

**Act LXXVIII of 2017**  
**on the professional activities of attorneys-at-law**

PART I

FUNDAMENTAL PROVISIONS

*CHAPTER I*

*GENERAL RULES*

**1. General principles**

**Section 1** (1) The profession of attorneys-at-law shall mean carrying out activities directed at assisting clients, through the application of the special knowledge of attorneys-at-law, by using the instruments of law and in the manner provided by law, and independently from public authority organs, to assert their rights and rightful interests or fulfil their obligations, and, wherever possible, to settle legal disputes between parties with opposing interests, also covering collaboration in the administration of justice.

(2) The professional activities of an attorney-at-law are founded on the trust between the client and the person practising the profession of attorney-at-law, which everyone must respect.

(3) The person practising the professional activities of an attorney-at-law must pursue his professional activities as an attorney-at-law conscientiously, to the best of his knowledge, and in compliance with the law.

(4) The person practising the professional activities of an attorney-at-law shall improve his professional knowledge through self-directed learning and mandatory further training.

(5) Practising the profession of an attorney-at-law may not be directed at evading the law, or at any purpose contrary to the law, or at participating in any such legal transaction.

(6) Everybody is entitled to a free choice of attorney-at-law.

**2. Professional activities of an attorney-at-law**

**Section 2** (1) The professional activities of an attorney-at-law shall be:

- a)* legal representation;
- b)* defence in criminal proceedings;
- c)* legal counselling;
- d)* document drafting;
- e)* countersigning documents;
- f)* conversion of any edited document and the attachments thereto into the form of electronic documents, in relation to the professional activities of an attorney-at-law laid down in points *a)* to *e)* above;
- g)* handling deposits in relation to the professional activities of an attorney-at-law as laid down in points *a)* to *f)* above.

(2) The following shall not qualify as a professional activity of an attorney-at-law:

- a)* legal counselling and document drafting carried out in an employment relationship with an entity other than a natural person; activities carried out in a government service, civil service, public service, public servant, law enforcement, regular or contractual military service, judicial employment or public prosecution service employment relationship; activities carried out in an ecclesiastical service relationship; and activities carried out in a voluntary legal relationship under the Act on voluntary activities in the public interest,

*aa)* for the employer or, in the case of an ecclesiastical service relationship, for the ecclesiastical legal person or, in the case of a voluntary legal relationship, for the host organisation (for the purpose of this section hereinafter jointly “employer”),

*ab)* for the employer's affiliated entity defined in the Act on corporate income tax and dividend tax (hereinafter “affiliated company”), or

*ac)* for organs having a controlling or operating relationship with the employer; or

*b)* any legal representation, legal counselling or document drafting carried out by any other person listed in section 4 (1) by virtue of authorisation granted by an Act.

(3) Statutory representation or the organisational representation of a legal person shall not qualify as a professional activity of an attorney-at-law within the meaning of paragraph (1) *a)* hereof.

**Section 3** (1) The following ancillary activities may also be pursued under the scope of practising the profession of an attorney-at-law:

*a)* patent agency,

*b)* tax consultancy,

*c)* social security consultancy,

*d)* insurance consultancy,

*e)* labour consultancy,

*f)* representation in procedures other than court, authority or other public authority procedures,

*g)* financial and other business consultancy,

*h)* activities of a responsible accredited public procurement specialist advisor,

*i)* fiduciary asset management,

*j)* activities of a real estate agency,

*k)* activities of a common condominium representative,

*l)* conversion of a paper-based document drafted by a person other than one practising the professional activities of an attorney-at-law into electronic format, and

*m)* mediating activities carried out in mediation procedures and criminal cases.

(2) The person practising the professional activities of an attorney-at-law shall perform the activities specified in paragraph (1) in such a capacity but in compliance with the law applicable to the activity concerned.

(3) The ancillary activities defined in paragraph (1) *i)* to *k)* and the professional activities of an attorney-at-law as set out in section 2 may not be performed simultaneously for the same client unless it is a law office that is employed and the agency is performed by different members of the law office, and the client expressly consents to this in writing.

### **3. Persons entitled to practice the professional activities of an attorney-at-law**

**Section 4** (1) The following persons shall be entitled to practice the professional activities of an attorney-at-law on a regular basis and for consideration:

*a)* attorneys-at-law,

*b)* European Community lawyers,

*c)* foreign legal advisors,

*d)* registered in-house legal counsels,

*e)* salaried attorneys-at-law,

*f)* salaried European Community lawyers,

*g)* junior attorneys-at-law, and

*h)* junior in-house legal counsels registered with the bar association (hereinafter “junior in-house legal counsel”).

(2) The professional activities of an attorney-at-law shall be performed within the scope of this Act.

(3) Unless otherwise provided by this Act, the general rules governing the persons practising the professional activities of an attorney-at-law shall apply to law offices.

(4) A natural person may carry out the professional activities of an attorney-at-law in only one of the forms registered by the bar association as set out in paragraph (1) at a time.

**Section 5** (1) The professional activities of an attorney-at-law may be carried out by any person entitled to do so under the present Act in the whole territory of Hungary.

(2) The provisions of this Act and all regulations of the bar association shall apply as well to persons entitled to practice the professional activities of an attorney-at-law if they are performing those activities outside the territory of Hungary.

(3) An attorney-at-law may freely join a foreign law office as a partner.

## PART TWO

### GENERAL RULES ON THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW

#### CHAPTER II

#### GENERAL CONDITIONS OF PRACTISING THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW

#### 4. Independence of attorneys-at-law

**Section 6** In their activities in this capacity, attorneys-at-law, European Community lawyers and foreign legal advisors shall be unrestricted and independent and may not undertake any obligation that endangers their professional independence.

#### 5. The attorney-at-law's oath

**Section 7** (1) Within two months of being admitted to or registered with the bar association, attorneys, registered in-house legal counsels and salaried attorneys shall take an oath and junior attorneys-at-law and junior in-house legal counsels shall take a vow before the president of the regional bar association (hereinafter "regional bar association").

(2) The commencement of practising the professional activities of an attorney-at-law shall be subject to taking the attorney-at-law's oath or vow.

(3) The text of the oath shall be the following: "I, ....(name of the person who takes the oath) do solemnly swear that I will be faithful to Hungary and its Fundamental Law, and will comply with its laws. In the course of practising my profession of attorney-at-law, I will fulfil my professional duties conscientiously and to the best of my knowledge, in the interest of my clients/employer, and in the course of doing so shall safeguard all secrets of which I gain knowledge. (According to the belief of the oath-taker) So help me God."

(4) The text of the vow shall be laid down by the regulations of the bar association.

(5) The regional bar association shall prepare a document concerning the oath-taking or vow-taking, which shall include the text of the oath or vow (hereinafter jointly the "oath"), the date on which it was taken and the date on which practising the professional activities of an attorney-at-law commences. The regional bar association shall keep a copy of the document recording the oath.

(6) If there is an obstruction to taking the oath, the time limit specified in paragraph (1) shall be calculated from when the obstacle ceases to exist.

#### 6. Use of name

**Section 8** (1) When practising the professional activities of an attorney-at-law, a natural person shall use his family name or birth name and given name, as well as his doctoral title with reference to his capacity as laid down in section 4 hereof, or, for European Community lawyers and salaried European Community lawyers, with reference to that capacity as specified in the ministerial decree on the professional titles of European Community lawyers.

(2) The professional activities of an attorney-at-law may be carried out under a name entered into the register of attorneys-at-law which cannot be confused with any other person's name previously entered into the register of attorneys-at-law.

(3) Paragraph (2) shall not apply to registered in-house legal counsels and junior in-house legal counsels.

