register the Chamber shall retain the data of the person affected for a period of ten years in a separate register, containing an indication of the reason and the date of removal from the register.

(4) A third-country auditor or third-country audit entity may not - with the exception set out in Subsection (5) - apply for readmission into the register within one year after the date of being removed from the register.

(5) A third-country auditor or third-country audit entity may not apply for readmission into the register within three years after the date of being removed, if removal took place under disciplinary proceedings.

Common Provisions Relating to Registered Third-Country Auditors and Third-Country Audit Entities

Section 76
Admission into the Chamber’s registers shall not in itself constitute an entitlement for the third-country auditor and third-country audit entity in question to engage in carrying out statutory audits in the territory of the Republic of Hungary.

Section 77

(1) The provisions of this Act pertaining to disciplinary proceedings and the public oversight of auditors shall also apply to third-country auditors and third-country audit entities admitted into the relevant register.
(2) The provisions of this Act relating to quality assurance shall also apply to third-country auditors and third-country audit entities admitted into the relevant register, with the exception set out in Subsection (3).
(3) The provisions of this Act relating to quality assurance shall not apply to third-country auditors and third-country audit entities admitted into the relevant register, if they belong to the quality assurance system of another Member State of the European Economic Area, where the system of quality assurance has carried out a quality review of the third-country auditor or audit entity concerned during the previous three years, and if no measures had been implemented in consequence.

Section 78

A registered third-country auditor or third-country audit entity shall report in writing and without delay, within fifteen days maximum, of any change in their compliance with the conditions prescribed for registration or in their particulars contained in the register.

Chapter VI

Education of Auditors

Chartered Certified Statutory Auditors

Section 79

(1) The qualification as a chartered certified statutory auditor is a State-certified degree of higher education provided outside the school system.
(2) In the Republic of Hungary the Committee for the Qualification of Chartered Certified Statutory Auditors (OKKT) is vested with authority to issue a certificate to chartered certified statutory auditors in the name of the Chamber.
(3) The OKKT shall issue a certificate for the qualification as a chartered certified statutory auditor to a natural person who satisfied the requirements set out in this Act, in the Chamber’s statutes and chartered certified auditors’ training program and examination regulations.

Entitlement to Organize and Conduct Chartered Certified Auditors’ Training Programs

Section 80

The chartered certified auditors’ training program is a State-certified educational program provided outside the school system.

Section 81

(1) Chartered certified auditors’ training programs may be organized and conducted by institutions of adult education (hereinafter referred to as “training center”) under authorization granted by way of tender. The
authorization procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT.

(2) Upon request, authorization shall be granted to those institutions of adult education that are able to satisfy the following requirements to organize and conduct chartered certified auditors’ training programs:
   a) submit a valid tender upon the public notice for tender;
   b) undertake to comply with the conditions and requirements specified in the tender notice, and set out in this Act and in the Chamber’s chartered certified auditors’ training program and examination regulations;
   c) whose authorization was not withdrawn before the submission of tender during the previous three years under Paragraph b) of Subsection (1) of Section 85;
   d) pay the administrative service fee as prescribed.

(3) The tender notice shall be published in the Chamber’s official journal and on the Chamber’s official website.

(4) The authorization referred to in Subsection (1) may be granted for maximum five years.

Section 82

The training center, taking into consideration the provisions of the Act on Adult Education, shall:
   a) arrange the chartered certified auditors’ training program in accordance with the training program specified by the Chamber;
   b) use only the lecturers qualified under Section 87 for teaching the subjects specified in the training program;
   c) supply data to the Chamber subject to the form and content requirements defined by the Chamber.

Section 83

(1) The training center shall enter into a contract in accordance with the Act on Adult Education with all natural persons admitted to participate in the chartered certified auditors’ training program.

(2) The training contract shall specify the following in due observation of the provisions contained in the Act on Adult Education:
   a) the skills and the professional knowledge the training provides;
   b) the form of organization of the training;
   c) the venue, duration and schedule of training;
   d) the tuition and the terms of payment;
   e) sanctions for any infringement on the part of the student and the training center.

(3) The amount of the tuition is determined by the training center.

(4) Unless otherwise prescribed by legal regulation, the parties shall retain the training contract for a period of five years after the conclusion of training.

Section 84

The Chamber’s Education Committee shall have authority to oversee - in cooperation with the OKKT - the chartered certified auditors’ training program provided in the training center.

Section 85

(1) The authorization of the training center shall be withdrawn:
   a) upon the training center’s request;
   b) upon the training center’s failure to comply - at the Chamber’s notice - with the commitments made in the approved tender, and/or with the obligations set out in this Act and in the Chamber’s chartered certified auditors’ training program and examination regulations;
   c) upon the training center’s termination.

(2) The authorization withdrawal procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT. The Education Committee shall open the proceedings ex officio - upon the consent of OKKT - if it learns about the factors under Subsection (1).
(3) If the authorization of a training center is withdrawn the Chamber’s Education Committee shall designate a replacement training center for the students affected to continue their studies.

Section 86

The training center shall have no entitlement to conduct the examination upon the conclusion of the chartered certified auditors’ training program.

Qualified Educators

Section 87

(1) Educational activities in chartered certified auditors’ training programs may be performed only by natural persons duly authorized by way of a tender procedure (hereinafter referred to as “qualified educator”). The authorization procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT.

(2) The tender procedure and the authorization procedure shall be governed by the provisions of Section 81.

Section 88

(1) The authorization of the qualified educator shall be withdrawn:
   a) upon the qualified educator’s request;
   b) upon the qualified educator’s failure to comply - at the Chamber’s notice - with the commitments made in the approved tender, and/or with the obligations set out in this Act and in the Chamber’s chartered certified auditors’ training program and examination regulations;
   c) upon the qualified educator’s death.

(2) The authorization withdrawal procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT. The Education Committee shall open the proceedings ex officio - upon the consent of OKKT - if it learns about the factors under Subsection (1).

Duration of Training

Section 89

(1) The duration of a training course in a chartered certified auditors’ training program is maximum four years.

(2) The duration of training is reduced as appropriate according to the recognition of studies under Section 95.

Major Fields of Study

Section 90

The major fields of study in a chartered certified auditors’ training program (hereinafter referred to as “modules”) are as follows:
   a) law,
   b) taxation,
   c) economics and finances,
   d) organization and management,
   e) accountancy and analysis,
   f) accounting,
   g) auditing and control.

Admission to the Chartered Certified Auditors’ Training Program
Section 91

(1) The chartered certified auditors’ training program may be attended only by the natural persons who had been admitted to the training program. The admission procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT.

(2) Any person able to satisfy the requirements set out below shall be admitted to the chartered certified auditors’ training program who:
   a) has a certificate from a State-certified institution of higher learning located in the Republic of Hungary, obtained in accordance with the Act on Higher Education;
   b) has the necessary qualification as a chartered accountant or a degree that is recognized as the equivalent of chartered accountants, and is able to produce a certificate or other credentials to verify it;
   c) has at least one year of professional experience in the fields of accountancy, controlling, finances obtained after the professional qualifications specified under Paragraph a), but within a three-year period preceding the submission of the application for admission;
   d) is not subject to the reason specified in Paragraph a) of Section 12 for disqualification;
   e) has paid the administrative service fee as prescribed.

Recognition of Foreign Certificates and Other Evidence of Formal Qualifications

Section 92

(1) Unless provided by international agreement to the contrary, any person may also seek admission to the chartered certified auditors’ training program who:
   a) obtained his/her certificate of professional qualifications abroad or in a foreign institution of higher learning located in Hungary;
   b) obtained his/her certificate and other evidence of formal qualifications referred to in Paragraph b) of Subsection (2) of Section 91 abroad or in a foreign institution of higher learning located in Hungary.

(2) Recognition of a foreign certificate and other evidence of formal qualifications for the chartered certified auditors’ training program shall be granted upon request. The recognition of equivalence procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT.

(3) The foreign certificate and other evidence of formal qualifications specified in the Act on the Recognition of Foreign Diplomas and Certificates may be recognized as equivalent for college or university degrees provided in Hungarian institutions of higher learning.

Examination of Professional Knowledge and Competence

Section 93

A certificate shall be issued to a chartered certified statutory auditor upon the successful completion of examination of the training modules specified in Section 90.

Section 94

(1) The examination upon the conclusion of the chartered certified auditors’ training program must be conducted by the Chamber, and taken in front of the examining board appointed by the Chamber.

(2) The examining board is an independent body comprised of two members. Members of the examining board are the chairman of the examining board and a qualified educator functioning as the examiner.

(3) The examination, as the final stage of the chartered certified auditors’ training program may be taken upon request. The authorization procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT.

(4) The examination referred to in Subsection (3) shall be subject to a fee. The amount of the fee shall be determined by the Chamber, payable to the Chamber’s main account when filing the request for examination.
(5) The candidate may lodge a petition for remedy against any action taken by the examining board, or its failure to take action within ten working days of the time when the action was taken or omitted.

(6) The remedy referred to in Subsection (5) shall be subject to the provisions contained in Section 8, and it shall be adjudged following consultation with the OKKT.

Recognition of Studies

Section 95

(1) Studies completed in any vocational training body (institution), or in any institution of higher learning may be recognized as equivalent to the requirements (modules or module segments) prescribed for the purposes of chartered certified auditors’ training programs.

(2) The recognition of equivalence referred to in Subsection (1) shall be granted upon request. The recognition of equivalence procedure falls within the competence of the Chamber’s Education Committee, in collaboration with the OKKT. Additional provisions may be laid down in specific other legislation concerning recognition.

Chartered Certified Auditors’ Training Program and Examination Regulations

Section 96

(1) The Chamber shall define the detailed provisions concerning the chartered certified auditors’ training program in the chartered certified auditors’ training program and examination regulations.

(2) The chartered certified auditors’ training program and examination regulations shall inter alia contain provisions:

a) concerning the objective of education for each module, and on the length of time permissible for a module;
b) on the interdependence of the various stages (i.e. modules and module segments) of the training course, on their sequence and correlation in terms of content;
c) on the ratio of modules within the curriculum, and on the internal ratios within the individual modules;
d) on the programs within subjects;
e) on the detailed rules for the recognition of studies (including the corresponding reduction of the duration of training);
f) on recitals, evaluation procedures, and on the detailed regulations concerning the remedy available in connection with the testing of knowledge;
g) on the procedure for filing a request for examination, as the final stage of the chartered certified auditors’ training program;
h) on the requisite textbooks, and on the material and personal conditions essential for the training;
i) on the qualifications required of training centers and qualified educators.

Apprentice Auditors

Section 97

(1) An apprentice auditor is a person who has been engaged in practical training for the amount of time required to pass the examination of professional competence specified in this Act to obtain Chamber membership, and then the authorization required to engage in statutory audits.

(2) The period of apprenticeship prescribed for apprentice auditors is between three to six years from the time of admission into the register of apprentice auditors, after which the candidate is required to take the examination of professional competence.

(3) Of the period of apprenticeship referred to in Subsection (2), one year shall be spent in the manner specified in the Chamber’s statutes and mentor scheme regulations, and at least two years shall be spent at a registered statutory auditor or audit firm mentioned in Paragraph c) of Subsection (1) of Section 98.
(4) If the apprentice auditor discontinues the period of apprenticeship required under Subsection (2), it may be extended up to maximum six years upon the apprentice auditor’s request, subject to the Chamber’s approval, or of the consent of the registered statutory auditor or audit firm mentioned in Paragraph c) of Subsection (1) of Section 98.

(5) An apprentice auditor may engage in any activity in this capacity upon being admitted to the Chamber’s register of apprentice auditors.

(6) The Chamber shall provide a certificate to the apprentice auditor upon admission to the register of apprentice auditors. This certificate, however, shall not constitute an entitlement to carry out statutory audits.

(7) Apprentice auditors are not members of the Chamber.

