

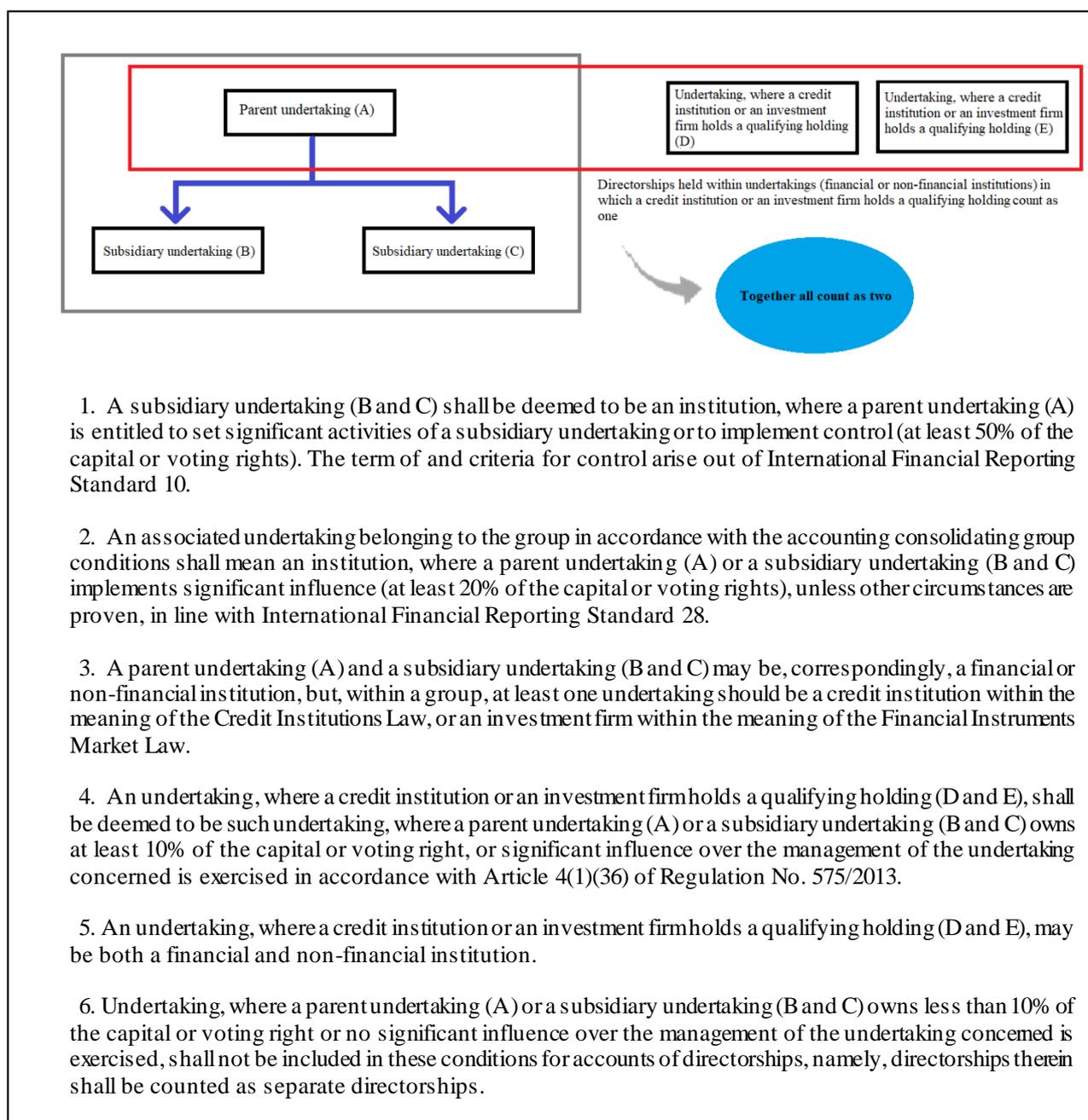
## Limitations of the Number of Directorships held by the Supervisory and Executive Board Member

Section 26.<sup>1</sup> (3), Point 1 of the Credit Institutions Law and Section 106.<sup>1</sup> (3), Point 1 of the Financial Instruments Market Law states that one directorship of the supervisory or executive board member shall be considered to be the directorships of the supervisory or executive board member within the scope of one consolidating group.