(4) In the case of collaboration between an attorney-at-law or law office registered in Hungary and a foreign legal counsel or foreign law office, the name of the foreign legal counsel or foreign law office and reference to the collaboration may appear, along with the name of an attorney-at-law registered in Hungary, in the name of a law office registered in Hungary.

(5) The detailed rules on the use of names applicable to the persons practising the professional activities of an attorney-at-law shall be set forth in the regulations of the bar association.

## 7. Confidentiality

**Section 9** (1) All facts, information and data of which the person practising the professional activities of an attorney-at-law gained knowledge in the course of carrying out his professional activities, shall qualify as attorney-client privileged information.

(2) Unless otherwise provided in this Act, the person practising the professional activities of an attorney-at-law shall keep all attorney-client privileged information confidential. This confidentiality obligation shall also apply to any document or other medium containing attorney-client privileged information.

(3) The person practising the professional activities of an attorney-at-law shall refuse to give testimony or report on attorney-client privileged information in any administrative authority or court procedures unless he was exempted from his obligation of confidentiality by the person entitled to grant such attorney-client privileged information with the proviso that, with the exception set forth in section 12 (4) herein, no exemption may be validly granted for making a testimony and reporting on any attorney-client privileged information obtained as a defence counsel.

(4) The confidentiality obligation of the person performing the professional activities of an attorney-at-law shall not be subject to the legal relationship of practising as an attorney-at-law, and it shall persist after discontinuing such practice or upon termination of that legal relationship, for an indefinite period.

**Section 10** (1) Unless otherwise provided in this Act, the person practising the professional activities of an attorney-at-law shall not have any confidentiality obligation towards the client in the course of acting on behalf of whom he obtained knowledge of the attorney-client privileged information concerned. If the subject-matter of the attorney-client privileged information has been received from another person practising the professional activities of an attorney-at-law, the person practising the professional activities of an attorney-at-law may not reveal such information to his own client affected by the case if it has been expressly forbidden by the person providing that information. No confidentiality obligation shall be imposed on registered in-house legal counsels and junior in-house legal counsels towards their employer, with whom they have an employment relationship within the scope of which they obtained knowledge of the attorney-client privileged information, or towards the persons designated by that employer and the client either.

(2) The confidentiality obligation of the law office shall also apply to the members of the law office; however, members shall not have a confidentiality obligation towards each other. If an Act restricts the activities that can be performed jointly for the same client or for clients with opposing interests but allows the law offices employed to have different members of the law office carry out those duties, the members concerned shall have a confidentiality obligation towards each other, and they shall ensure that the same employee or assignee of the law office will participate in fulfilling tasks relating to only one of the relevant cases.

(3) A person practising the professional activities of an attorney-at-law shall not have a confidentiality obligation towards his employee.

(4) A person practising the professional activities of an attorney-at-law shall not have a confidentiality obligation towards his substitute attorney-at-law and the following persons, up to the extent required for providing their services:

*a)* the person in charge of storing, archiving or safekeeping the medium containing the attorney-client privileged information, or the person processing the information included therein, and any other contributor employed by the person practising the professional activities of an attorney-at-law as data processor;

*b)* the person providing accounting services for the person practising the professional activities of an attorney-at-law;

*c)* the persons involved in fulfilling an attorney's agency contract and all other persons employed to fulfil the agency, the involvement or employment of which has been approved by the client.

**Section 11** (1) Pursuant to section 10 (3) and (4), the confidentiality obligation of an attorney-at-law shall also apply to all persons entitled to gain knowledge of the attorney-client privileged information in question.

(2) The bodies and officers of the bar association shall keep confidential all attorney-client privileged information learnt of in the course of fulfilling their duties and exercising their powers set out herein.

(3) Courts and authorities may handle and use all attorney-client privileged information learnt of in the course of acting in the case within the framework determined by the Act regulating their procedure.

**Section 12** (1) The client and his legal successor shall have the right of disposal over the attorney-client privileged information.

(2) In the disciplinary and regulatory cases falling under the scope of this Act, the person practising the professional activities of an attorney-at-law shall be entitled to disclose, to the extent required for conducting the procedure, any attorney-client privileged information to the bodies of the bar association and to the court acting in the case.

(3) The person practising the professional activities of an attorney-at-law shall be entitled to disclose, to the extent required to assert his right of defence, any attorney-client privileged information in the criminal proceedings instituted against him.

(4) The person practising the professional activities of an attorney-at-law shall be entitled to disclose, to the extent required for investigating and proving a criminal offence committed by a person other than his client, against him or committed against his client, attorney-client privileged information; in the event of a criminal offence committed against his client, such information may be disclosed with his client's consent.

(5) At the request and initiative of the person entitled to dispose of the attorney-client privileged information, a person subject to an obligation of confidentiality may disclose attorney-client privileged information in court proceedings or an administrative or other public authority procedure against him, to the extent required for the defence.

## **8. Powers of the authority regarding documents containing attorney-client privileged information; protection of documents drawn up for defence purposes**

**Section 13** (1) Those subject to a confidentiality obligation of attorneys-at-law shall not disclose any document or information containing attorney-client privileged information in the course of an official inspection, review or on-site search performed at his office; he shall not be obliged to give testimony or a report regarding the attorney-client privileged information, but he may not obstruct the proceedings of the authority.

(2) In derogation from paragraph (1), documents drawn up for defence purposes shall not be used as evidence in an administrative or court procedure or other public authority procedure, nor, with the exception of those cases specified in this Subtitle, shall they be examined, seized or copied by public authorities, while presenting-, providing- and giving access to them may be refused. The person concerned may waive these rights except if the document relates to the defence in a criminal case.

(3) A document drawn up for defence purposes shall mean a document or any part thereof which is drawn up in order for the client to exercise his right to a defence in a public authority procedure, or drawn up in a public authority procedure in the course of the communication between the person practising the professional activities of an attorney-at-law and his client, or upon recording the content of such communications, and this nature of the document is evident from the document itself. A document which is not in the possession of the client or the person practising the professional activities of an attorney-at-law shall not qualify as a document drawn up for defence purposes unless if it is proved that the document was taken from their possession unlawfully or in a criminal procedure.

(4) Without prejudice to any right protected in this section, and only to the extent necessary, the authority shall be entitled to inspect the document in order to ascertain whether or not the reference to a document drawn up for the purposes of defence is clearly unfounded.

(5) If the classification of the document is disputed by and between the client and the authority then the authority shall have the right to take possession of the document concerned during the inspection or on-site search, with the proviso that the document shall be placed in a storage device that excludes its accessibility and subsequent alteration. In the issue of the classification of the document, the court acting in the administrative case shall, at the authority's application, decide in a non-contentious procedure, based on the hearing of the client concerned. The authority shall attach the document to its application.

(6) If the court finds that the document or the relevant part of it does not qualify as a document drawn up for the purposes of defence then it will make it available to the authority. If the court decides otherwise then it shall hand over the document or the relevant part of it to the client concerned.

(7) The application of the provisions of this section shall be subject to the derogations provided for in the Code of Criminal Procedure.

## **9. Professional indemnity insurance of an attorney-at-law**

**Section 14** (1) Except for the activities of registered in-house legal counsels and junior in-house legal counsels, coverage for any damage caused by the professional activities of an attorney-at-law under section 2 and by the ancillary activities of attorneys-at-law set out in section 3 (1) *a*) to *f*) and *m*), as well as for any grievance award to be paid on account of an infringement of personality rights, shall be provided by an indemnity insurance policy.

(2) The lowest amount of indemnity insurance required to insure any damage and/or grievance award arising from the professional activities of an attorney-at-law, calculated per loss event, shall be fifteen million forints.