Section 98

(1) Any person able to satisfy the requirements set out below shall be admitted to the register of apprentice auditors upon request who:
   a) is able to comply with the requirements set out in Paragraphs b) of Subsection (1) of Section 11;
   b) is not subject to any of the reasons specified in Section 12 for disqualification;
   c) undertakes to enter into an employment relationship or a similar relationship - that is compatible with the training program and satisfies the Chamber’s mentor scheme regulations - with a registered statutory auditor or audit firm that is engaged in carrying out statutory audits in the Republic of Hungary;
   d) acknowledges the provisions of the relevant Chamber regulations as binding;
   e) has paid the administrative service fee as prescribed.

(2) An apprentice auditor may enter into an employment relationship with only one registered statutory auditor or one audit firm at any given time.

(3) Proceedings for admission into the register of apprentice auditors shall be conducted by the Chamber’s Admission Committee.

Section 99

An apprentice auditor shall be given assignments to facilitate to obtain the practical knowledge required to carry out statutory audits.

Section 100

(1) The Chamber shall have powers:
   a) to approve the training program devised for the apprentice auditor, and the mentor appointed by the registered statutory auditor or audit firm mentioned in Paragraph c) of Subsection (1) of Section 98, who must be a registered statutory auditor;
   b) to oversee the practical activities of apprentice auditors.

(2) The Chamber competencies referred to in Subsection (1) shall be conferred upon the Chamber’s Education Committee.

(3) The mentor referred to in Paragraph a) of Subsection (1) shall enforce the requirements relating to documentation, monitor the development of the apprentice auditor, render an opinion concerning the aptitude of the apprentice auditor, and shall comply with the requirements set out in the relevant Chamber regulations.

Section 101

(1) The apprentice auditor shall be removed from the register of apprentice auditors:
   a) if the apprentice auditor ceases to comply with the requirements set out in Subsection (1) of Section 98;
   b) upon the apprentice auditor’s request;
   c) upon the apprentice auditor having passed the examination of professional competence;
   d) upon the apprentice auditor’s death.
Proceedings for the removal of apprentice auditors from the register of apprentice auditors shall be conducted by the Chamber’s Admission Committee.

When the apprentice auditor is removed from the register the certificate referred to in Subsection (6) of Section 97 shall be withdrawn.

The apprentice auditor shall not be removed from the register of apprentice auditors under Paragraph a) of Subsection (1) when his/her employment or similar relationship mentioned in Paragraph c) of Subsection (1) of Section 98 is terminated, if entering into a new employment or similar relationship with another registered statutory auditor or audit firm within one year.

The person applying for admission to the register of apprentice auditors shall enclose with his application official documentary evidence to verify that he is not subject to any of the disqualifying factors under Paragraphs a)-c) of Section 12, or shall request the body operating the penal register to disclose information to the Chamber based on its official request lodged for the purpose of assessment of the application for admission to the register of apprentice auditors. In this context, the Chamber shall be entitled to request the data mentioned in Subsection (2) from the body operating the penal register.

The Chamber shall check in the course of a regulatory inspection conducted during the period of the pursuit of the activities of apprentice auditors to determine as to whether either of the disqualifying factors under Paragraphs a)-c) of Section 12 apply with respect to the apprentice auditor. The Chamber shall have powers to request information from the penal register for the purposes of regulatory inspection. The data request shall be limited to the information necessary to determine as to whether either of the disqualifying factors under Paragraphs a)-c) of Section 12 apply with respect to the apprentice auditor.

The Chamber shall be entitled to process the personal data obtained under Subsections (1) and (2):

a) until the final and binding conclusion of the procedure for the admission of apprentice auditor into the register, or
b) for the duration of the regulatory inspection upon the apprentice auditor’s admission into the register, or until the final and binding conclusion of the procedure for his removal from the register.

If the entitlement of the registered statutory auditor or audit firm mentioned in Paragraph c) of Subsection (1) of Section 98 to carry out statutory audits in the territory of the Republic of Hungary is lost, then the work performed by the apprentice auditor affected under employment or similar relationship shall no longer be construed to function as practical training of the apprentice auditor.

The Chamber shall prescribe additional rights and obligations and procedural rules relating to the training of apprentice auditors in the mentor scheme regulations.

Chapter VII

Examination of Professional Competence

Any apprentice auditor who is able to verify of having completed the period of apprenticeship described in Subsections (1) and (2) of Section 97 may proceed to take the examination of professional competence. The verification of having completed the period of apprenticeship shall be requested. The procedure to issue the aforesaid verification falls within the competence of the Chamber’s Education Committee.

In addition to what is contained in Subsection (1), admission to the Chamber of a natural person whose former membership in the Chamber was terminated more than two years ago, and any former member whose Chamber
membership was terminated at least on two occasions previously shall also be required to take the examination of professional competence.

(3) The examination of professional competence may be taken upon request. The authorization procedure falls within the competence of the Chamber’s Education Committee. The authorization shall be granted to any natural person who is able to satisfy the conditions set out in Subsection (1) or (2).

(4) The examination of professional competence shall be subject to a fee. The amount of the examination fee shall be determined by the Chamber, payable to the Chamber’s main account when filing the request for examination.

(5) The content requirements for the examination of professional competence, procedural and evaluation regulations shall be laid down by the Chamber in a separate set of regulations. All or part of the examination of professional competence shall be taken in writing.

Chapter VIII

Aptitude Test

Section 105

(1) An aptitude test may be taken by a natural person who is able to verify of having a valid authorization issued in another country to carry out statutory audits.

(2) The aptitude test covers the examinee’s knowledge of the laws of the Republic of Hungary and other statutory provisions pertaining to statutory audits.

(3) The aptitude test may be taken upon request. The authorization procedure falls within the competence of the Chamber’s Education Committee. The authorization shall be granted to any natural person who is able to satisfy the conditions set out in Subsection (1).

(4) The aptitude test shall be subject to a fee. The amount of the examination fee shall be determined by the Chamber, payable to the Chamber’s main account when filing the request for examination.

(5) The content requirements for the aptitude test, procedural and evaluation regulations shall be laid down by the Chamber in a separate set of regulations. All or part of the aptitude test shall be taken in writing.

Chapter IX

Continuing Professional Training Program

Section 106

(1) All registered statutory auditors must participate in the continuing professional training program.

(2) The continuing professional training program shall cover:
   a) the mandatory annual continuing professional training for all registered statutory auditors;
   b) the mandatory continuing professional education prescribed for the registered statutory auditors holding the qualification specified in Section 49;
   c) the continuing professional education prescribed for the registered statutory auditors ordered to participate within the framework agreement of quality review.

(3) The objective of the continuing professional training program is to preserve and improve professional competence.

(4) The detailed program and the duration of training courses provided under the continuing professional training program shall be determined by the Presidency of the Chamber on the basis of the recommendation of the Education Committee.

(5) Failure to attend the continuing professional training program shall draw the sanctions laid down in this Act and in the Chamber’s code of ethics.
Chapter X

Organizational Structure and Operation of the Chamber

Organizational Structure of the Chamber

Section 107

The Chamber’s organizational structure is comprised of the Chamber’s central bodies and regional branches.

Section 108

(1) The Chamber’s central bodies and regional branches are:
   a) the congress of delegates;
   b) the Presidency;
   c) the Chamber’s central administrative apparatus;
   d) the Supervisory Committee;
   e) the Disciplinary Committee;
   f) the Admission Committee;
   g) the Education Committee;
   h) the Committee of Experts;
   i) the Central Election Committee;
   j) the Quality Control Committee;
   k) the Committee for the Qualification of Chartered Certified Statutory Auditors (OKKT);
   l) the regional branches;
   m) the professional trade sections.

(2) The Chamber may, subject to the amendment of its statutes, establish additional bodies and organs apart from the ones listed in Subsection (1).

(3) The bodies specified in Paragraphs a)-k) of Subsection (1) function as the Chamber’s central bodies of nationwide competence.

(4) The organizations referred to in Paragraph l) of Subsection (1) shall function as the Chamber’s regional branches without legal personality, operating in the areas specified in the Chamber’s statutes and discharging the duties conferred under their competence.

(5) The trade sections described in Paragraph m) of Subsection (1) function as the trade associations lacking legal personality of Chamber members active in the same field of expertise.

Statutes of the Chamber

Section 109

(1) The Chamber’s operations are governed in its statutes.

(2) The statutes shall, in concert with this Act:
   a) lay down the regulations relating to the Chamber’s organizational structure and operations;
b) specify the Chamber’s regional branches, their names and main offices, areas of jurisdiction, and the rules governing the formation and functions of the regional branches;

c) lay down the rules related to the election and dismissal of delegates to the congress of delegates, their term and their rights and obligations;

d) lay down the rules related to the election and dismissal of Officers of the Chamber, their term in office and their rights and obligations;

e) set out the rules concerning the formation and functions of the Chamber’s trade sections;

f) prescribe the regulations for the financial management of the Chamber.

Congress of Delegates

Section 110

(1) The congress of delegates is the supreme decision-making body of the Chamber.

(2) The following members of the congress of delegates shall have voting rights:

a) the directors of the Chamber’s regional branches;

b) one delegate each from the regional branches elected from among the active registered statutory auditors (whose activities are not suspended) engaged in carrying out statutory audits in that regional branch, if the number of active registered statutory auditors (whose activities are not suspended) in that regional branch is not more than fifty;

c) one delegate each from the regional branches elected from among the active registered statutory auditors (whose activities are not suspended) engaged in carrying out statutory audits in that regional branch, if the number of active registered statutory auditors (whose activities are not suspended) in that regional branch is more than fifty, plus one delegate for each additional fifty auditors;

d) ten delegates elected from among the non-active registered statutory auditors whose activities to carry out statutory audits are suspended.

(3) The Chamber’s regional branches shall elect their delegates for minimum three and maximum five years.

Section 111

The congress of delegates shall:

a) adopt the statutes of the Chamber;

b) elect and recall, by secret ballot, the Chamber Officers specified under Paragraphs a)-c) of Section 119, the members of the committees listed under Subsection (1) of Section 113, and the members of the Presidency elected according to Subsection (4) of Section 115;

c) hear the report of the Presidency and of the chairpersons of the committees listed under Subsection (1) of Section 113;

d) adopt the Chamber’s annual financial plan and the annual financial report (comprising the annual account prescribed in accounting regulations);

e) adopt regulations on behalf of the Chamber;

f) determine the remuneration for the president and vice-presidents, other members of the Presidency, the disciplinary commissioner and the chairmen and members of the committees eligible for remuneration under the Chamber’s statutes;

g) determine the amounts of membership dues and other contributions;

h) lay down regulations for the professional indemnity insurance cover of auditors;

i) discharge all other duties conferred under this Act, the Chamber’s statutes and other regulations.

Section 112

The congress of delegates shall adopt regulations in accordance with Paragraph e) of Section 111 concerning:

a) the admission of members into the Chamber and on the termination of Chamber membership, on the listing of registered statutory auditors in the register, and their removal from such register;
b) the authorization of economic operators (entities) to carry out statutory audits and on the withdrawal of such authorizations, and on the registration of audit firms and their removal from the register;

c) the election and recall of delegates to represent the non-active registered statutory auditors whose activities to carry out statutory audits are suspended in the congress of delegates and in the Presidency of the Chamber;

d) the election and recall of delegates to represent audit firms in the Presidency of the Chamber;

e) the code of conduct (ethics) for the audit function and on disciplinary proceedings;

f) the continuing professional training program;

g) the admission of third-country auditors and third-country audit entities into the relevant registers, and their removal from such registers;

h) the oversight of the activities of auditors by the Chamber in connection with the detection and prevention of money laundering or terrorist financing,

i) all other cases where so prescribed in the Chamber’s statutes.

j) conduct investigations for the detection and prevention of money laundering or terrorist financing, and shall adopt a decision in the first instance upon the conclusion of such investigations.

Section 113

(1) The congress of delegates shall elect for minimum three years and maximum five years:

a) the Supervisory Committee;

b) the Disciplinary Committee;

c) the Admissions Committee;

d) the Education Committee;

e) the Committee of Experts;

f) the Central Election Committee;

g) the Quality Control Committee.