In the joint guidelines of the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) "Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders" (EBA/GL/2017/12) the term "group" is defined as a parent undertaking and all of its subsidiary undertakings, as defined in Article 2(9) and (10) of Directive 2013/34/EU<sup>15</sup> of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC. Such approach corresponds to the definition of the accounting consolidating group. The accounting consolidating group approach allows such undertakings, the economic essence and economic operation whereof may significantly differ from a credit institution to also be included, for example, non-financial undertaking.

The requirements of Section 26.<sup>1</sup> (2) of the Credit Institutions Law and Section 106.<sup>1</sup> (2) of the Financial Instruments Market Law are to be deemed as requirements separate from the requirements of Paragraph three of the relevant Section of both of the referred to laws. Namely, the supervisory or executive board member may simultaneously hold only one of the combinations of the directorships referred to in Point 1 or 2 of Section 26.<sup>1</sup> (2) of the Credit Institutions Law or Point 1 or 2 of Section 106.<sup>1</sup> (2) of the Financial Instruments Market Law. Both within the scope of the group and separately within the scope of companies, where a credit institution or an investment firm holds a significant shareholding, the directorships of the executive board member shall be counted separately from the directorships of the supervisory board member.

When keeping accounts of the directorships of the supervisory and executive board member, the conditions contained in Points 1, 2 and 3 of Section 26.<sup>1</sup> (3) of the Credit Institutions Law or Points 1, 2 and 3 of Section 106.<sup>1</sup> (3) of the Financial Instruments Market Law shall be applied separately, as specified in the figure.



**Figure. Conditions for counting of the Directorships of the Supervisory or Executive Board Member**

If a person is the supervisory or executive board member in any undertaking A to E, as demonstrated in the figure, then they shall be counted in total as two directorships of the supervisory or executive board member, rather than one, because the undertakings referred to in Point 1 of Section 26.<sup>1</sup> (3) of the Credit Institutions Law or Point 1 of Section 106.<sup>1</sup> (3) of the Financial Instruments Market Law shall be counted separately from the undertaking referred to in Point 3 of Paragraph three of the corresponding Section of both of the referred to laws (A+B+C shall be one directorship, and D+E shall be the second directorship). Even if a person is the supervisory or executive board member in undertaking A and only in undertaking D, in such case they shall also be counted in total as two separate directorships of the supervisory or executive board member, irrespective of the number of undertakings, where the credit

institution or the investment firm holds a qualifying holding or where a person holds the directorship of the executive or supervisory board member. However, if a person is the supervisory or executive board member in undertaking A, B and C, which, in terms of its essence, meets the conditions of Point 1 of Section 26.<sup>1</sup> (3) of the Credit Institutions Law or Point 1 of Section 106.<sup>1</sup> (3) of the Financial Instruments Market Law, then such directorships of the supervisory or executive board member shall be regarded as one directorship of the supervisory or executive board member, but, if a person is the executive board member in undertaking A and the supervisory board member in undertaking B or C, then they shall be regarded as two directorships.

One directorship of the supervisory or executive board member shall be regarded to also be the directorship of the supervisory or executive board member in undertakings meeting the conditions laid down in Point 2 of Section 26.<sup>1</sup> (3) of the Credit Institutions Law or Point 2 of Section 106.<sup>1</sup> (3) of the Financial Instruments Market Law. In such case the accounts of the directorships shall be identical to the conditions of Point 3 of Section 26.<sup>1</sup> (3) of the Credit Institutions Law or Point 3 of Section 106.<sup>1</sup> (3) of the Financial Instruments Market Law.

If a person holds several directorships, which in accordance with Section 26.<sup>1</sup> (3) of the Credit Institutions Law or Section 106.<sup>1</sup> (3) of the Financial Instruments Market Law shall be regarded as one directorship, then such one directorship shall qualify as one directorship of the executive board member, if at least one of several directorships is the directorship of the executive board member.

Without prejudice to the application of the requirements of Section 26.<sup>1</sup> of the Credit Institutions Law or Section 106.<sup>1</sup> of the Financial Instruments Market Law, credit institution and investment firms should concurrently ensure the requirements of Chapter 3.4 of this Regulation with respect to the sufficient time commitment of the supervisory and executive board members to perform their duties.