(3) In its regulations, the Hungarian Bar Association

*a)* may prescribe, for performing certain professional activities of an attorney-at-law, indemnity insurance at a higher amount than set out in paragraph (2), and

*b)* shall determine the lowest annual amount of the professional indemnity insurance of an attorney-at-law, as well as its requirements not regulated in an Act.

(4) For the purpose of insuring a member of the law office, the law office shall take out an indemnity insurance policy, while for the purpose of insuring a salaried attorney-at-law or a salaried European Community lawyer, the employer shall take out indemnity insurance.

(5) The employer's indemnity insurance shall also cover the professional activities of junior attorneys-at-law and attorney assistants.

**Section 15** (1) For the purpose of insuring against any damage arising from the professional activities, as an attorney-at-law, of a European Community lawyer or a salaried European Community lawyer or a foreign legal advisor, as well as any grievance award to be paid on account of an infringement of personality rights, indemnity insurance shall have to be taken out if his professional indemnity insurance as an attorney-at-law taken out in accordance with the regulations of his own EEA State and also covering his professional activities as an attorney-at-law performed in the territory of Hungary, or his membership in a professional guarantee fund, does not meet all the requirements laid down by Hungarian law.

(2) In a case referred to in paragraph (1), in order to enforce a claim against the indemnity insurer, at the client's request, the bar association shall:

*a)* inform the client of those data contained in the European Community lawyer's indemnity insurance contract that are necessary for asserting claims, and

*b)* inform the client regarding the manner in which the client may initiate the assertion of his claims.

## **10. Office, branch office, sub-office and archives**

**Section 16** (1) The seat of an attorney-at-law, a European Community lawyer and a foreign legal advisor (hereinafter jointly "attorney-at-law") shall be his office located in the area of operations of the regional bar association of which he is a member, or which has registered him in the bar association register.

(2) The sub-office of an attorney-at-law shall be the premises located outside his seat but in the area of operations of the regional bar association as set out in paragraph (1).

(3) The branch office of an attorney-at-law shall be premises located in the area of operations of a regional bar association other than that defined in paragraph (1).

(4) The requirements applicable to the premises suitable for carrying out the professional activities of an attorney-at-law, as well as the rules which derogate from those applicable to attorneys-at-law or law offices having offices, branch offices or sub-offices at the same registered address, shall be determined by the Hungarian Bar Association in its regulations.

(5) If an attorney-at-law stores the documents related to his professional activities as an attorney-at-law wholly or partially at a location different from his office, sub-office or branch office, he shall notify the regional bar association that registered him in the bar association register of the address of that location.

## **11. Substitute attorney-at-law**

**Section 17** (1) An attorney-at-law who is not a member of a law office (hereinafter "individual attorney-at-law"), a European Community lawyer or a single-member law office (hereinafter jointly "substituted attorney-at-law") shall assign a substitute attorney-at-law, substituting him in the event he is hindered in carrying out his professional activities as an attorney-at-law.

(2) As regards the professional activities of an attorney-at-law, a substitute attorney-at-law shall act as a fully authorised substitute for the substituted attorney-at-law.

(3) A substitute attorney-at-law may be an attorney-at-law, a European Community lawyer or a law office.

(4) The assignment set out in paragraph (1) shall enter into force upon the entry of the substitute attorney-at-law as a substitute in the bar association register, and shall become ineffective if:

a) the assignment of the substitute or substituted attorney-at-law to carry out the professional activities of an attorney-at-law terminates, is voluntarily suspended or suspended by order, or

b) the qualification of the substitute attorney-at-law has been permanently deleted from the bar association register.

(5) The regional bar association shall cancel such qualification of a substitute attorney-at-law from the bar association register:

a) on the day when a decision under paragraph (4) a) reaches administrative finality ,

b) upon recording a new substitute in the bar association register.

(6) The agreement on substitution shall not prevent the substituted attorney-at-law from agreeing with someone else concerning substitution regarding certain cases or group of cases, within the limits of the present Act.

## **12. Use of electronic signature and electronic seal in the course of practising the professional activities of an attorney-at-law**

**Section 18** (1) Unless otherwise provided by law, where the use of an electronic signature is prescribed by law for practising the professional activities of an attorney-at-law, only a qualified electronic signature complying with the following conditions, or an advanced electronic signature based on a qualified certificate, may be used:

a) the fiduciary service provider, within the meaning of Act CCXXII of 2015 on the general rules of electronic case administration and fiduciary services (hereinafter “Act CCXXII of 2015”), has indicated in the certificate enclosed with the electronic signature or in the certificate of function enclosed therewith (hereinafter “fiduciary service provider”) that the signatory is a member of the bar association or is validly entered in the bar association register, and

b) the fiduciary service provider ensures that its records are updated to indicate the amended status of revocation of the certificate within four hours upon receipt of the request of withdrawal, and continuously provides information to users requesting the verification of the certificate concerning the status of revocation of the certificate.

(2) The fiduciary service provider shall only issue a certificate on the electronic signature within the meaning of paragraph (1) or verify the same if, as recorded in the regional bar association register, the Hungarian Bar Association or a person or organisation having an agreement with the Hungarian Bar Association has certified to it that the signatory was a member of the bar association or was entered into the bar association register on the date of issue of the certificate, and that he did not cease practising his professional activities as an attorney-at-law, and he has not been suspended from practising.

(3) The fiduciary service provider shall provide information on issuing the certificate to bar associations.

(4) Upon complying with his information obligation laid down in sections 85 (1) and 97 (4) of Act CCXXII of 2015, the person practising the professional activities of an attorney-at-law shall concurrently notify the relevant regional bar association of this as well.



(5) The person practising the professional activities of an attorney-at-law shall not use the electronic signature if:

- a) his membership in the bar association is terminated, or he is deleted from the bar association register,
- b) his right to practice the professional activities of an attorney-at-law has been suspended;
- c) he voluntarily suspends his activity as an attorney-at-law;
- d) he becomes aware that his electronic signature-creation data were lost or that an unauthorised person became able to create his signature.

(6) In the cases under paragraph (5) a) to c) the regional bar association and, in the cases under paragraph (5) d) the person practising the professional activities of an attorney-at-law, shall initiate at the fiduciary service provider the suspension or revocation of the electronic signature certificate.

(7) The fiduciary service provider shall immediately revoke the certificate at the request of the regional bar association or, if the fiduciary service provider guarantees the suspension of the certificate, it shall arrange the suspension of the validity of the certificate without delay.

(8) Except for countersigning documents, the provisions on electronic signature in this Act shall also be applied to any electronic seal used by the law office.

### 13. Legal practice

**Section 19** (1) Legal practice shall mean the practice carried out as an attorney-at-law, a registered in-house legal counsel, a salaried attorney-at-law, a European Community lawyer, a salaried European Community lawyer, a judge of the Constitutional Court, a judge, a prosecutor, a notary, a junior attorney-at-law or a junior in-house legal counsel.

(2) Legal practice carried out in a foreign country shall be accepted subject to the conditions laid down in the regulations of the bar association.

(3) The periods of legal practice shall be counted in the aggregate.

### CHAPTER III

#### LIMITATIONS OF PRACTISING THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW

**Section 20** (1) Attorneys-at-law, European Community lawyers and foreign legal advisors (for the purposes of this Chapter, hereinafter jointly “attorneys-at-law”) may not undertake to practice the professional activities of an attorney-at-law for clients whose interests are in conflict with each other, and also if the client’s interests are in conflict with the attorney-at-law’s own interests beyond the case. This prohibition shall also be applicable if a future collision of interests is foreseeable.