(2) The congress of delegates shall elect maximum five members to the Central Election Committee, maximum six members to the Supervisory, Disciplinary and Admission Committees each, and maximum seven members to the Committee of Experts and the Education and Quality Control Committees each. The number of members shall include the vice-chairmen elected separately to chair the committee in question.

(3) With a view to improve the efficiency of the Chamber, additional standing and temporary committees may be established in accordance with the statutes. The competencies, duties and functions of these committees, and the rules for their operations shall be laid down in the statutes.

Section 114

(1) The President of the Chamber is required to convene the congress of delegates of the Chamber at least once a year.

(2) The President of the Chamber shall have authority to convene the congress of delegates any time, as deemed necessary. Upon the written request lodged by at least one-fifth of all delegates the congress of delegates shall be convened within fifteen days.

(3) The congress of delegates has a quorum if more than half of the delegates are present. The majority vote of the delegates present is necessary for adopting the resolutions of the congress of delegates. A two-thirds vote of the delegates attending the congress of delegates is required for adopting the Chamber’s statutes and for any subsequent amendments.

(4) If the congress of delegates fails to have a quorum, the congress of delegates reconvened after three days and within sixty days under the same agenda shall have a quorum irrespective of the number of delegates present.

(5) Members of the Presidency, the disciplinary commissioner, the general secretary, the chairpersons of the committees and bodies listed under Paragraphs d)-k) of Subsection (1) of Section 108 - if they are not delegated - may attend the congress of delegates in an advisory capacity.
Section 115

(1) The Presidency of the Chamber shall consist of the number of members specified in the Chamber’s statutes up to seventeen persons, elected for minimum three and maximum five years.

(2) The President and vice-presidents of the Chamber are permanent members of the Presidency.

(3) The Presidency of the Chamber shall include - in addition to what is contained in Subsection (2) - one representative each of audit firms, of non-active registered statutory auditors whose activities to carry out statutory audits are suspended, elected in accordance with the Chamber’s statutes and election regulations.

(4) Other members of the Presidency are elected - in accordance with the Chamber’s statutes and election regulations - by the congress of delegates from among the active registered statutory auditors whose activities to carry out statutory audits are not suspended.

(5) If either of the committees listed under Subsection (1) of Section 113 is not chaired by a vice-president, the chairmen of the committees whose range of duties covers the issues the Presidency is discussing shall be invited to the meetings of the Presidency.

(6) The secretary general and the disciplinary commissioner shall have a standing invitation to attend all meetings of the Presidency.

(7) Members of the Presidency may resign from their office at any time in a written notice sent to the President. Any member of the Presidency must resign within fifteen days of any involvement in a situation that constitutes a conflict of interest by definition of the statutes.

Section 116

The Presidency shall:

a) make prior arrangement for the congress of delegates, make recommendations as to the agenda of the congress of delegates, and provide for the enforcement of the resolutions adopted by the congress of delegates;

b) present to the congress of delegates the Chamber’s annual financial plan and the annual financial report (comprising the annual account prescribed in accounting regulations);

c) present to the congress of delegates the regulations specified in Section 112, and those conferred under the competence of the congress of delegates in the statutes, and any recommendations for their amendment;

d) publish the Chamber’s internal regulations prescribed in this Act and specified in the statutes;

e) give an account to the congress of delegates at least once a year concerning its activities;

f) adopt a decision concerning the standards specified in Paragraph b) of Subsection (5) of Section 4 in harmony with the international auditing standards promulgated as a Community legislation in the Official Journal of the European Union;

g) express its opinion and make suggestions in legislative and judicatory matters that affect auditors;

h) adopt decisions concerning the formation and termination of professional trade sections;

i) hear - unless otherwise provided for in this Act - in the second instance appeals and petitions for remedy lodged against decisions of the first instance of designated Chamber bodies;

j) have powers to annul any decision adopted by a regional branch directorate or by any Chamber committee that is found unlawful or in violation of the statutes or internal regulations;

k) exercise the rights concerning the appointment of the secretary general and the initiation and termination of his employment contract;

l) supervise and monitor the chartered certified auditors’ training program, and the continuing professional training program of auditors;

m) award titles, decorations and other citations to auditors for professional excellence;

n) liaise on a regular basis with the international organizations of auditors;

o) discharge all other duties conferred under its competence by law, the congress of delegates or the statutes.

Section 117

(1) The Presidency of the Chamber shall appoint the director and members of the OKKT, and supervise and oversee its activities in accordance with this Act and the statutes.
The appointment of the director and members of the OKKT is subject to the consent of the Minister.

The Presidency of the Chamber shall - acting on a proposal from the OKKT - approve:

a) the Chamber’s chartered certified auditors’ training program and examination regulations;
b) the list for the chairman and members of the examining board referred to in Subsection (1) of Section 94.

The Minister’s consent is required for the approval of the Chamber’s chartered certified auditors’ training program and examination regulations, and the list for the chairman and members of the examining board referred to in Subsection (1) of Section 94.

Section 118

(1) The meeting of the Presidency has a quorum if the majority of the members with voting rights are present. The majority vote of the members present is necessary for adopting the resolutions of the Presidency. All members of the Presidency shall have the same voting rights, and shall cast their votes by open ballot. The chairman of the meeting of the Presidency shall order secret ballot where so decided by the Presidency.

(2) The Chamber’s statutes may contain facilities to allow the members of the Presidency to participate by means of electronic communications instead of attending in person. In this case, the detailed regulations for holding such meetings shall be laid down in the statutes.

(3) The Chamber’s statutes may define the matters which may be resolved without having to hold a meeting of the Presidency, where the decision of the members is fixed in writing or by any other means containing authentic proof about the statements made in the decision-making process. In this case, the statutes shall specify the particular decision-making procedure.

Officers of the Chamber

Section 119

Officers of the Chamber are:

a) the President of the Chamber;
b) the vice-presidents of the Chamber;
c) the Disciplinary Commissioner;
d) the chairmen of the committees elected in agreement with Subsection (1) of Section 113;
e) directors of the Chamber’s regional branches;
f) the director of the OKKT.

Section 120

(1) Officers of the Chamber are elected for minimum three years and maximum five years.

(2) Subject to the exception set out in Subsection (2) of Section 124, a registered statutory auditor may hold only one office in the Chamber at any given time.

(3) The Officers listed under Paragraphs a)-f) of Section 119 must be elected from among the active registered statutory auditors whose activities to carry out statutory audits are not suspended.

(4) The Officer specified in Paragraph e) of Section 119 may be a registered statutory auditor working in the area of competence of the regional branch in question, elected by the members’ meeting of the regional branch by secret ballot.

(5) Officers of the Chamber may not be the close relatives of one another. The statutes may define additional cases of incompatibility.

(6)

Section 121

(1) An Officer’s mandate shall terminate:
a) upon the expiration of the mandate;
b) upon resignation;
c) upon removal;
d) upon suspension to carry out statutory audits;
e) upon termination of his membership;
f) upon the Officer’s death.

(2) One-third of the members of the electing body may initiate the recall and removal of an Officer. The electing body shall adopt a decision within sixty days following the time of submission of the initiative.

President of the Chamber

Section 122

(1) The chief executive of the Chamber is the President.
(2) The Chairman shall:
   a) represent the Chamber;
   b) direct the operations of the Chamber and report to the Presidency on his activities;
   c) supervise the activities of the Chamber’s vice-presidents, the Chamber’s disciplinary commissioner, the chairmen of the committees specified in Paragraphs b)-g) of Subsection (1) of Section 113, and the activities of the secretary general;
   d) convene the meeting of the Presidency at least quarterly;
   e) exercise employers’ rights over the secretary general, with the exception of the initiation and termination of his employment relationship;
   f) issue “Presidential Orders” in accordance with this Act and the statutes for the enforcement of the relevant statutory provisions and other regulations affecting the Chamber and the activities of auditors, the provisions of the Chamber’s statutes and rules of self-governance, and the resolutions adopted by the congress of delegates and the Presidency;
   g) discharge other duties and responsibilities conferred under this Act, by the Chamber’s statutes and rules of self-governance.

Section 123

An appeal against any unlawful decision of the President of the Chamber may be appealed within fifteen days from the date when delivered addressed to the Presidency by any registered statutory auditor or audit firm, or any regional branch to whom (which) the decision pertains.

The Vice-Presidents

Section 124

(1) In the absence of the President or if unable to attend to his duties, the President shall be substituted by the vice-president designated by the President.
(2) The Chamber’s vice-presidents shall also function as chairmen for the Chamber committees corresponding to their field of expertise specified in the statutes.
(3) The powers and authorizations of the vice-presidents shall be elaborated in the Chamber’s statutes and rules of self-governance.

Secretary General

Section 125
The duties which are not assigned to the exclusive competence of any Chamber officer shall be handled and arranged by the Chamber’s secretary general. The secretary general is engaged with the Chamber under contract of employment.

Section 126

(1) The secretary general shall be selected by way of tender. The secretary general must have a degree of higher education. Membership in the Chamber is not a prerequisite for the office of the secretary general.

(2) The secretary general shall be responsible to supervise and control the Chamber’s administrative and management functions, and shall represent the Chamber in administrative actions. The responsibilities of the secretary general shall be defined in detail in the Chamber’s statutes and rules of self-governance.

(3) The secretary general shall exercise employer’s rights over the employees of the Chamber’s administrative apparatus.

Committees of the Chamber

Section 127

(1) The committees listed under Subsection (1) of Section 113 shall function as independent bodies.

(2) The members of the committees listed under Subsection (1) must be elected from among the active registered statutory auditors whose activities to carry out statutory audits are not suspended.

(3) A registered statutory auditor may hold a seat only in one committee at any given time. Members of a particular committee may not be the close relatives of one another.

(4) A member of a committee (not including the chairman of the committee) may not be an officer of the Chamber or the close relative of one.

(5) The committees referred to in Subsection (1) are directed by their respective chairmen. Any committee that is not chaired by a vice-president of the Chamber shall elect its chairman from among its members.

Section 128

(1) The Chamber’s congress of delegates shall have powers to adopt the organizational and operational regulations of the Supervisory Committee, the Election Committee and the Quality Control Committee.

(2) The Presidency of the Chamber shall have powers to adopt the organizational and operational regulations for the disciplinary, admission, education and expert committees.

(3) The committees referred to in Subsection (1) of Section 113 shall give account of their operations to the congress of delegates once a year.

Section 129

(1) The mandate of members of the committees referred to in Subsection (1) of Section 113 shall terminate:
   a) under the cases defined in Paragraphs a)-f) of Subsection (1) of Section 121;
   b) upon dismissal.

(2) A member of a committee may be dismissed in the event of his/her failure to discharge his/her membership obligations for any extended period of time.

Supervisory Committee

Section 130

The Chamber’s Supervisory Committee shall monitor the Chamber’s central bodies and regional branches, and their Officers, for the purpose of enforcement of statutory provisions relating to the Chamber’s operations, management and financial and accounting system, and the relevant provisions of the Chamber’s statutes and rules of self-governance.
Section 131

(1) Members of the Supervisory Committee shall be accountable for their activities to the congress of delegates only.

(2) The congress of delegates may only adopt a resolution on the report of the Presidency, the annual financial plan and annual account of the Chamber if having in possession the opinion of the Supervisory Committee.

(3) The Supervisory Committee may request from the Officers of the Chamber, the Chamber committees, the secretary general, the administrative and management bodies and their Officers, and also from the regional branches and professional trade sections any and all data and information, and may inspect their documents to the extent necessary to discharge its vested responsibilities. The parties concerned shall supply the data and information and shall make available the documents requested.

Section 132

(1) If the Supervisory Committee ascertains that the activity or operation of any Officer, body or organ of the Chamber, and the report, financial plan, annual account made by them does not comply with the law, the Chamber’s statutes or rules of self-governance, it shall call upon the Presidency to take the necessary measures.

