



Re: conclusion of the audit procedure conducted at Interactive Brokers Central Europe Zártkörűen Működő Részvénytársaság by imposing measures and a fine

Resolution No. H-JÉ-III-B-26/2023.

Based on the findings of the ex-officio comprehensive audit conducted at **Interactive Brokers Central Europe Zártkörűen Működő Részvénytársaság** (registered office: 1075 Budapest, Madách Imre út 13-14., Building A, 5th floor; company registration number: 01-10-141029) (**the “Company”**), the National Bank of Hungary (registered office: 1013 Budapest, Krisztina krt. 55., permanent establishment: 1122 Budapest, Krisztina krt. 6.) (**the “MNB”**) has adopted the following

Resolution.

- I. MNB calls upon the Company, on an ongoing basis in the course of its operation, to
 1. make sure that its reasoned position on written complaints is communicated to clients within the applicable statutory time limits;
 2. comply with its reporting obligations to MNB pursuant to the applicable statutory provisions;
 3. make sure that the position of independent IT security officer is filled in order to establish and maintain an IT control system to monitor the secure operation of the IT system; and
 4. make sure that all statutory provisions on the obligation to define the IT skills required for each job position in the Company’s internal policies are fully met.
- II. MNB calls upon the Company, on an ongoing basis but no later than 90 days from the date of receipt of this Resolution,
 1. to ensure the effective supervision and risk management of outsourced securities reconciliation operations, keeping client financial asset records and controlling cash accounts, and to ensure full compliance with the statutory provisions pertaining to the need for a written agreement on outsourced securities reconciliation operations;
 2. to ensure full compliance with the statutory provisions on the right to dispose of its payment accounts; and
 3. to ensure full compliance with the statutory provisions pertaining to its obligation to provide information to clients on the details of its execution policy by ensuring that the execution policy fully explains the relative importance of the factors taken into account in the selection of the execution partner, or the procedure by which it determines the relative importance of those factors.
- III. MNB calls upon the Company, on an ongoing basis but no later than 180 days from the date of receipt of this Resolution,
 1. to ensure full compliance with the provisions of its own policy on liquidity management;

2. to make sure that the safeguarding officer position within the Compliance function is not involved in the performance of the activities it is tasked to monitor;
3. to fully comply with the statutory and internal policy provisions pertaining to IT policies and the obligation to review such policies at least annually;
4. to make sure that all data are assigned to a data controller and all systems are assigned to a system administrator;
5. to make sure that internal policies on user programming are properly established, including the definition and operation of procedures for authorizing or prohibiting, assessing, identifying and recording user programs; to make sure that the project documentation is fully completed and the software code is verified for software development treated as projects; to ensure the comprehensive documentation of the development process both for general development and for urgent changes, including testing and user acceptance of developments, the assessment of IT security requirements as well as user, installation and operating instructions; and to make sure that the environment of each system and platform is duly recorded;
6. to make sure that the internal policies and practices of authorization management are reviewed, including the identification and supervision of conflicting roles; to make sure that its authorization management solutions can automatically manage each conflict of interest situation in proportion to the risks involved; to ensure the periodic, documented review of authorizations and conflicting roles; to ensure that the security settings of Active Directory are reviewed and strengthened in proportion to the risks involved; and to make sure that the password requirements used in its border protection systems are reviewed and strengthened in proportion to the risks involved;
7. to ensure full compliance with the statutory provisions on business continuity and disaster recovery, including the availability of detailed business continuity actions plans; to prepare recovery plans for all critical IT systems; to ensure full interconnection between the data centres serving the Company and the availability of plans and tests for the recovery of databases from the backups of each system;
8. to ensure the regular assessment of compliance with the provisions of outsourcing agreements for IT outsourcing; and
9. to ensure the proper management of the vulnerability testing of the IT security system, the regular and documented performance of vulnerability tests and the timely remediation of any vulnerabilities identified; to set up "hardening" procedures for security settings and to make sure that compliance with such procedures is regularly monitored.