(2) The person practising the professional activity activities of an attorney-at-law shall not undertake to perform any professional activities of an attorney-at-law in a case in which he had previously acted:

- a) in his previous legal relationship, established for performing a task directly correlating with the exercise of official powers,
- b) as a notary, deputy notary, bailiff, deputy bailiff, or
- c) as a mediator, arbitrator, or in any other capacity related to dispute settlement, except for drawing up a document on the settlement reached as a result of such mediation, and legal representation in any related procedures.

(3) A person practising the professional activities of an attorney-at-law may not be a legal representative in public authority procedures conducted by a body exercising public powers or its legal successor, with which the person had a legal relationship for performing a duty

directly related to exercising public powers, or with which he had a legal relationship for performing a duty directly related to its governance or supervision, for a period of two years following the termination of that legal relationship.

(4) A person practising the professional activities of an attorney-at-law may not pursue any professional activities as an attorney-at-law that would be in conflict with his obligation towards his former client, unless there is no connection between the previous and the new case, or if the former client, after having been informed of such an intention, consented to that activity.

(5) A person practising the professional activities of an attorney-at-law may pursue any activity of an attorney-at-law against his former employer if the employment relationship terminated at least three years earlier, and if he was not involved in administering the case. The former employer may grant an exemption from that restriction.

(6) Notwithstanding the provisions of paragraph (5), a registered in-house legal counsel or a junior in-house legal counsel may pursue the professional activities of an attorney-at-law against his former employer, unless otherwise provided by a non-competition agreement, with the proviso that he may provide legal representation against his former employer if his employment relationship terminated at least three years earlier, and if he was not involved in administering the case as an employee. The former employer may grant an exemption from that restriction.

(7) In the event that the interests of two or more clients are or may be in conflict with each other, the prohibition set out in paragraph (1) shall not apply to the attorney-at-law if:

- a) the clients have certain common interests in connection with the case,
- b) the clients, being aware of the conflict, consented to the possibility that the attorney-at-law can undertake to practice the professional activities of an attorney-at-law to the benefit of the other client as well,
- c) there is no risk of non-compliance with the confidentiality obligation of attorneys-at-law, and
- d) the attorney-at-law has reasonable grounds to conclude that the conflict of interests will not prevent him from representing each of his clients' interests to the best of his ability.

(8) The attorney-at-law shall continuously examine the possibility of a conflict of interests of the clients even after undertaking the agency. If, upon such an examination, he finds that, under paragraph (1), he should not undertake to practice the professional activities of an attorney-at-law concurrently for two or more clients, or if the conditions set out in paragraph (7) are not met, he shall terminate the agency for the conflicting case with all clients affected.

**Section 21** (1) If any of the grounds of limitation listed in section 20 exist in respect of:

- a) any member of a law office, association of attorneys-at-law or joint office of attorneys-at-law, or
- b) an employee practising the professional activities of an attorney-at-law in an employment relationship with an individual attorney-at-law or law office,

then the restriction shall apply to the individual attorney-at-law, the entire law office, association of attorneys-at-law or joint office of attorneys-at-law.

(2) In the event of the limitations laid down in section 20 (3), paragraph (1) shall not be applied; however, the client and the body exercising official powers shall be notified of those circumstances without delay.

(3) Paragraph (1) shall not be applicable if each agency is performed with the assistance of various private individuals and attorney assistants practising different professional activities of an attorney-at-law, and if the confidentiality of the privileged information is guaranteed between the various contributors, and if the client has expressly consented to that in writing.

#### CHAPTER IV

*FOUNDATIONS WHICH EXCLUDE PRACTISING THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW; CONFLICT OF INTERESTS*

**14. Grounds for exclusion from practising the professional activities of an attorney-at-law**

**Section 22** (1) The following persons may not practice the professional activities of an attorney-at-law:

- a) persons against whom there is a conflict of interests as set forth in this Act,
- b) any person who has a prior criminal record or has been under professional disqualification from practising a profession requiring a university degree in law,
- c) any person who has no prior criminal record, but:
  - ca) who has been convicted of an intentional criminal offence, for a period of eight years from the effective date of absolution in the event of a sentence of non-suspended imprisonment for a period of five years or more,
  - cb) a person who has been convicted of an intentional criminal offence, for a period of five years from the effective date of absolution in the event of a sentence of non-suspended imprisonment for a period of less than five years,
  - cc) a person who has been sentenced by the court to suspended imprisonment for committing an intentional criminal offence, for a period of three years from the date of expiry of the probation period,
  - cd) a person who has been ordered by the court to receive medical treatment in a mental institution, for a period of three years from the effective date of the court ruling for the termination of medical treatment,
- d) a person who is subject to a disciplinary penalty of exclusion from the bar association or deletion from the bar association register (hereinafter jointly “disbarment”),
- e) a person who has been placed under guardianship affecting his legal capacity, or is subject to supported decision-making,
- f) any person who, owing to his lifestyle or conduct, is unfit for the public trust necessary for practising the professional activities of an attorney-at-law, or
- g) any person who has any outstanding membership dues owed to a bar association, of at least an amount set out in the regulations of the bar association, or has any other debt based on an enforceable decision of a bar association, and has failed to pay it upon a written notice from the bar association to do so.

(2) Any person about whom it has been established that he practiced the professional activities of an attorney-at-law regularly and for consideration without authorisation may not pursue the professional activities of an attorney-at-law for three years, from the time when such a decision becomes final and binding.

(3) Paragraph (1) c) ca) and cb) shall not be applied in the event of absolution provided by an act of pardon.

**15. Activities conflicting with the professional activities of an attorney-at-law**

**Section 23** (1) The following shall be incompatible with practising the professional activities of an attorney-at-law:

- a) an employment relationship, a government service, civil service, public service, public servant, law enforcement, regular or contractual military service relationship, and the legal status of notary or bailiff,
- b) membership with unlimited liability in a company,
- c) any other activity with an obligation to perform work for consideration.

(2) Paragraph (1) b) shall not be applied to registered in-house legal counsels and junior in-house legal counsels.

(3) An assignment of an elected officer governed by public law, also including the assignment of officers and members of a local government or government of a national minority, as well as the assignments of officers and members of a committee established by them, shall be incompatible with practising the professional activities of an attorney-at-law if it is provided in the Act regulating the legal status of that officer.

**Section 24** (1) The restriction set forth in section 23 (1) c) shall not apply to the following:

- a) teaching activity,
- b) scientific, academic or sports activities,
- c) the activity of licenced traditional small-scale producers,
- d) voluntary reserve military service relationships,
- e) foster parenting employment,
- f) arbitration activity,
- g) legal translation and interpreting activities,
- h) non-judicial expert activities,
- i) membership of an electoral commission,
- j) activity as an in-house data protection officer,
- k) performing the duties of a liquidator,
- l) membership of a supervisory board or audit committee,
- m) performing the duties of the chair or a member of the management board of a company consisting of the executive officers of an association, and
- n) performing the duties of an executive officer of a legal entity not falling under the scope of point m) above.

(2) From among the activities falling under the scope of section 23 (1) c), performing the duties of an executive officer of a legal entity shall not be incompatible with practising as a registered in-house legal counsel or junior in-house legal counsel.

(3) A person practising the professional activities of an attorney-at-law may also carry out teaching and academic activities in an employment relationship, or in a public servant, law enforcement, regular or contracted military service relationship.

(4) Any activity under this section shall be pursued separately from practising the professional activities of an attorney-at-law in all respects, in a manner that does not jeopardise the independence of practising the professional activities of an attorney-at-law. The person practising the professional activities of an attorney-at-law may carry out the activities specified in this section, not in his capacity as an attorney-at-law but in the form set out in the legislation applicable to the activity concerned.