(2) If the Presidency fails to respond to such request, the Supervisory Committee may initiate the convocation of the congress of delegates.

(3) Further rights and obligations of the Supervisory Committee are laid down in this Act and in the Chamber’s statutes and rules of self-governance.

Disciplinary Committee

Section 133

(1) The Disciplinary Committee of the Chamber shall:
   a) check compliance with ethical requirements and standards;
   b) conduct disciplinary proceedings in accordance with this Act;
   c) proceed in disciplinary proceedings in the first instance;
   d) give account of its activities to the Presidency at least once a year, or as deemed necessary.

(2) Any person against whom disciplinary or criminal proceedings are in progress may not function as a member of the Disciplinary Committee until the final conclusion of such proceedings.

(3) Where any member of the Disciplinary Committee is found guilty by a final decision in disciplinary or criminal proceedings, such member shall be expelled from the Disciplinary Committee.

Section 134

(1) The following persons may not participate in disciplinary proceedings:
   a) the close relative of the member who is the subject of the proceedings;
   b) the person who actively participates in the operations of the audit firm that is the subject of the proceedings;
   c) the party initiating the proceedings, not including if initiated by the disciplinary commissioner or the ethics committee;
   d) any person whose hearing as a witness or expert might be necessary in the proceedings;
   e) any person who, for other reasons, cannot be expected to render an unbiased decision;
   f) any person involved in adopting the decision in the first instance, not including the case where the Disciplinary Committee was ordered to reopen the proceedings by decision of the second instance.

(2) Any person who is subject to any of the above-specified reasons for disqualification shall duly notify the chairperson of the Disciplinary Committee, or the Presidency of the Chamber at the time of opening the proceedings in the first instance or the second instance, respectively.

(3) The provisions pertaining to disqualification shall duly apply to the disciplinary commissioner as well.
Section 135

(1) The registered statutory auditor or audit firm who (that) is the subject of the proceedings may lodge a complaint on the grounds of bias against any member of the Disciplinary Committee, any member of the Presidency of the Chamber, or against the disciplinary commissioner. Upon hearing the persons accused of bias the Disciplinary Committee or the Presidency shall adopt a resolution to decide whether or not to dismiss the person in question from the proceedings. The member affected may not participate in the decision-making process relating to a resolution of impartiality.

(2) If the decision of the Disciplinary Committee or the Presidency upholds the objection of the person lodging the complaint on the grounds of bias, the person affected shall be removed from the disciplinary proceedings.

(3) If the disciplinary commissioner is disqualified, the Presidency shall designate a new disciplinary commissioner from among the members of the Presidency. The President of the Chamber, if disqualified on the grounds of partiality, shall be replaced in the disciplinary proceedings by the designated vice-president.

(4) Further rights and obligations of the Disciplinary Committee are laid down in this Act and in the Chamber’s statutes, Code of Ethics and rules of self-governance.

Admissions Committee

Section 136

(1) The Admissions Committee of the Chamber shall:

a) adopt a decision in the first instance on cases of admission into the Chamber and on termination of Chamber membership;

b) adopt a decision in the first instance on the authorization of suspension of carrying out statutory audits, and on the authorization of reinstatement following such suspension of activities;

c) adopt a decision in the first instance on the authorization of economic operators (entities) to carry out statutory audits, and on the withdrawal of such authorizations;

d) adopt a decision in the first instance on the admission of third-country auditors and third-country audit entities into the relevant registers, and their removal from such registers;

e) proceed in other matters conferred under its competence by this Act;

f) give account of its activities to the Presidency at least once a year, or as deemed necessary.

(2) Further rights and obligations of the Admission Committee are laid down in this Act and in the Chamber’s statutes and rules of self-governance.

Educational Committee

Section 137

(1) The Educational Committee of the Chamber shall:

a) carry out the duties conferred under its competence in connection with the chartered certified auditors’ training program;

b) work out the medium term and annual continuing professional training program, organize and monitor the implementation of further education programs approved by the Presidency;

c) draw up the budget for the chartered certified auditors’ training program and the continuing professional training program, and provide for the implementation of the program approved by the Presidency;

d) have the curriculum required for the implementation of the chartered certified auditors’ training program and the continuing professional training program drafted;

e) carry out the chamber duties related to the preparation of apprentice auditors for the examination of professional competence, and conduct the examination of professional competence of apprentice auditors;

f) carry out the chamber duties related to aptitude tests;

g) organize the supervision of participation in the continuing professional training program, and prepare a report to the Presidency on its observations for each academic year;
Committee of Experts

Section 138

(1) The Committee of Experts of the Chamber shall:
   a) review the drafts of any legislation relating to the conditions of operation and activities of auditors;
   b) arrange the standards referred to in Paragraph b) of Subsection (5) of Section 4, and monitor their implementation;
   c) express its opinion and convey a concept in respect of theoretical and practical trade issues in connection with auditing, in order to formulate a uniform professional approach;
   d) render a decision in the first instance in matters conferred under its competence;
   e) give an account of its activities to the Presidency at least once a year, or as deemed necessary.

(2) Further rights and obligations of the Committee of Experts are laid down in this Act and in the Chamber’s statutes and rules of self-governance.

Election Committee

Section 139

(1) The election committees shall function as independent bodies; they are subject exclusively to the provisions of this Act and the Chamber’s statutes and election regulations.

(2) The principal duty of the election committees is to make arrangements necessary for elections, to supervise the elections, to determine the results of the elections, to ascertain the integrity and legitimacy of elections, if necessary, to restore the legality of elections, and to give an account of the results of elections.

(3) The following bodies may function as election committees:
   a) the Chamber’s main election committee and the related committees for nominating and for counting votes;
   b) the election committees of the Chamber’s regional branches and the related committees for nominating and for counting votes.

(4) The following persons may not serve in any election committee or in the related committees for nominating and for counting votes:
   a) officers of the Chamber;
   b) any candidate nominated for the election;
   c) close relatives of the persons identified in Paragraphs a)-b).

(5) Further rights and obligations of the committees are laid down in this Act and in the Chamber’s statutes and rules of self-governance.

Committee for the Qualification of Chartered Certified Statutory Auditors

Section 140

(1) The OKKT is a nine-member body, whose chairman and members are appointed for minimum three and maximum five years. A natural person may be appointed for maximum two terms.

(2) The list of members of the OKKT shall be published in the Chamber’s official journal and on the Chamber’s official website as well.
(3) An officer of the Chamber or the close relative of one may not be appointed to the OKKT.
(4) The OKKT shall adopt its own organizational and operational regulations.

Section 141

(1) The OKKT shall accredit its chartered certified auditors’ training program in the name of the Chamber. The program contains:

a) the professional competence provided by the training;
b) the conditions for admission into and for attending the training course;
c) the proposed duration of training;
d) the unit (modules) of the curriculum, their objective, content and size;
e) the training methods employed;
f) the maximum number of students in a group;
g) a description of the system of evaluation of the trainees;
h) the conditions for the issue of a certificate for the completion of the whole training program or a specific unit (module) of the program;
i) the personal and material conditions required for the implementation of the training program, and the way they are provided.

(2) The program may be accredited for minimum three and maximum five years.
(3) The OKKT may accredit the training program subject to the approval of the Presidency of the Chamber.
(4) The OKKT shall provide for drawing up the Chamber’s chartered certified auditors’ training program and examination regulations, and shall send the regulations to the Presidency for approval.

Section 142

(1) The OKKT - in agreement with the Chamber’s Education Committee - shall lodge a proposal to the Presidency of the Chamber regarding the list for the chairman and members of the examining board specified in Subsection (1) of Section 94.
(2) The chairman of the examining board and the examiners must have sufficient theoretical knowledge and practical experience in the subject matter of the exam.
(3) The chairman of the examining board must be a registered statutory auditor.
(4) The examiners appointed to the examining board on the accountancy and analysis modules, as well as the auditing and control modules must be registered statutory auditors.
(5) The chairman of the examining board and the examiners are appointed for five years.

Section 143

(1) The OKKT shall have competence in the matters conferred under its jurisdiction by this Act.
(2) Further rights and obligations of the OKKT are laid down in the Chamber’s statutes and rules of self-governance.

Professional Trade Sections

Section 144

(1) The registered statutory auditors working in the same field of expertise may establish professional trade sections in accordance with the Chamber’s statutes.
(2) Non-active registered statutory auditors whose activities to carry out statutory audits are suspended may also participate in the professional trade sections.
(3) The rules of procedure of professional trade sections shall be laid down in the Chamber’s statutes and rules of self-governance.
Regional Branches of the Chamber

Section 145

(1) The Chamber’s regional branches shall function as bodies lacking the legal status of a legal person, whose membership is comprised of registered statutory auditors whose registered office or home address is located in its area of competence.

(2) The name of the regional branch shall contain an indication of being part of the Chamber and the area for which the organization is responsible.

Section 146

The directors of regional branches are elected by the registered statutory auditors belonging to their respective area of competence for minimum three and maximum five years. The election and recall procedures are regulated in the Chamber’s statutes and election regulations.

Finances of the Chamber

Section 147

(1) Revenues of the Chamber shall comprise:
   a) membership fees and contributions and other similar proceeds;
   b) administrative service fees paid for regulatory chamber proceedings;
   c) fees paid by students attending the chartered certified auditors’ training program;
   d) state subsidies provided under Subsection (3) of Section 185 in connection with certain duties of the Chamber;
   e) donations from foundations and other similar grants;
   f) income from economic and business operations performed in harmony with the Chamber’s objectives and functions;
   g) sums received by way of tender procedures;
   h) sums received in connection with international and national cooperation;
   i) other revenues.

(2) Detailed provisions concerning the Chamber’s revenues shall be laid down in the Chamber’s statutes and rules of self-governance.

Section 148

(1) With a view to cover the costs of the quality assurance system funds shall be set aside in the Chamber’s budget under the title Quality Assurance Budget (hereinafter referred to as “MBA”).

(2) The financial resources for the MBA shall comprise:
   a) funds set aside from the Chamber’s budget;
   b) fees paid by registered statutory auditors and audit firms for the special services provided by the Chamber’s Quality Control Committee.

(3) The chairman of the Quality Control Committee is in charge of the financial management of the MBA.

(4) The rules concerning the financial resources of the MBA and their appropriation are laid down in the Chamber’s statutes.

Chapter XI

Quality Assurance

Quality Assurance System, Quality Control Committee
Section 149

(1) With a view to achieving a consistently high quality in statutory audits, the Chamber shall operate a quality assurance system to monitor the auditing activities of registered statutory auditors and audit firms on a regular basis.

(2) The Chamber shall operate the quality assurance system of registered statutory auditors and audit firms engaged in carrying out statutory audits of public-interest entities under the direct administration of the Public Oversight Authority for Auditors.

(3) The quality assurance review of registered statutory auditors and audit firms engaged in carrying out statutory audits of public-interest entities shall be financed separately from the state aid appropriated from the central budget under Subsection (3) of Section 185.

Section 150

(1) The Chamber’s Quality Control Committee (for the purposes of this Chapter hereinafter referred to as “Committee”) shall function as an internal body of the Chamber.

(2) Funding for the Committee shall be provided from the Quality Assurance Budget appropriated in the Chamber’s financial plan.

Section 151

(1) The Committee’s competence shall cover the registered statutory auditors and audit firms engaged in carrying out statutory audits.

(2) The Committee’s competence shall also cover the third-country auditors and third-country audit entities registered in accordance with the provisions laid down in this Act.

Section 152

(1) Acting within its scope of powers and competence, the Committee shall:
   a) operate the Chamber’s quality assurance system;
   b) monitor and evaluate compliance with the Hungarian national accounting standards, and the national standards relating to internal quality control;
   c) monitor and evaluate compliance with the regulations on independence requirements;
   d) monitor and assess as to whether the fees charged for statutory audits are in compliance with what is contained in Section 54;
   e) monitor and evaluate the quantity and quality of resources spent for the purposes of statutory audits;
   f) monitor compliance with the obligations ordered by way of resolution in accordance with Section 171;
   g) draw up and organize the education of quality controllers, and provide for their continuing professional training;
   h) initiate and apply the measures specified in this Act;
   i) adopt a resolution in conclusion of quality control procedures.