IV. MNB warns the Company that it shall always fully comply with the applicable legal requirements in the course of its activities aimed at the prevention and combating of money laundering and terrorist financing, and in this context, it shall

1. continuously monitor the risks identified and, in order to manage such risks, it shall define its customer due diligence measures in view of the assessment of and in proportion to the risks identified, ensuring that the Company only applies simplified customer due diligence where the customer is classified as low risk;
2. ensure the maintenance of a set of internal rules, the corresponding processes and the controls to monitor such processes that guarantee the use of enhanced due diligence, managerial approval and the strengthened monitoring in the cases provided for in the Act on the prevention and combating of money laundering and terrorist financing in force from time to time;

3. make sure that the validity of the official identity document is checked, including in particular the withdrawal or annulment of the official identity document, and ensure full compliance with the statutory provisions on the requirement to check the validity of the official identity document; and
 4. ensure the maintenance of a set of internal rules that guarantees the documentation of managerial approval in line with the statutory provisions on the prevention and combating of money laundering and terrorist financing.
- V. In order to ensure full compliance with the relevant statutory provisions, MNB obliges the Company, in the course of its activities for the prevention and combating of money laundering and terrorist financing, on an ongoing basis but no later than 60 days from the date of receipt of this Resolution,
1. to review its practices for managerial approval and set up controls that ensure managerial decision-making that is consistent, continuously trackable, auditable and duly documented in accordance with the statutory provisions on the prevention and combating of money laundering and terrorist financing in force from time to time; and
 2. to review its internal rules of procedure and to make sure that they provide for the detailed rules of acceptance of the results of client due diligence measures carried out by other service providers in accordance with Section 1 (e) of Decree No. 21/2017 (VIII. 3.) NGM of the Minister for National Economy on the mandatory content elements of an internal regulation to be prepared pursuant to Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing and Act LII of 2017 on the Implementation of Financial and Asset-Related Restrictive Measures ordered by the European Union and the UN Security Council (NGM Decree).
- VI. As an extraordinary reporting obligation, MNB obliges the Company to send to the MNB the internal audit reports and the supporting documentation on compliance with Sections I-III and V, as discussed by the Board and approved by the Supervisory Board, as well as the documents confirming the execution of the measures provided for in Sections I-III and V of the operative part of this Resolution
1. within 90 days of receipt of this Resolution, for the measures specified in Section I;
 2. within 30 days of the applicable time limit therein, for the measures specified in Sections II-III and V.
- VII. MNB imposes the following fines on the Company:
1. HUF 4,000,000, say four million Hungarian forint for the violation referred to in Section I.1,
 2. HUF 150,000, say one hundred and fifty thousand Hungarian forint for the violation referred to in Section I.3,
 3. HUF 100,000, say one hundred thousand Hungarian forint for the violation referred to in Section I.4,
 4. HUF 1,000,000, say one million Hungarian forint for the violation referred to in Section II.1. (i) a),
 5. HUF 1,500,000, say one million and five hundred thousand Hungarian forint for the violation referred to in Section II.2,
 6. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section III.3,

7. HUF 350,000, say three hundred and fifty thousand Hungarian forint for the violation referred to in Section III.4,
 8. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section III.5,
 9. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section III.6,
 10. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section III.7,
 11. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section III.8,
 12. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section III.9,
- or a grand total of HUF 11,300,000, say eleven million three hundred thousand Hungarian forint in supervisory fines.

VIII. MNB imposes the following fines on the Company in relation to its activities for the prevention of money laundering and terrorist financing:

1. HUF 3,500,000, say three million and five hundred thousand Hungarian forint for the violation referred to in Section IV.1,
 2. HUF 1,400,000, say one million and four hundred thousand Hungarian forint for the violation referred to in Section IV.2,
 3. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section IV.3,
 4. HUF 700,000, say seven hundred thousand Hungarian forint for the violation referred to in Section IV.4/V.1,
 5. HUF 1,400,000, say one million and four hundred thousand Hungarian forint for the violation referred to in Section V.2,
- or a grand total of HUF 7,700,000, say seven million seven hundred thousand Hungarian forint in supervisory fines.

The Company shall publish the operative part of this Resolution on its website within 15 days of the delivery hereof.

The MNB draws the Company's attention to the fact that if it fails to comply with the obligations set out in this Resolution, or fails to comply fully or in a timely manner, the MNB may take further statutory measures, including the imposition of additional penalties.

No procedural costs were incurred during the audit.

Budapest, 9 June 2023.

On behalf of Hungarian National Bank

ELECTRONICALLY SIGNED DOCUMENT