(5) The activities of an attorney-at-law set out in sections 2 and 3 hereof and any activity under this section may not be pursued concurrently in the same case.

(6) The activities defined in paragraphs (1) h), m) and n) and the professional activities of an attorney-at-law as set out in sections 2 and 3 may not be carried out for the same client, unless the agent is a law office and the member of the law office pursuing the activity set out in paragraphs (1) h), m) and n) is not involved in performing the agency, and if the client expressly consents to that in writing.

**Section 25** Registered in-house legal counsels and junior in-house legal counsels may pursue activities for consideration for their employers or their employers' affiliated companies which impose an obligation to perform work.

**Section 26** (1) The emergence of a conflict of interests must be prevented.

(2) The person practising the professional activities of an attorney-at-law shall

a) notify the regional bar association of any conflict of interests immediately but within fifteen days upon its emergence, without violating attorney-client privileged information, and  
b) eliminate the conflict of interests within thirty days.

(3) Until the elimination of the conflict of interests, no activity of an attorney-at-law may be pursued except for the protection of the client against any obvious and direct damage that cannot otherwise be prevented.

### PART THREE

#### SPECIAL RULES ON THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW

**Section 27** (1) The professional activities of an attorney-at-law may be pursued:

a) under an agency contract,  
b) under secondment, or  
c) in an employment relationship; in a government service, civil service, public service, public servant, law enforcement, regular or contractual military service employment relationship; in an ecclesiastical service relationship, or in a voluntary legal relationship under the Act on voluntary activities in the public interest, in the cases set out in this Act.

(2) An attorney-at-law may act in the capacity of a patron lawyer under an authorisation if he also acts as a legal aid provider.

#### CHAPTER V

#### THE MANDATE OF AN ATTORNEY-AT-LAW

#### 16. General rules on mandating an attorney-at-law

**Section 28** (1) Unless otherwise provided by this Act and the Civil Code, the mandate to pursue the professional activities of an attorney-at-law (hereinafter “attorney-at-law mandate”) shall be freely negotiated.

(2) An agency contract on pursuing the activities of an attorney-at-law shall be concluded by an individual attorney-at-law, a European Community lawyer, a foreign legal advisor or the law office and the client. In the event that the client is in need of immediate legal protection, and the client is unable to sign the agency contract, the client’s close relative shall be considered as the client’s representative for the purposes of signing the agency contract. However, this does not affect the obligation to identify the client.

(3) Unless otherwise provided by the parties, under an agency contract the agent shall have the right and obligation to perform all acts needed for the proper pursuit of the case entrusted to him, and to receive the money or things and procedural costs due to the principal as well.

(4) When signing the contract, the client must be informed in writing of all costs that will foreseeably arise in relation to the case that are not included in the agency fee, irrespective of whether the client is obliged or not to advance those costs under the contract.

(5) Unless otherwise provided by the parties, an individual attorney-at-law, a European Community lawyer, the members of the law office, a substitute attorney-at-law, or a salaried attorney-at-law, salaried European Community lawyer or junior attorney-at-law employed by the persons referred to herein, or a foreign legal advisor or law office, shall be entitled to act in the course of fulfilling the mandate.

(6) The agent’s liability for any breach of contract may only be limited by means of a contractual stipulation negotiated individually, and only with respect to the part of the damage exceeding the highest amount of the agent’s mandatory indemnity insurance per loss event.

**Section 29** (1) The agency contract must be put in writing unless it only relates to providing legal advice.

(2) Omitting to put the contract into writing as laid down in paragraph (1) shall not affect the validity of the agency, but in such cases the burden of proof concerning the content of the agency shall rest with the agent.

(3) Substantive elements of an agency contract on drafting documents and carrying out legal representation related thereto may also be included in a contract countersigned by the attorney-at-law drafting the contract.

### **17. The attorney's agency fee**

**Section 30** (1) The parties shall be free to agree on the attorney's agency fee with the derogations under this section. The parties may also stipulate the use of a flat charge.

(2) Except for an outstanding claim established in an enforceable document, no claim for an attorney's agency fee and reimbursement of expenses may be transferred, without the obligor's consent, to any person who is not entitled to gain knowledge of the attorney-client privileged information required to enforce such a claim.

(3) An attorney's agency fee, conditional upon the success of the professional activities of an attorney-at-law, shall not be enforceable to the extent that its amount exceeds two thirds of the attorney's entire fee. For the purpose of this paragraph, the attorney's total agency fee shall not include:

*a)* expenses arising from handling the case and payable by the principal as part of the attorney's fee, and

*b)* the part of the attorney's fee that has been waived by the attorney-at-law free of charge.

**Section 31** Any outstanding agency fee and claim for the reimbursement of expenses may be deducted from the money taken for the benefit of the principal, while simultaneously informing the principal thereof in writing, unless:

*a)* the money needs to be given to someone other than the principal,

*b)* the parties failed to agree on an attorney's agency fee,

*c)* set-off is prohibited by another Act.

### **18. Identification**

**Section 32** (1) Except for a mandate to provide legal advice, prior to entering into an agency contract, the agent and, prior to countersigning an agreement between his employer and a third party, a registered in-house legal counsel (for the purposes of this Subtitle hereinafter jointly "attorney-at-law"), shall perform the identification of the client, while the registered in-house legal counsel shall perform the identification of any person entering into an agreement with his employer, or any person acting as a representative thereof.

(2) The attorney-at-law shall verify the identity of the natural person unknown to him, or of anyone whose identity he doubts, by inspecting the documents that are suitable for his identification.

(3) In order to verify that a natural person's data are identical with the information recorded in the official registers, and in order to check the validity of the documents presented by him, an attorney-at-law may apply electronically to the register of personal data and address records, to the register of driver's licences, to the register of travel documents or to the central immigration register and request the following information:

*a)* personal identification data;

*b)* nationality, stateless status, immigrant or permanent resident status, or EEA national status;

*c)* address of domicile;

- d) facial image;*
- e) signature;*
- f) the facts set out in section 18 (5) of Act LXVI of 1992 on the personal data and address register of citizens;*
- g) the particulars set out in section 24 (1) f) of Act XII of 1998 on traveling abroad, and the period of validity of the document;*
- h) the particulars set out in Sections 8 (1) b) ba) to bb) of Act LXXXIV of 1999 on the records related to road traffic;*
- i) the particulars set out in section 76 d) and section 80 (1) b) and c) of Act I of 2007 on the entry and stay of persons entitled to free movement and stay, and in sections 95 (1) g), 96 (1) g) and 100 (1) b) and c) of Act II of 2007 on the entry and stay of third country nationals.*

(4) The attorney-at-law shall identify a legal entity or other organisation on the basis of the register of a public authority keeping records on legal entities and other organisations, or on the basis of an extract of those records.

(5) If identification of a natural person is not possible due to an unavoidable external cause, that will not exclude the conclusion of the agency contract; however, when the external obstacle ceases to prevail, the agent shall perform the identification of the client without delay.

(6) If an agent acts on behalf of a client who is a natural person, the attorney-at-law may omit any particular identification of the client provided that the authorisation including the client's personally identifiable information has been countersigned by an attorney-at-law, or drafted by a notary, or the principal's signature has been certified by a notary, or if the authorisation has been certified or legalised by the competent Hungarian diplomatic mission of the place of signature, or an Apostille certificate has been enclosed thereto.

(7) Prior to countersigning the document, the provisions of paragraphs (2)-(4) and (6) shall also be applied to persons and entities, as well as any person acting on their behalf, whose identity had not been verified earlier by the attorney-at-law.

(8) Any change in the particulars of a person or entity identified earlier shall be verified by the attorney-at-law in accordance with the provisions of paragraphs (2)-(4) and (6) herein prior to countersigning the document.