(2) In addition to what is contained in Subsection (1), the Committee shall discharge all duties conferred under its competence by this Act, the Chamber’s statutes and rules of self-governance.

(3) The Committee’s scope of powers and competence shall not cover any issues that are subject to court or administrative proceedings, or where another body of the Chamber or a Chamber officer is vested with competence.

Members of the Committee

Section 153

All Committee members must be admitted to the register of quality controllers.

Section 154
(1) The congress of delegates shall elect the members of the Committee for minimum three years and maximum five years from among the registered quality controllers.
(2) The Chamber shall ensure that information concerning the Committee’s members and the Committee’s organizational and operational regulations are published on its official website and made available to the general public at all times.

Section 155

Committee membership shall terminate:

a) upon the expiration of the member’s mandate;
b) upon the member’s resignation;
c) if the member ceases to comply with the requirements set out in Section 153;
d) upon the member’s dismissal;
e) upon the member’s death.

Section 156

(1) A member of the Committee may resign at any time.
(2) A member of the Committee may be dismissed by the Chamber congress of delegates in the event of his/her failure to discharge his/her membership obligations for any extended period of time.

Section 157

A new Committee member shall be elected within sixty days of the time of termination of the previous member, or not later than during the next scheduled congress of delegates.

Operation of the Committee

Section 158

(1) The Committee shall operate under an annual action plan and an annual quality control plan. The Chamber shall post these plans and the reports on their implementation on its official website within eight days following their approval.
(2) The detailed rules governing the operation of the Committee shall be laid down in its organizational and operational regulations.

Quality Controllers

Section 159

(1) Quality assurance review assignments are carried out in the name of the Committee by internal reviewers of registered statutory auditors registered by the Committee.
(2) The quality assurance review of registered statutory auditors and audit firms engaged in carrying out statutory audits of public-interest entities shall be carried out in the name and on behalf of the Committee by independent reviewers listed in the special register kept by the Chamber.
(3) The register of internal reviewers shall contain the particulars of reviewers specified under Subsection (1) of Section 33, and the register of independent reviewers shall contain the particulars of independent reviewers listed under Paragraphs c)-g) of Subsection (1) of Section 33.
(4) The purpose of the registers referred to in Subsections (1)-(3) is to provide authentic evidence that the internal reviewers and independent reviewers listed in the registers are able to satisfy the requirements prescribed by law. The Committee and the Chamber is empowered to process the data contained in the registers until they are removed from the registers.
The data specified in Subsections (1)-(3) shall be treated as public information, and shall be made available to the general public on demand. Public disclosure of the data of the persons admitted into the registers referred to in Subsections (1)-(3), which are considered public information, and the changes therein, serves the purpose to control and to provide up-to-date information at all times.

Section 160

(1) Any person who meets the following conditions shall be admitted to the register of quality controllers:
   a) the applicant must have at least six years of professional experience in carrying out statutory audits obtained before the date of registration;
   b) the applicant must participate in training prescribed for quality control activities;
   c) the applicant did not receive any disciplinary penalty or warning imposed in disciplinary proceedings within six years prior to the date of registration;
   d) during the last quality control procedures carried out in connection with the statutory audits, no sanctions had been imposed on the applicant prior to the date of registration.

(2) Quality controllers shall have the qualification specified in Section 49 if they intend to participate in quality control procedures conducted in connection with the statutory audit of an economic entity that may be audited only by a qualified registered statutory auditor or audit firm. In such cases, the quality controller in question may participate in the quality control procedures only after three years following the time when the requisite qualification was obtained.

(3) The quality controller must have the professional qualifications consistent with the activities of the audited economic entity and the requisite six-year professional experience prescribed for the said activities obtained before participating in the quality control procedures conducted in connection with the statutory audit of a public-interest entity or another economic entity that is engaged in special duties, other than the entities referred to in Subsection (2).

(4) Members of the Committee and the quality controllers may not be the close relatives of one another.

(5) Any officer of the Chamber and the members of any Chamber committee (not including the chairperson and members of the Quality Control Committee) may not be admitted into the register of quality controllers.

Section 160/A.

Any person who meets the following conditions shall be admitted to the register of independent reviewers:
   a) the applicant is not licensed by the Chamber to engage in carrying out statutory audits required by law;
   b) the applicant may not be associated with, and may not be employed by a registered statutory auditor or an audit firm under an employment or a similar relationship;
   c) the applicant meets the conditions set out in Paragraphs a)-c) of Subsection (2) of Section 190.

Section 161

(1) The selection of quality controllers shall take place by way of open tender.

(2) The contents of tender notices and the rules for the submission and evaluation of tenders shall be laid down in the Committee’s organizational and operational regulations.

(3) The tender notice and the register of quality controllers shall be published in the Chamber’s official journal and on the Chamber’s official website.

(4) The Committee shall provide a certificate to the quality controllers upon registration.

Section 162

The quality controllers shall be entitled to remuneration as specified in the Committee’s organizational and operational regulations for their activities conducted in their official capacity. Such remuneration shall be charged to the Quality Assurance Budget appropriated in the Chamber’s financial plan.

Section 163
The Committee shall remove the quality controller from the register:
a) upon the quality controller’s request;
b) if the quality controller ceases to comply with the requirements prescribed for registration;
c) if the quality controller is dismissed by the Committee;
d) upon the quality controller’s death.

Section 164

(1) A quality controller may request to be removed from the register at any time.
(2) A quality controller may be dismissed by the Committee in the event of his/her failure to discharge his/her obligations for any extended period of time.

Section 164/A.

As regards the selection of independent reviewers, their rights and obligations, the provisions of Section 161 and Sections 163-164 shall apply, with the exception that the consent of the Public Oversight Authority for Auditors is required for the Committee’s decisions, and any reference made in these provisions to quality controllers shall be understood as independent reviewers.

Quality Control Procedures

Section 165

(1) Quality control procedures shall be conducted at registered statutory auditors and audit firms at least once every six years.
(2) By way of derogation from what is contained in Subsection (1), quality control procedures shall be conducted at three-year intervals at the registered statutory auditors and audit firms engaged in the statutory audits of public-interest entities.
(3) The periods specified in Subsections (1) and (2) shall not include any period of suspension of statutory audits conducted by a registered statutory auditor.
(4) Quality control procedures shall be conducted by the Committee.

Section 166

(1) The Committee shall conduct quality control procedures according to the annual timetable of quality control in due observation of what is contained in Section 165.
(2) In addition to what is contained in Subsection (1), unscheduled quality control shall be conducted:
   a) when so requested by the Public Oversight Authority for Auditors;
   b) when so requested by the Chamber’s disciplinary commissioner, Disciplinary Committee or Committee of Experts;
   c) when so requested by a registered statutory auditor or audit firm.
(3) The quality control procedures conducted under Paragraph c) of Subsection (2) shall be subject to a fee, payable according to the terms set out in the Chamber’s statutes and rules of self-governance.

Section 167

(1) The Committee shall appoint a quality controller from the register of quality controllers to conduct a quality control procedure. The appointed quality controller must proceed in person; no representation is allowed.
(2) The appointment of a quality controller to conduct a quality control shall be subject to the following conditions:
   a) the quality controller and the inspected audit firm are not engaged in any business relationship during the period of the quality control procedure, nor had they been engaged in any business relationship during any period of time after the last quality control of the audit firm in question;
b) the quality controller and the inspected registered statutory auditor and any close relative of him/her are not engaged in any business relationship during the period of the quality control procedure, nor had they been engaged in any business relationship during any period of time after the last quality control of the registered statutory auditor in question;

c) the quality controller and Chamber member inspected are not closely related;

d) the conditions set out in Paragraphs a)-c) regarding the quality controller are also satisfied by the quality controller’s close relative(s).

(3) The Committee’s organizational and operational regulations may prescribe additional provisions pertaining to the appointment of quality controllers in connection with their independence and conflict of interest.

(4) The Committee’s organizational and operational regulations shall contain provisions to define the data and information and documents which are to be made available in advance to the Committee or the quality controller to the extent necessary to conduct the inspection.

Section 167/A.

An independent reviewer who was previously employed by a registered statutory auditor or an audit firm under an employment or a similar relationship may not participate in an assignment for the quality assurance review of a registered statutory auditor or an audit firm engaged in carrying out statutory audits for at least two years after the time of terminating such relations with the registered statutory auditor or audit firm.

Section 168

(1) The quality controller may conduct the inspection if having in possession a letter of authorization issued by the Chairman of the Committee. The letter of authorization shall contain the name of the quality controller, the particulars of the registered statutory auditor or audit firm inspected, and the period to which the inspection pertains.

(2) The quality controller shall have powers to request any data and information and statement from the registered statutory auditor or audit firm inspected, and may inspect any document and work processes to the extent necessary to discharge its duties. The quality controller shall be entitled to enter the premises of the registered statutory auditor or audit firm, and to make or request copies of their documents, data medium, records and registers during the time of and in connection with the inspection.

Section 169

(1) The registered statutory auditor or audit firm inspected shall be entitled to satisfy themselves concerning the identity and entitlement of the quality controller.

(2) The registered statutory auditor or audit firm inspected shall be required to cooperate with the quality controller and to provide for the conditions of the on-site inspection.

Section 170

(1) The quality controller shall sum up the findings of the quality control procedure in a closing report.

(2) The closing report shall be written up within fifteen days following completion of the inspection.

(3) A copy of the closing report shall be sent to the registered statutory auditor or audit firm inspected, and to the Committee.

(4) The person inspected may lodge any comment in writing regarding the closing report within fifteen days of receipt, which shall be submitted to the Committee.

(5) The Committee shall adopt a resolution on the qualification of the findings of the quality control procedure relying on the closing report and on the comments referred to in Subsection (4), on the obligations imposed upon the person inspected consistent with the said qualification, and on justified measures.

Section 171
The registered statutory auditor or audit firm inspected shall comply with the obligations prescribed in the final and binding resolution adopted upon the quality control procedure in connection with the statutory audits they perform.

Section 172

(1) In connection with a quality control procedure the following sanctions may be imposed:
   a) mandatory participation in further education;
   b) a warning to terminate an existing infringement, if any;
   c) the initiation of disciplinary proceedings.

(2) If the registered statutory auditor or audit firm reviewed carried out statutory audits in non-compliance with the obligations specified in Section 171, the Chairman of the Committee shall initiate disciplinary proceedings against such registered statutory auditor or audit firm at the competent body of the Chamber.

Section 172/A.

(1) The quality assurance review of registered statutory auditors and audit firms engaged in carrying out statutory audits of public-interest entities shall be governed by Sections 165-172 and Section 173, with the exception that any reference made in these provisions to quality controllers shall be understood as independent reviewers, and the consent of the Public Oversight Authority for Auditors is required for adopting a resolution on the findings of the quality assurance review procedure.

(2) If the Public Oversight Authority for Auditors considers that carrying out a specific quality assurance review requires special skills, internal reviewers specified in Section 167/A may also be assigned to participate in the quality assurance review under the supervision of an independent reviewer.

(3) Where a registered statutory auditor or audit firm that is engaged in carrying out statutory audits of public-interest entities failed to pass the quality assurance review, the Public Oversight Authority for Auditors shall initiate disciplinary proceedings against such registered statutory auditor or audit firm at the Chamber. The Public Oversight Authority for Auditors shall, in justified cases, inform the Budapesti Értéktőzsde (Budapest Stock Exchange) and/or the competent government body concerning the disciplinary action.

Section 173

The Committee shall file a report each year, containing a summary assessment of the quality control procedures conducted during the year under review. The report shall be published in the Chamber’s official journal and on the Chamber’s official website by 31 May of the year following the year under review.

