



PÉNZÜGYI SZERVEZETEK
ÁLLAMI FELÜGYELETE
HUNGARIAN FINANCIAL
SUPERVISORY AUTHORITY

Directorate for Licensing and Legal Enforcement
Banking and Capital Markets Licensing Department

*Ref: 6677-91/2011
Contact: dr. Andrea Szikora

Budapest, ... December 2011

Dear Colleague,

The Hungarian Financial Supervisory Authority (**HFSZ**) notified you on 18 August 2011 and 22 September 2011 that on the 7th of July 2011 the HFSZ suspended the license for all activities of the iFOREX Befektetési Szolgáltató Zrt. (**Investment Firm**) by the resolution No. JÉ-III-B-355/2011. (**Resolution**). On the request of the Investment Firm the Municipal Court of Budapest (**Court**) took the decision to suspend the enforcement of the Resolution regarding point III (suspension of the operation).

On 19 September 2011 the Court has overruled the suspension of the Investment Firm's license and obliged the HFSZ to clarify the argumentation regarding the period of the suspension, although it did not dispute the lawfulness of the adequacy of the measure of suspension itself. The verdict is legally still not binding, as the HFSZ has appealed against it.

The reason for the suspension of the license was that based on the findings of the inspection conducted by the HFSZ the Investment Firm had not been fully compliant with the provisions of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities' (**Act**).

According to point III of the Resolution the suspension shall be lifted as soon as the Investment Firm could prove to the HFSZ that the reasons for the suspension no longer exist.

On 28 October 2011 the Investment Firm notified the HFSZ that all the findings of the Resolution had been addressed. Besides, the Investment Firm requested the HFSZ to investigate the implemented changes in order to lift the suspension. Therefore, the HFSZ conducted targeted on-site inspection at the Investment Firm. Based on the facts established in the course of the targeted inspection, the Investment Firm has taken considerable and effective measures in order to ensure compliance with the provisions of the Act. Accordingly, on 16 December 2011 the HFSZ has lifted the suspension of license for all activities of the Investment Firm by its resolution No. JÉ-III-50308/2011.

The Investment Firm shall be considered to be notified to provide cross border investment services since 30 October 2009.

If you have any further queries, please do not hesitate to contact us.

Yours sincerely,

Dr. Bálint Csere
Managing Director