(9) Before signing an agency contract on legal representation in a procedure for registration into a publicly certified register, or for drafting documents for the purpose of recording them into a publicly certified register, the attorney-at-law shall request the information on the natural person under paragraph (2) as set out in paragraph (3) relating to the document presented. No fee, reimbursement of expenses or other consideration may be charged for the request for data in that case, either from the attorney-at-law or the identified person or entity.

(10) Where the request for data by electronic means as set out in paragraph (9) is not feasible for technical reasons, the agency contract may nevertheless be concluded and the juridical acts may be drafted in a document, and the attorney-at-law shall conduct the verification process subsequently, immediately after the obstacle ceases to exist, and shall countersign the document in possession of- and depending on the results, or submit it in the procedure.

**Section 33** (1) In order to ensure the safety of legal transactions and enforce the restrictions applicable to the professional activities of an attorney-at-law, in those cases where legal representation is mandatory, the attorney-at-law shall keep records of all natural persons identified by means of inspecting their documents containing at least personal identification information, and of legal entities and other organisations.

(2) The records kept on identified natural persons shall include the following information:

- a) personal identification data;*

- b)* address of domicile;
- c)* citizenship, stateless status, immigrant or permanent resident status, or EEA national status;
- d)* type and number of the document used for identification purposes;
- e)* the identification number of the reply received to a request for data set forth in section 32 (3);
- f)* identification number of the cases where identification of natural persons is mandatory;
- g)* the particulars set forth in the Act on the prevention and combating of money laundering and the financing of terrorism.

(3) If an attorney-at-law finds upon the verification set out in section 32 (8) that there has been a change in the particulars specified in paragraphs (2) *a)* to *d)* and *g)*, he shall record the new data jointly with the date of verification in such a manner that the information recorded earlier remains accessible subsequently.

(4) The records kept on identified legal entities and other organisations shall include the following information:

- a)* name;
- b)* seat, and in the case of undertakings whose head office is established abroad, address of their branch in Hungary, if any;
- c)* company registration number or registration number of the legal person or other organisation identified or, in the absence of such an identifier, the name and identification number of the registration body, or the number of the decision on the establishment, registration or entry of the entity concerned;
- d)* natural identification data of any person acting on behalf of the legal entity or organisation identified;
- e)* identification number of the cases where identification of legal entities or other organisations is mandatory;
- f)* the particulars set forth in the Act on the prevention and combating of money laundering and the financing of terrorism.

(5) If an attorney-at-law finds upon the verification set out in section 32 (8) that there has been a change in the particulars specified in paragraph (4) *a)* to *c)* and *f)*, he shall record the new data jointly with the date of verification in such a manner that the information entered earlier remains accessible subsequently.

(6) The records set out in paragraphs (2) and (4) may also include the contact details of natural persons, legal entities or other organisations if they consent to it.

(7) The attorney-at-law shall process the particulars detailed in paragraphs (2) and (4) for a period set out in the Act on the prevention and combating of money laundering and the financing of terrorism.

## 19. Authorisation

**Section 34** (1) Should the professional activities of an attorney-at-law require the representation of the client, an authorisation on the right of representation shall be issued for the agent.

(2) The authorisation of the professional activities of an attorney-at-law shall be put into writing, and it shall contain an acceptance statement by the agent as well. The authorisation issued in accordance with this paragraph shall qualify as a private deed of full probative value.

(3) Unless it is evident otherwise from the authorisation, and if it is not otherwise provided by an Act, under the authorisation all persons who may act in the course of fulfilling the mandate under this Act shall have the right of representation.



(4) An authorisation shall also authorise the agent to represent the principal in respect of receiving money or things, or procedural costs due to the principal.

(5) The client may restrict or revoke the authorisation at any time. Any limitation on the authorisation to represent the client before a court or other authority or towards a third party shall be effective only to the extent that the limitation is evident from the authorisation.

(6) Termination of the agency contract shall terminate the authorisation issued under the contract

(7) The agent shall notify the court, notary or other authority in writing immediately, in the procedure of which he performed the client's legal representation or defence as an agent, of the termination of his authorisation or any restriction thereof.

(8) Any restriction or termination of an authorisation shall become effective against third persons, also including the bodies referred to in paragraph (7), upon communication.

## **20. Termination of the mandate of an attorney-at-law**

**Section 35** (1) Beyond those provisions listed in the Civil Code and in the agency contract, an agency contract shall terminate:

a) with the termination of the authorised agent or law office without succession,

b) with the termination of the membership of the authorised individual attorney-at-law at the bar association, or with the deletion of the European Community lawyer or the foreign legal advisor from the bar association register.

(2) The principal may unilaterally terminate the agency contract with immediate effect as well. Termination shall be communicated in writing if the parties have put the agency contract into writing.

(3) The agent may unilaterally terminate the agency contract with fifteen days' notice. The parties may agree on a longer notice period. The agent shall act in the client's interest during the notice period.

(4) In the event of a change in the form of operation registered at the bar association, if the person practising the professional activities of an attorney-at-law undertakes mandates in the new form of operation, the agency shall not terminate but a legal succession in the person of the agent shall take place by virtue of this Act. If, as a result of a change in the form of operation registered at the bar association, the agent becomes a member of a law office, the law office shall be the legal successor of the agent. The agent shall notify his principal of any prospective change without delay but at least fifteen days before such change.

## *CHAPTER VI*

### *COURT APPOINTMENT OF ATTORNEYS-AT-LAW*

**Section 36** (1) In the event of appointment by the court, an attorney-at-law shall proceed as a court-appointed defender, *ad hoc* custodian, *ad hoc* guardian or guardian *ad litem* (hereinafter jointly "court-appointed attorney-at-law").

(2) A court-appointed attorney-at-law shall be obliged to proceed in a case, obey the summonses of the authorities, the investigating authority, the prosecution service, the notary and the court (in this Chapter hereinafter jointly "authorities"), and to make contact with the accused or, if the nature of the case permits it, with the represented person without delay.

(3) The regional bar association must provide on-call attorney-at-law services on rest days and public holidays in order to ensure secondment.

(4) A court-appointed attorney-at-law may require remuneration (work fee and compensation for expenses) as stipulated by the law.

(5) A court-appointed attorney-at-law must provide for his substitute in such a manner that the proceedings are not hindered and the interests of the accused or represented person are not harmed.

(6) The regional bar association and the court-appointed attorney-at-law shall immediately notify the authority if the court-appointed attorney-at-law

- a) terminates his membership of the bar association,
- b) suspends practising the professional activities of an attorney-at-law,
- c) is suspended from practising the professional activities of an attorney-at-law,
- d) is no longer included in the list of attorneys-at-law for court appointment, or
- e) if any of the grounds for restriction set out in Chapter III have occurred.

(7) With regard to *ad hoc* custodians, *ad hoc* guardians and guardians *ad litem*, the authorisation may be substituted by a decision of the authority on appointment.

### **Section 37**

**Section 38** (1) The regional bar association shall maintain a list of attorneys-of-law for court appointment in the capacity of defence counsels.

(2) The regional bar association shall compile the list in such a manner that it contains attorneys-at-law in an appropriate number required for fulfilling the duties that make court appointment necessary and also for maintaining the operability of the administration of justice.

(3) The bar association shall establish the rules on compiling the list in such a manner that, besides voluntary registration, all attorneys-at-law are recorded into the list on the basis of the principle of equality.

(4) The regional bar association shall continuously update the list and shall publish the changes on its website.