Oversight of Activities in Connection with the Detection and Prevention of Money Laundering and Terrorist Financing

Section 173/A

(1) The Chamber’s Quality Control Committee (for the purposes of this Section hereinafter referred to as “Committee”) is vested with competence for monitoring the activities of registered statutory auditors and audit firms for compliance with the provisions relating to the detection and prevention of money laundering or terrorist financing.

(2) The Committee shall monitor the compliance of registered statutory auditors and audit firms with the requirements set out:
   a) in the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, and
   b) in the rules and regulations of the registered statutory auditors and audit firms adopted with a view to the implementation of the provisions of the aforesaid Act,

(for the purposes of this Section hereinafter referred to as “oversight”).
(3) The Committee shall appoint a quality controller - specified in this Act - to conduct the aforesaid investigation. The quality controller shall conduct the investigation in accordance with the regulation contained in Paragraph h) of Subsection (1) of Section 112.

(4) The Committee shall adopt a resolution in conclusion of such investigations.

(5) If, according to the investigation, the registered statutory auditor or audit firm is found in compliance with the obligations conferred upon them in the Act on the Prevention and Combating of Money Laundering and Terrorist Financing and in the regulations implementing it, the Committee shall terminate the investigation by way of a resolution.

(6) If, according to the findings of the investigation, the registered statutory auditor or audit firm has infringed upon the obligations conferred upon them in the Act on the Prevention and Combating of Money Laundering and Terrorist Financing and in the regulations implementing it, the Committee shall adopt a resolution:
   a) to advise the registered statutory auditor or audit firm affected to abide by the provisions of the relevant laws and regulations, and to take any measure that has been omitted,
   b) to recommend to the President of the Chamber to order preliminary investigation if there is any suspicion of a disciplinary infraction.

(7)

(8) The Committee shall have the right to monitor compliance with the resolution in accordance with the provisions set out in this Section.

(9) The registered statutory auditor or audit firm affected shall cooperate in the investigation, carry out the instructions and abide by the provisions of the Chamber’s related notices and resolutions, and provide for the conduct of the inspection.

Chapter XII
Rules of Discipline

Disciplinary Infraction

Section 174

(1) Disciplinary infraction shall mean when a registered statutory auditor or audit firm:
   a) breaches the obligations relating to the provision of professional services proceeding from willful or gross negligence; or
   b) is engaged in any conduct contrary to the provisions of this Act, the Chamber’s statutes or code of ethics proceeding from willful or gross negligence; or
   c) is providing professional services that are not in compliance with the relevant statutory provisions or the standards specified in Paragraph b) of Subsection (5) of Section 4 proceeding from professional deficiencies or willful or gross negligence.

(2) For the purposes of Subsection (1), ‘disciplinary infraction’ shall also mean:
   a) failure to comply with the payment obligations prescribed;
   b) failure to attend the continuing professional training program;
   c) failure to supply the data and information prescribed;
   d) failure to obtain or maintain the mandatory professional indemnity insurance coverage of auditors;
   e) any infringement of the special obligations prescribed in legal regulation with respect to registered statutory auditors and audit firms holding the qualification specified in Section 49.
   f) any infringement of the provisions on conflict of interest.

Disciplinary Proceedings

Section 175
(1) In disciplinary proceedings the Chamber is represented by the disciplinary commissioner. The disciplinary commissioner is vested with responsibilities to enforce the provisions of the relevant legal regulations, and the provisions of the Chamber’s statutes and rules of self-governance.

(2) Pursuant to Paragraph e) of Subsection (2) of Section 174, the competent government body may also request the disciplinary commissioner to lodge disciplinary proceedings.

(3) Acting on the disciplinary commissioner’s initiative, the President of the Chamber shall order the opening of the disciplinary proceedings in writing, and shall simultaneously notify the registered statutory auditor or audit firm affected with a notice containing the description of the disciplinary infraction and the related evidence, as well as the venue and the time of the disciplinary hearing, not including the proceedings specified in Section 176/A. In the notice the registered statutory auditor or audit firm who (that) is the subject of the proceedings shall be informed concerning the sanctions for his (its) failure to attend the disciplinary hearing or failure to be represented by a legal counsel.

(4) Where disciplinary proceedings are opened under Subsection (2), the President of the Chamber shall notify the competent government body on the opening and enclose a copy of the resolution ordering the disciplinary action. The competent government body may not disclose to third parties the resolution received for information purposes, and may not publish it.

(5) No disciplinary proceedings may be opened:
   a) for a disciplinary infraction which was committed five years before; and
   b) if twelve months have lapsed since the notification of the President of the Chamber regarding the disciplinary infraction and no criminal proceedings have been initiated against the registered statutory auditor or audit firm affected.

(6) A disciplinary infraction that achieves the legal status of a crime shall lapse together with the crime.

Section 176

(1) The disciplinary proceedings shall be conducted by the Disciplinary Committee, with the assistance of the disciplinary commissioner. In the disciplinary proceedings the Disciplinary Committee shall investigate and ascertain the relevant facts and circumstances of a case. The disciplinary hearing may be attended, apart from the registered statutory auditor or audit firm affected, by their legal counsels as well.

(2) The member who (that) is the subject of the disciplinary proceedings may submit his (its) defense in writing on the eighth day prior to the disciplinary hearing, or may present it orally at the disciplinary hearing.

(3) The member who (that) is the subject of the disciplinary proceedings shall have the right to inspect the evidence, and to present his (its) views regarding the proceedings and the evidence, furthermore, such member shall have the right to attend any and all procedural actions, to lodge complaints against the persons carrying an active role in the proceedings, to make inquiries from the persons participating in the proceedings, and to present or request additional evidence, to review all documents of the case and to request copies of these documents subject to a fee.

(4) Disciplinary proceedings initiated during criminal proceedings may be suspended by the Disciplinary Committee until the judgment becomes final and binding.

Section 176/A.

In disciplinary proceedings ordered in connection with a disciplinary infraction under Paragraph a) of Subsection (2) of Section 174, the respondent shall be allowed to submit his defense in writing within eight days of receipt of the resolution ordering the proceedings, or may apply for a hearing to be fixed. If the respondent did not apply for a hearing to be fixed, the disciplinary committee may adopt its decision based on the available documents, without a formal hearing. The respondent shall be informed thereof in the notice on the opening of disciplinary proceedings.

Sanctions

Section 177

(1) In disciplinary proceedings the following sanctions may be imposed:
a) a written reprimand;
b) a fine;
c) withdrawal of the qualification under Section 49;
d) suspension of the license for carrying out statutory audits required by law for a specific period of time;
e) expulsion from the Chamber, withdrawal of the authorization of the audit firm (removal from the register of third-country auditors and third-country audit entities).

(2) The above-specified fine may be imposed - depending on the severity of the disciplinary infraction - in an amount up to twenty times the annual Chamber membership fee due for the year when imposed for registered statutory auditors, and up to the annual amount of contribution due for the year when imposed for audit firms. The appropriation of the proceeds from fines shall be governed in the Chamber’s statutes.

(3) A warning may be issued where the severity of the disciplinary infraction - taking into consideration all circumstances of the case - is not grave enough to merit a disciplinary sanction.

(4) Subject to the exception set out in Section 176/A, a disciplinary sanction or a warning may be imposed only in a disciplinary hearing. A disciplinary sanction or a warning may be imposed only by the Disciplinary Committee and - in remedy proceedings - by the Presidency of the Chamber.

Remedy

Section 178

(1) The reasoned resolution adopted by the Disciplinary Committee in writing shall be delivered to the person who is the subject of the proceedings and to his legal counsel within twenty-two working days of the day when it was adopted. The resolution may be appealed by the person who is the subject of the disciplinary proceedings, or his/her legal counsel within twenty-two working days of the date of delivery, and also by the disciplinary commissioner; the appeal shall have a suspensory effect.

(2) The appeal referred to in Subsection (1) shall be made out in writing addressed to the Presidency of the Chamber and submitted to the Disciplinary Committee. The Presidency shall adjudge the appeal with due consideration of the available documents, upon hearing the registered statutory auditor or audit firms affected (or their legal counsel) and the disciplinary commissioner within forty-five working days of submission of the appeal.

(3) The Presidency:
   a) shall either sustain, reverse, or overturn the resolution adopted by the Disciplinary Committee;
   b) shall overturn the resolution if the evidence available is insufficient or further clarification of the relevant facts of a case is required, and shall order to Disciplinary Committee to reopen the proceedings.

(4) On behalf of the Presidency, the President of the Chamber shall order the delivery of the resolution adopted under Subsection (3) to the Disciplinary Committee and the person affected within ten working days.

(5) The registered statutory auditor or audit firm who (that) is the subject of the proceedings may seek legal remedy against a decision of the Presidency adopted under Subsection (3) concerning a disciplinary sanction or warning pursuant to the regulations governing administrative lawsuits (Code of Civil Procedure, Chapter XX) within thirty days of receipt.

(6) If the registered statutory auditor or audit firm filed for court action in accordance with Subsection (5) above against the disciplinary sanction specified in Paragraph e) of Subsection (1) of Section 177, the registered statutory auditor or audit firm in question may not continue to provide professional services until the final verdict of the court, furthermore, the rights and obligations of such registered statutory auditor shall be governed by the regulations on suspension.

(7) The final resolution adopted in conclusion of the disciplinary hearing initiated by the competent government body shall be delivered to competent government body for information purposes. The competent government body may not disclose to third parties the resolution received for information purposes, and may not publish it.

(8) Where either of the disciplinary sanctions described in Paragraphs c)-e) of Subsection (1) of Section 177 is imposed, the Chamber’s Admission Committee shall be informed thereof with a copy of the final resolution enclosed.

(9) The detailed regulations on disciplinary proceedings shall be laid down in the Chamber’s statutes and code of ethics.
Service of Process

Section 178/A.

(1) Resolutions delivered by way of the postal service adopted in disciplinary actions shall be considered served on the day of attempted delivery if the addressee refused to accept it. If service failed because the addressee refused to accept the document (it was returned to the Chamber marked “unclaimed”), the document shall be considered served on the fifth working day following the day of the second attempted postal delivery in the absence of proof to the contrary.

(2) As regards the presumption of service under Subsection (1), the addressee may lodge a petition for challenging the presumption of service on the grounds and in the manner specified in the Chamber’s code of ethics within fifteen days of gaining knowledge of the effective date of service of process. No petition may be submitted after six months have elapsed from the effective date of the presumption of service. No application for continuation may be submitted upon failure to meet this deadline.

Public Access

Section 179

The Disciplinary Committee shall file a report each year, containing a summary assessment of the disciplinary proceedings conducted and the sanctions imposed during the year under review. The report shall be published in the Chamber’s official journal and on the Chamber’s official website by 31 May of the year following the year under review.

Chapter XIII

Cooperation with Competent Authorities from Third Countries

Section 180

(1) The Public Oversight Authority for Auditors - in due observation of the relevant provisions of this Act and specific other legislation - shall cooperate with the competent authorities appointed by the Member States of the European Economic Area to participate in the public oversight of auditors (for the purposes of this Chapter hereinafter referred to as “competent authority”), and may exchange data and information with them to the extent necessary to discharge their vested duties.

(2) The Public Oversight Authority for Auditors shall, on request and without undue delay, supply any data and information required by a competent authority. If the Public Oversight Authority for Auditors is unable to supply the data and information requested without delay, the requesting competent authority shall be notified of the reasons therefor. When supplying the data and information requested, the Public Oversight Authority for Auditors shall apprise the requesting competent authority that the data and information supplied is subject to the obligation of secrecy, and that it may be used solely for the purpose indicated in the request.

(3) The Public Oversight Authority for Auditors shall conduct an investigation where so requested by a competent authority. The person or persons designated by the requesting competent authority may participate in the aforesaid investigation.