## *CHAPTER VII*

### *SPECIFIC PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW*

#### **21. Legal representation**

**Section 39** (1) An attorney-at-law, a registered in-house legal counsel or a European Community lawyer (for the purpose of this Subtitle hereinafter jointly “attorney-at-law”), as well as any person authorised to substitute him under his guidance, may act as the client’s legal representative before any court, notary or other authority or towards third persons.

(2) If the client’s own personal statement is required by law for making a juridical act, the attorney-at-law shall not be entitled to make that statement as a legal representative but otherwise shall be entitled to provide legal representation for that client.

(3) When providing legal representation, the attorney-at-law shall give priority to the interests of the client.

(4) When providing legal representation, the attorney-at-law shall refuse to comply with the client’s instructions if they infringe the law or aim at circumventing the law.

(5) If any of the client’s instructions do not serve the client’s interests, the attorney-at-law shall call the client’s attention to that fact before carrying out the instruction concerned.

#### **22. Provision of defence in criminal procedure**

**Section 40** (1) An attorney-at-law may act as the defence counsel of the defendant in criminal procedures.

(2) When providing the activity of a defender, the attorney-at-law shall, within the limits of exercising the right to a defence of the defendant, give priority to the interests of the defendant.

### 23. Legal counselling

**Section 41** (1) An attorney-at-law, a registered in-house legal counsel, a European Community lawyer and, as provided by this Act, a foreign legal advisor (for the purpose of this Subtitle, hereinafter jointly “attorney-at-law”), as well as any person authorised to substitute for them under their guidance, shall be entitled to give a legal opinion or make recommendations to the client regarding the preparation of a statement of intent appropriate for producing legal effects concordant with the client’s interests, or a legal assessment of past, present or future circumstances.

(2) When providing legal counselling, an attorney-at-law shall formulate his opinion or make his recommendations relying upon the Fundamental Law, the law, and the binding legal acts of the European Union.

(3) When performing legal counselling, an attorney-at-law shall accept all facts alleged by the client as full, correct and true, unless more stringent requirements are stipulated by the parties.

(4) An attorney-at-law shall inform the client of the possible legal risks related to the opinion he formulated or the recommendations he made. The client shall be responsible for weighing all risks detailed in the information provided by the attorney-at-law.

### 24. Drafting of documents

**Section 42** (1) An attorney-at-law, a European Community lawyer or any person authorised to substitute for him under his guidance shall be entitled to draft documents concerning the client’s juridical acts.

(2) A registered in-house legal counsel or any person authorised to substitute for him under his guidance, and an employee of the registered in-house legal counsel’s client who meets the requirements laid down in the regulations of the bar association, shall be entitled to draft documents concerning the juridical acts of his client and any person contracted with the latter.

(3) An attorney-at-law, a registered in-house legal counsel or a European Community lawyer (for the purpose of this Subtitle hereinafter jointly “attorney-at-law”) shall refuse to draft the document if the intention expressed in it breaches or aims at circumventing the law.

(4) When drafting documents, the attorney-at-law shall act in such a manner that the client’s expressed intentions shall, within the limits of the Fundamental Law, the law and the binding legal acts of the European Union, comply with the client’s interests and furthermore shall be suitable for producing legal effects.

(5) An attorney-at-law may accept all facts alleged by the client as full, correct and true; however, in order to abide by the requirement set out in paragraph (3), he must inform the client if, having taken all reasonable care expected of an attorney, he has any doubt about the completeness, accuracy or truth of the facts alleged by the client.

(6) An attorney-at-law shall inform the client of the possible legal risks related to the legal transaction.

### 25. Countersigning documents

**Section 43** (1) An attorney-at-law and a registered in-house legal counsel (for the purpose of this Subtitle hereinafter jointly the “attorney-at-law”) may countersign a document drafted by him, his law office, substitute, or a person practising the professional activities of an attorney-at-law employed by him, or an employee of the client of the registered in-house legal counsel who meets all requirements set out in the regulations of the bar association, if it is approved by the attorney-at-law from a professional point of view.

(2) Unless otherwise provided by law, a countersigned document:

*a)* shall be numbered on each page in a form of consecutive pagination if the document consists of more than one page,

*b)* shall be initialled on each page by the parties or the party authorised thereto in the document,

*c)* shall be signed by the parties,

*d)* shall be signed by the countersigning attorney-at-law, indicating his name, identification number in the bar association and the fact of countersigning, as well as the date and place of countersigning.

(3) With regard to a paper-based document, the countersigning attorney-at-law shall place the print of his impressed stamp on the page of his signature, while for an electronic document he shall put his electronic signature and a time stamp complying with the requirements set out in section 18 (1) onto the document.

(4) The requirement set out in paragraph (2) *b)* may not be applied if the pages of a paper-based document are linked by the countersigning attorney-at-law in such a manner that the pages of the document cannot be separated without damaging the document, or if an advanced electronic signature based on a qualified electronic signature or an advanced electronic signature based on a qualified certificate of each party and a time stamp are affixed to the electronic document.

(5) If countersigning a document forms part of the professional activities of an attorney-at-law, where any of the contracting parties to that document have not given a mandate to the attorney-at-law drafting the document to act in that matter, the attorney-at-law drafting the document shall inform that party in writing before signing the document that no agency relationship with the attorney-at-law drafting the document is being created by the countersignature. If the contracting party is acting with a legal representative then such information may be omitted.

(6) A contracting party may give authorisation to the countersigning attorney-at-law to represent him in all acts required to comply with the procedural obligations related to the document.

**Section 44** (1) By countersigning a document, an attorney-at-law shall attest that:

*a)* the document complies with the law,

*b)* the parties stated that the content of the document conforms to their wishes,

*c)* the attorney-at-law verified the identity of the parties indicated in the document and their representatives acting in the matter, and

*d)* the parties signed the document in the presence of the attorney-at-law, or acknowledged in his presence that the signatures put on the document are theirs.

(2) A party formerly identified by the countersigning attorney-at-law may also act, in the course of signing the document or acknowledging the signature affixed to the document as being his own signature, by means of an electronic communications network that forwards and records video and sound concurrently to the countersigning attorney-at-law. The recording shall be preserved by the countersigning attorney-at-law, together with the countersigned document.

(3) The following persons may act when applying paragraphs (1) *b) to d)* and (2):

*a)* a person authorised to substitute for the countersigning attorney-at-law, or

*b)* a person practising the professional activities of an attorney-at-law and registered in his own EEA State and acting on behalf of the countersigning attorney-at-law,

with the proviso that the fact of acting in such a capacity and, in the case referred to in point *b)*, the entitlement to attest his compliance with paragraph (1) *d)* shall be indicated within the countersignature.

(4) When applying paragraphs (1) *b*) to *d*), an employee of the client of the registered in-house legal counsel who meets all requirements set out in the regulations of the bar association may also act, with the proviso that the fact of acting in such a capacity shall be indicated within the countersignature.

(5) Paragraph (1) *d*) shall not be applied if the party's signature has been certified or attested by the competent Hungarian diplomatic mission of the place of signature, or an Apostille certificate has been enclosed thereto, or if the party's signature has been certified by a notary, or if an advanced electronic signature based on a qualified electronic signature or an advanced electronic signature based on a qualified certificate and a time stamp have been affixed to the document by that party.

(6) As regards certain parties indicated in the document, in order to certify the facts set out in paragraph (1) *c*) and *d*), besides the attorney-at-law drafting the document, another attorney-at-law may also countersign the document with the proviso that the facts concerned must be specified within the countersignature.

(7) No certificate or attestation by a diplomatic mission or an Apostille certificate shall be required for the full probative value of a document countersigned by an attorney-at-law but signed by the parties in a foreign country.