(4) The Public Oversight Authority for Auditors shall refuse the request received from a competent authority pursuant to Subsections (2) and (3) if:

a) supplying the information requested or conducting the investigation might adversely affect the sovereignty, security or public policy of the Republic of Hungary, or it is contradictory to national security regulations;

b) judicial proceedings have already been initiated in Hungary in respect of the same actions and in respect of the same registered statutory auditor or audit firm; or

c) a final judgment has already been delivered by the relevant Hungarian authorities for the same actions, or in connection with the same registered statutory auditor or audit firm.

(5)
Section 181

The Public Oversight Authority for Auditors - acting within its official capacity - shall have powers to contact any competent authority to request data and information, or to initiate an investigation. The Public Oversight Authority for Auditors shall have the entitlement to delegate an officer to participate in the investigation of the competent authority.

Section 182

(1) If the Public Oversight Authority for Auditors - when acting within its official capacity - notices any conduct in the territory of another Member State of the European Economic Area that is in violation of the provisions of Directive 2006/43/EC, the Public Oversight Authority for Auditors shall notify the competent authority affected without undue delay.

(2) The Public Oversight Authority for Auditors, upon receiving a notice from a competent authority in accordance with Subsection (1), shall take the necessary measures and shall without delay inform the competent authority in question concerning the measures adopted.

Section 183

(1) The Public Oversight Authority for Auditors shall cooperate with the competent authorities participating in the public oversight of third-country auditors - to the extent necessary to discharge their vested duties and in due observation of the relevant provisions of this Act and specific other legislation - solely under an agreement concluded with the competent authorities in question based on reciprocity.

(2) The competent authority of a third country shall be provided access to audit working papers and other related documents in the possession of registered statutory auditors or audit firms upon request, through the Public Oversight Authority for Auditors, only within the framework of a cooperation agreement specified in Subsection (1) above, provided that this authority has been declared approved by decision of the European Commission under Article 47 (3) of Directive 2006/43/EC.

(3) The audit working papers and other related documents mentioned in Subsection (2) may be disclosed to the competent authorities of third countries, if they are related to audit activities which are prescribed by statutory provisions in connection with an economic entity:

a) that is an issuer of securities in the third country in question, or
b) whose consolidated annual accounts is published in the third country in question.

Section 183/A.

Chapter XIV

Public Oversight of Auditors

System of Public Oversight of Statutory Auditors

Section 184

(1) The system of public oversight of statutory auditors is operated - with the Chamber’s assistance - by the Public Oversight Authority for Auditors applicable to registered statutory auditors and audit firms.

(2) The purpose of the system of public oversight of statutory auditors is to ensure that statutory audits are conducted in a transparent, controlled and prudent environment, and thereby to properly enforce the public-interest function of auditing.

Section 185
(1) The system of public oversight of statutory auditors shall be funded to ensure that it is able to function efficiently.

(2) The fact that registered statutory auditors and audit firms are actively involved in funding the system shall not be allowed to result in any impediment of the system of public oversight of statutory auditors in terms of objectivity, integrity and independence.

(3) With a view to support what is contained in Subsections (1) and (2), the annual fiscal budget shall appropriate funds - set aside in the chapter of the ministry directed by the Minister - to ensure the efficient functioning of the system of public oversight of statutory auditors.

Public Oversight Authority for Auditors

Section 186

(1) The Minister shall establish the Public Oversight Authority for Auditors to function as a part of the system of public oversight of statutory auditors (for the purposes of this Chapter hereinafter referred to as “Committee”).

(2) The mandate of members of the Committee shall commence upon acceptance of the Minister’s request, and shall remain in force for five years.

(3) Members of the Committee shall be selected by a public tender procedure.

(4) Members of the Committee shall carry out their official duties independently, and may not be instructed in connection with their duties vested under this Act.

(5) The Committee may not proceed in issues that are subject to court or administrative proceedings, or that fall under the competence of the Chamber.

Section 187

(1) The Committee shall elect a chairperson from among the members appointed according to Section 191. The chairman shall appoint a member with general authorization to represent him/her in the event that he/she is prevented from discharging his duties.

(2) The Chairman of the Committee shall call and chair the Committee’s meetings, and shall carry out the duties relating to the preparation and implementation of the Committee’s decisions.

(3) The Chairman of the Committee shall be assisted by the Committee’s Secretariat. The conditions for carrying out the duties of the Secretariat shall be provided for by the Minister.

(4) The Committee shall draw up its own operating regulations and rules of procedure in accordance with the framework set out in this Act.

(5) A majority vote of all members is necessary for the Committee to adopt its decisions. In the case of a tie vote, the vote of the Chairman shall be decisive.

Section 188

The Chamber shall ensure that information concerning the Committee’s members and the Committee’s rules of procedure and other public information related to its operation are published on its official website and made available to the general public at all times.

Section 189

(1) The Committee - acting within its official capacity - shall have powers to monitor and evaluate the various components of the system of public oversight of statutory auditors, such as:

a) the procedures for the granting of authorizations to carry out statutory audits, the records and registers of the Chamber;

b) the drafting and approval of Hungarian national accounting standards, the Chamber’s code of ethics, and the national standards relating to quality control;

c) the functioning of the continuing professional training program and the quality assurance system;
(d) the disciplinary proceedings;

(e) if

(2) The Committee, in connection with its responsibilities specified in Subsection (1), may present recommendations to the Minister regarding new legislation or to initiate specific measures.

(3) The Committee - in addition to what is contained in Subsection (1) - shall discharge all other duties conferred upon it by this Act.

Members of the Committee

Section 190

(1) The Committee is comprised of seven natural persons.

(2) The person to be appointed to the Committee shall:
   a) not be subject to the reason specified in Paragraph a) of Section 12 for disqualification;
   b) not be under guardianship or conservatorship;
   c) have sufficient knowledge and experience as regards the matters relating to statutory audits;
   d) not previously have been a member of the Committee on more than one occasion.
   e) did not receive any disciplinary penalty or warning imposed in disciplinary proceedings during the period of membership or prior to the appointment.

(3) Members of the Committee may not be the close relatives of one another.

Section 191

(1) At least four members delegated by the Minister to the Committee shall satisfy the conditions specified below, in addition to the conditions set out in Subsections (2) and (3) of Section 190:
   a) must not have been participating in the work of the Chamber’s central bodies of nationwide competence during the period of membership, and not licensed by the Chamber to engage in carrying out statutory audits required by law, if having satisfied these conditions during the preceding three-year period;
   b) must not have any voting right in an audit firm during the period of membership, nor have had any voting right during the preceding three-year period;
   c) must not be a member of the administrative or management body of an audit firm during the period of membership, nor have been a member during the preceding three-year period;
   d) must not participate in the activities of an audit firm during the period of membership, nor have participated in said activities during the preceding three-year period.

(2) Furthermore, another prerequisite for appointment is that conditions set out in Subsection (1) must be satisfied by the close relative of members of the Committee as well.

Section 191/A

(1) The candidate shall produce official documentary evidence to verify that he is not subject to the reason specified in Paragraph a) of Section 12 for disqualification.

(2) The Minister shall have the right to request any member of the Committee - indicating also the legal ramifications of non-compliance - during his term in the Committee to verify that he is not subject to the reason specified in Paragraph a) of Section 12 for disqualification.

(3) When requested by the Minister under Subsection (2), the person serving on the Committee shall produce official documentary evidence within fifteen working days of receipt of the notice - or if this is not possible for reasons beyond his control, immediately when the said reason is eliminated - to verify that he is not subject to the reason specified in Paragraph a) of Section 12 for disqualification.

(4) If upon the request referred to in Subsection (3) above the person serving on the Committee verifies that he is not subject to the reason specified in Paragraph a) of Section 12 for disqualification, the Minister shall reimburse the administrative service fee he has paid for the procedure to obtain the official certificate from the body operating the penal register for the purpose of verification.
(5) With a view to being able to check as to whether the reason specified in Paragraph a) of Section 12 for disqualification applies, the Minister shall be authorized to process the personal data:
   a) of the candidate,
   b) of the person serving on the Committee,
contained in the official certificate.
(6) The Minister shall be authorized to process the personal data referred to in Subsection (5) until the time the decision in connection with the application is adopted, or - if yes - until membership in the Committee is terminated.

Section 192

(1) Committee membership shall terminate:
   a) upon the expiration of the member’s mandate;
   b) upon the member’s resignation;
   c) upon the member’s dismissal;
   d) upon the member’s death.
(2) The Minister shall relieve any Committee member:
   a) who ceases to comply with the requirements set out in Subsection (2) of Section 190; or
   b) who fails to discharge the obligation referred to in Subsection (2) of Section 191/A within fifteen working days of the subsequent request made according to regulations, and if unable to verify that such failure is attributable to reasons beyond his control, on the fifteenth working day following the time the request was submitted subsequently.
(3) In addition to what is contained in Subsection (2), the Minister shall relieve any Committee member appointed according to Section 191, who ceases to comply with the conditions of appointment.
(4) No statement of acceptance is required for the resignation of a Committee member.
(5) A new member shall be delegated within thirty days following the termination of membership of a Committee member, or at least thirty days in advance if membership is terminated according to Paragraph a) of Subsection (1).

Operation of the Committee

Section 193

(1) The Committee shall operate based on an annual action plan that is subject to approval by the Chairman of the Committee.
(2) The Committee may employ an expert where deemed necessary in connection with its duties.
(3) The Committee shall publish a report each year concerning the implementation of its annual action plan.
(4) The Committee shall publish the annual action plan on the Chamber’s official website by 31 December of the year preceding the year to which it pertains, and shall publish the report on the implementation of the annual action plan on the Chamber’s official website by 31 March of the year following the year to which it pertains.
(5) The Committee shall have powers to decide under its own authority as to the appropriation of the funds provided under Subsection (3) of Section 185 consistent with the tasks set out in the annual action plan. Having regard to the appropriation of the funds provided from the annual fiscal budget, the related contracting, financial and other administrative functions shall be carried out on behalf of the Committee by the ministry directed by the Minister.
(6) The Committee in the report concerning the implementation of its annual action plan shall address the major discrepancies found during the inspection and assessment of the quality assurance system, and during the quality assurance review of registered statutory auditors and audit firms engaged in carrying out statutory audits of public-interest entities, as well as the measures adopted.

Section 194

(1) The Chamber is required to cooperate with the Committee as regards its proceedings to which the public oversight of auditors applies.
(2) The Chamber shall send its resolution to which the public oversight of auditors applies, as well as the Chamber's statutes and rules of self-governance, to the Committee.

Section 195

(1) The Committee, with a view to exploring and/or preventing any situation where the interests of entities audited by statutory auditors are jeopardized, may request documents, data, information and statements from persons and entities subject to the public oversight of auditors, and may inspect their documents, books and data medium to the extent necessary to discharge these responsibilities.

(2) In the course of its proceedings under Subsection (1), the Committee shall be entitled to obtain and process the personal data of persons subject to the public oversight of auditors, and of the persons affiliated with such person. If the documents, books and data medium referred to in Subsection (1) (for the purposes of this Subsection hereinafter referred to collectively as “data medium”) contains personal data that does not pertain to the subject matter of the proceedings, and if this data cannot be detached without compromising the probative value of the data medium, the Committee shall be entitled to process all personal data affected; however, the entitlement to inspect the personal data that does not pertain to the proceedings applies only to the extent required to ascertain that the data is not connected to the subject matter of the proceedings.

(3) Access to documents that contain any classified information in the course of the Committee's proceedings shall be governed by specific other legislation.

Section 196

The Committee, if noticing any situation where the interests of entities audited by statutory auditors are jeopardized, shall, upon the analysis, assessment and evaluation of the facts available and consistent with the degree of endangerment:

a) present recommendations to the Chamber or the Minister concerning potential solutions to eliminate situations where the interests of entities audited by statutory auditors are jeopardized;
b) initiate proceedings at the Chamber bodies of competence;
c) initiate judicial oversight proceedings.

Section 197

The Committee, at the Minister's request, shall opine on the draft bills of legislation affecting statutory audits.

Chapter XV

Judicial Oversight of the Chamber

Section 198

(1) The Minister shall have powers to exercise judicial oversight over the Chamber.

(2) The Minister shall monitor whether the Chamber's statutes and other rules of self-governance conform to legal regulations and if the resolutions adopted by the bodies of the Chamber violate any legal regulations, the statutes of the Chamber or other rules of self-governance.

(3) The Minister, within the scope of his oversight authority, shall supervise the implementation of the chartered certified auditors' training program and the examination procedures.

(4) Judicial oversight exercised on the strength of law shall not apply to cases where court or administrative proceedings may actually be initiated.

Section 199
(1) If the Minister finds any irregularities, the President of the Chamber shall be advised to restore compliance with the law within thirty days of the date of the finding of said irregularities.

(2) If the legality of operations of the Chamber cannot be restored in another manner, the Minister shall file for court proceedings within thirty days following the date when this is determined in accordance with the general provisions of the Code of Civil Procedure. The court may:
   a) reverse any unlawful resolution adopted by the body of the Chamber and may order the adoption of a new resolution;
   b) suspend the operation of the bodies and officers of the Chamber and appoint a supervisory commissioner to manage the Chamber during the period of suspension.

(3) The supervisory commissioner shall be required to convene the Chamber’s congress of delegates without delay to restore compliance with the law. If the congress of delegates has restored compliance with the law, the court shall terminate the suspension of other bodies and officers of the Chamber.

(4) A person who is not entitled to hold an office in the Chamber shall not be appointed as supervisory commissioner.

(5) The supervisory commissioner shall inform the court and the Minister exercising judicial oversight regarding his activity and the result of such activity.

(6) Remuneration and compensation of the supervisory commissioner shall be determined by the court.

Section 200

The Chamber is required to send its resolutions falling under the scope of judicial oversight, the statutes of the Chamber and the Chamber's rules of self-governance to the Minister within 15 days of adoption.

Chapter XVI

Closing Provisions

Enacting Provisions

Section 201

(1) This Act - with the exceptions set out in Subsections (2)-(4) - shall enter into force on 1 January 2008.

(2) Paragraph c) of Subsection (2) of Section 91 of this Act shall enter into force on 1 January 2009.

(3) Section 183 of this Act shall enter into force on 28 June 2008.

(4) Section 202 of this Act shall enter into force on 1 July 2007.

Transitional Provisions

Section 202

(1) The Chamber shall revise its organizational structure, operations and internal regulations, where necessary, for the purpose of compliance with the provisions of this Act effective as of 1 January 2008. In this context, the provisions of Sections 107-158 of this Act concerning the Chamber’s organizational structure, officers and operations shall be applied prior to 1 January 2008, with the exception that the local organizations specified in the Chamber’s statutes as effective on 1 July 2007 shall be construed as the Chamber’s regional branches. The new statutes and rules of self-governance of the Chamber drafted with a view to compliance with the provisions of this Act shall be adopted by the Chamber’s new bodies, and they shall enter into force on 1 January 2008.

(2) Subsection (6) of Section 120 shall pertain to the positions filled in accordance with this Act, with the exception that the officers of the Chamber active on 1 July 2007 may be re-appointed on one occasion only for the same office following termination of their original mandate.

(3) The Public Oversight Authority for Auditors shall be established in accordance with this Act so as to discharge its duties set out in this Act effective as of 1 January 2008.
Section 203

(1) Any natural person who holds membership in the Chamber at the time of this Act entering into force according to the provisions of Act LV of 1997 on the Chamber of Hungarian Auditors and Auditing Activities (hereinafter referred to as “Auditing Act”), shall be treated as if admitted to the Chamber according to Section 11 of this Act. Members of the Chamber shall be required to supply to the Chamber their particulars required for the records and registers specified in this Act by 31 March 2008 in writing, in the manner and form described by the Chamber.

(2) Any business association or cooperative that functions - in accordance with the Auditing Act - as a registered auditing company at the time of this Act entering into force, shall be treated as an audit firm that was authorized according to Section 35 of this Act. Audit firms shall be required to supply to the Chamber their particulars required for the records and registers specified in this Act by 31 March 2008 in writing, in the manner and form described by the Chamber.

(3) Any natural person whose Chamber membership is suspended in accordance with the provisions of the Auditing Act at the time of this Act entering into force, shall be treated as a Chamber member who has suspended his/her activities to carry out statutory audits pursuant to Section 26 of this Act.

(4) The auditor’s certificates described in Subsection (4) of Section 10 of the Auditing Act, as effective at the time of this Act entering into force, shall have attached the same rights and obligations as those attached to the certificates issued under Section 16 of this Act.

(5) The certificates described in Section 18 of the Auditing Act, as effective at the time of this Act entering into force, shall have attached the same rights and obligations as those attached to the certificates issued under Section 34 of this Act.

(6) Where a registered statutory auditor or audit firm has had at the time of this Act entering into force the qualification described in Section 49 of this Act (listed in the register of the Chamber or the Hungarian Financial Supervisory Authority maintained for this purpose), this qualification shall be construed as the qualification obtained under Section 50 of this Act.

Section 204

As of the time of this Act entering into force the Chamber shall have powers to grant and withdraw the qualification under Section 49, and to maintain the related registers. In the qualification proceedings in progress on 31 December 2007 (admission to the register, removal from the register) the provisions in force on 31 December 2007 shall apply, with the exception that entitlement to take the measures corresponding to the results of the procedure shall be vested upon the Chamber.

Section 205

(1) Any economic operator that has the entitlement at the time of this Act entering into force to organize chartered certified auditors’ training programs, shall be treated as a training center authorized under Section 81 of this Act. The duration of authorization shall be fixed in the authorization, however, it may not be longer than five years from the time of this Act entering into force.

(2) Any natural person who has the entitlement at the time of this Act entering into force to engage in educational activities in a chartered certified auditors’ training program, shall be treated as a qualified educator authorized under Section 87 of this Act. The duration of authorization shall be fixed in the authorization, however, it may not be longer than five years from the time of this Act entering into force.

(3) The appointment of the chairperson, deputy chairpersons and members of the Committee for Qualification of Certified Public Accountants shall be withdrawn effective as of 1 January 2008.

(4) The chairpersons of examining boards and the examiners appointed pursuant to Subsection (3) of Section 34 of the Auditing Act shall be treated as if they were appointed under Paragraph b) of Subsection (3) of Section 117 of this Act. The term of the appointment shall be fixed in the appointment papers.

(5) The qualification as a chartered certified statutory auditor obtained in a chartered certified auditors’ training program that was launched according to the provisions in force before the operative date of this Act shall be considered the equivalent of the qualification as a chartered certified statutory auditor obtained under Section 79 of this Act.
Paragraph c) of Subsection (1) of Section 11 of this Act shall not apply to the natural persons holding a qualification as a chartered certified statutory auditor who entered into a relationship in accordance with the provisions in force before the operative date of this Act to obtain the professional experience prescribed after obtaining the qualification as a chartered certified statutory auditor as a prerequisite for Chamber membership.

Section 206

Any person admitted between 1 January 2008 and 31 December 2008 to the chartered certified auditors’ training program must have, in addition to the other requirements set out in this Act, at least two years of professional experience in the fields of accountancy, controlling, finances obtained after the professional qualifications specified under Paragraph a) of Subsection (2) of Section 91, but within a three-year period preceding the submission of the application for admission.

Section 207

(1) The proceedings that were opened according to the provisions of the Auditing Act, and still in progress at the time of this Act entering into force (including a chartered certified auditors’ training program) shall be conducted in accordance with the provisions in force at the time they were opened.

(2) The penalties imposed for ethical offenses before the time of this Act entering into force shall be subject to the provisions in effect at the time they were imposed in terms of legal consequences.

(3) The findings of any quality control procedures conducted at a registered statutory auditor or audit firm before the time of this Act entering into force shall remain in force until another quality control procedure is conducted in accordance with this Act.

Section 208

(1) Following the entry of this Act into force any reference made in legal regulations to the “Act on the Hungarian Chamber of Auditors and on the Activities of Auditors” shall mean to be understood as this Act.

(2) Following the entry of this Act into force any reference made in legal regulations to “auditors” and “independent auditors” shall be understood as the registered statutory auditors and audit firms specified in this Act, as appropriate.

(3) Following the entry of this Act into force any reference made in legal regulations to “auditing companies” and “auditing firms” shall be understood as the audit firms specified in this Act.

Section 208/A

(1) The provisions of Subsection (7) of Section 7 and Subsection (2) of Section 172, as established or amended by Act CXXIII of 2010 on the Amendment of Certain Acts Concerning Taxes and Mandatory Contributions, the Accounting Act, the Act on the Chamber of Hungarian Auditors, and on the Amendment of Tax and Customs Laws in Compliance with the Requirement for Harmonization of Community Legislation (hereinafter referred to as “First Amending Act”) shall apply to quality assurance review procedures opened and supervisory activities launched after 1 January 2011.

(2) The provisions of Subsection (1) of Section 26, Subsection (7) of Section 26, Subsection (1) of Section 29, Subsections (3)-(6) of Section 175, Section 176/A, Subsections (1)-(2) and (4) of Section 177, Subsections (1), (3) and (6)-(9) of Section 178, the title following Section 178, and Section 178/A of this Act, as established or amended by the First Amending Act, shall apply to disciplinary proceedings opened after 1 January 2011.

(3) The provisions of Paragraph g) of Section 5, Paragraph a) of Subsection (2) of Section 91, Subsections (2)-(4) of Section 97, Paragraph c) of Subsection (1) of Section 98, Subsection (4) of Section 101, and Section 102 of this Act, as established or amended by the First Amending Act, shall apply to applications submitted after 1 January 2011.

(4) The provisions of Paragraph e) of Subsection (2) Section 190, and Paragraph a) of Subsection (1) of Section 191 of this Act, as established or amended by the First Amending Act, shall apply to the Committee members appointed after the date of publication.
Compliance with the Acquis

Section 209


Amendments and Repeals

Section 210

Section 211

Section 212

Section 213

Section 214

Section 215

Section 216

In Subsections (6), (8) and (9) of Section 155 of the Accounting Act the passage “auditing firm” shall be replaced by “audit firm”; in Subsection (7) of Section 155 of the Accounting Act the passage “auditing firm” shall be replaced by “audit firm”; in Subsection (9) of Section 155 of the Accounting Act the passage “auditing firm” shall be replaced by “audit firm” in all instances; in Subsection (10) of Section 155 of the Accounting Act the passage “auditing firm” shall be replaced by “audit firm”, and in Paragraph k) in Subsection (5) of Section 156 of the Accounting Act the passage “auditing firm” shall be replaced by “audit firm”.

Section 217

Section 218

The provisions of the Accounting Act as amended by this Act shall first apply to the annual accounts prepared for the 2008 financial year.

Section 219

(1)

(2)

Section 220

(1)

(2)

(3)

Section 221

(1)

(2)

(3)
Section 222

Section 223

Section 224

(1)

(2)

(3)

Section 225

Section 226

Section 227

(1) Simultaneously with this Act entering into force the following shall be repealed:
   a) Act LV of 1997 on the Chamber of Hungarian Auditors and Auditing Activities,
   b) Subsection (3) of Section 89 of Act L of 2001 on the Amendments of Financial Regulations;
   c) Sections 134-137 and Section 174 of Act LXXIV of 2001 on the Amendment of Certain Acts Specific to the Financial System;
   d) Section 37 of Act XLVII of 2005 on the Activities of Forensic Experts;
   e) Sections 14-29 and Section 31 of Act CXII of 2005 on the Amendment of Certain Acts Concerning Accounting and Auditing.

(2) Simultaneously with this Act entering into force the following shall be repealed:
   a) Section 150 of Act LX of 2003;
   b) Section 133/A of Act CXII of 1996;
   c) Section 359 of Act CXX of 2001;
   d) Subsections (9)-(16) of Section 64/A of Act XCVI of 1993;
   e) Subsections (10)-(17) of Section 46 of Act LXXXII of 1997.