**Section 45** When an attorney-at-law carries out a legal representation activity in a procedure for recording a right or fact relating to or concerning real estate into a publicly certified register, or carries out an activity to draft a document on which an entry into a publicly certified register will be based, the person practising the professional activities of an attorney-at-law must verify all information on record in the real estate register, as well as all documents relating to ownership and other rights regarding the real estate.

## **26. Conversion of paper-based documents into electronic documents**

**Section 46** (1) An attorney-at-law and a registered in-house legal counsel (for the purpose of this Subtitle hereinafter jointly "attorney-at-law") shall be entitled to convert a paper-based document, except for documents embodying vouchers, securities or other rights representing assets, into an electronic document.

(2) When converting a paper-based document into an electronic document, the application of the provisions of Act CCXXII of 2015, except in sections 102 (6) and 103 (4) and (5) thereof, and its implementing regulations shall be subject to the derogation that an attorney-at-law may only use a qualified electronic signature on electronic copies, and may only make electronic copies that have an identical pagination layout to the original document.

(3) By affixing a qualified electronic signature as set out in paragraph (2), the attorney-at-law certifies that, at the time specified on the time stamp, the electronic document was identical to the paper-based document in all respects. Certification, until proven to the contrary, is of full probative value.

(4) When converting a paper-based document countersigned by him into an electronic document, the attorney-at-law shall countersign the electronic document in accordance with section 43 (3) as well.

(5) An attorney-at-law shall safeguard the electronic document for ten years from making a copy of it, unless a longer period of storage is agreed upon between the parties.

(6) An attorney-at-law shall safeguard paper-based documents countersigned by him and converted into electronic documents for five years from the date of conversion, unless a longer period of storage is agreed between the parties.

(7) The conditions of fulfilling the obligations laid down in paragraphs (5) and (6) shall be ensured by the registered in-house legal counsel's client in whose case the document was drafted.

## 27. Deposit with an attorney-at-law

**Section 47** (1) An attorney-at-law, a law office and a European Community lawyer (for the purpose of this Subtitle, hereinafter jointly “attorney-at-law”) shall be entitled to receive money, cash equivalent payment instruments, vouchers, securities or other documents and shall be entitled to keep them in safe custody and handle them as a deposit:

- a) as a mandate,
- b) to cover the expenses of procedural acts related to the mandate, or
- c) for safeguarding in connection with the mandate.

(2) Deposit contracts shall be concluded in writing.

(3) Substantive elements of the contract on handling the deposit set out in paragraph (1) *a*) and *b*) may also be included in a contract countersigned by the custodian attorney-at-law, to which both the depositor and the person to whom the deposited thing is to be issued are parties.

(4) The depositor may terminate the contract on handling a deposit set out in paragraph (1) *a*) if he is expressly entitled to do so in the deposit contract.

(5) Any provision in the deposit contract on the exclusion or limitation of the attorney-at-law’s liability in relation to safe custody services shall be null and void.

**Section 48** (1) The attorney-at-law shall safeguard the deposit in accordance with the provisions of the deposit contract, safely and in a manner preventing any unauthorised access.

(2) The attorney-at-law may not use the deposit for any purpose other than as a deposit; he shall not use it or give it into another person’s possession or custody unless otherwise provided by this Act. The attorney-at-law shall be entitled to place the deposit in a bank as a fixed-term deposit.

**Section 49** (1) The attorney-at-law shall separate the money and all dematerialised securities from any other funds and securities in his deposit account or securities account. At the depositor’s request and expense, the attorney-at-law shall:

- a) hold the money and all dematerialised securities on a separate subsidiary account, and
- b) ensure that the depositor receives information on the balance of the subsidiary account set out in point *a*) directly from the account-holding bank.

(2) The attorney-at-law shall put the money received in his escrow account for safe custody purposes within one working day or, for any money received in a foreign country, within three working days.

(3) In the event of depositing money not exceeding double the monthly amount of the mandatory minimum wage, the parties may derogate from the provisions of paragraphs (1) and (2) in the deposit contract.

(4) Non-cash instruments produced in materialised form or vouchers, printed securities and other paper-based documents may also be safeguarded using a safe-deposit box.

(5) The keeper of the escrow account and the securities account, and the number of the subsidiary account, or the service provider of the safe-deposit box services, must also be indicated in the deposit contract.

**Section 50** (1) In the deposit contract, the parties shall specify the depositor’s remuneration, or shall declare that the deposit service is free of charge.

(2) Unless otherwise agreed by the parties in the deposit contract, any interest accrued on the financial instruments deposited in the escrow account shall be due to the depositor, while all costs related to account-keeping and safe-deposit box services shall be borne by the attorney-at-law. Should the parties agree in the deposit contract that the costs of keeping the

escrow account are to be borne by the depositor, those costs may not be offset against the financial instruments placed in the escrow account or any interest thereon.

(3) The attorney-at-law, or the attorney-at-law entitled to dispose of the safe-deposit box or, in the event of him being prevented, his substitute attorney-at-law entered in the register of the regional bar association, or the caretaker attorney appointed by the regional bar association, shall be entitled to dispose of the escrow account or the safe-deposit box. The attorney-at-law may authorise any other person to dispose of the escrow account or the safe-deposit box.

(4) The attorney-at-law shall not be liable for the conduct of the keeper of the escrow account or the provider of the safe-deposit box services if he was not at fault in his selection.

**Section 51** (1) In order to ensure the security of managing deposits and the verifiability of the rules on safe custody, the attorney-at-law shall record the data of all deposits of an amount at least equal to double the monthly mandatory minimum wage, as well as any change thereto, in the electronic register of deposits operated by the regional bar associations.

(2) The following information shall be recorded in the electronic register of deposits:

- a) the name and identification number of the custodian attorney-at-law;
- b) the case identifier of the deposit contract;
- c) the type of the deposit;
- d) the subject matter of the deposit;
- e) the number of the subsidiary account if the custodian attorney-at-law places the deposit in a subsidiary account;
- f) in the event of a cash deposit, the amount and currency of the money effectively deposited;
- g) the date of signature, amendment or termination of the deposit contract;
- h) the date of recording the data into the register of deposits, or the date of modification of any data recorded.

(3) The attorney-at-law shall record the information set out in paragraph (2) and any change to it by means of a statement made by him in electronic form, affixing his qualified electronic signature and a time stamp to it, within one working day from the date of entering into the deposit contract or any change in the data set out in paragraph (2). A unique identifier shall be assigned to each deposit by the electronic register.

(4) The electronic register of deposits shall store the information set out in paragraphs (2) and (3) for ten years from the termination of the deposit contract.

(5) The bar association shall provide data from the electronic register of deposits:

a) by electronic means to the depositor on the data of the deposit, subject to indicating the depositor's identification number in the bar association and his unique identifier set out in paragraph (3),

b) to the disciplinary commissioner conducting the preliminary investigation and to the disciplinary committee conducting disciplinary proceedings, in order to facilitate the successful conduct of those proceedings, or to the body of the bar association verifying compliance with the rules of handling the deposits under the safe custody of the attorney-at-law, on the data of the deposits under the safe custody of the attorney-at-law subject to the proceedings.

## **28. Receiving and releasing money, property and documents**

**Section 52** (1) The person practising the professional activities of an attorney-at-law is obliged to inform the client without delay of any money or property he has received for the client. The provisions of this section shall not apply to registered in-house legal counsels and junior in-house legal counsels.

(2) The person practising the professional activities of an attorney-at-law shall, at the client's request, provide a receipt concerning all documents received from or for his client. The person practising the professional activities of an attorney-at-law shall, at the client's request, release the documents after discharging or terminating the mandate, with the exception specified in paragraph (3).

(3) The person practising the professional activities of an attorney-at-law shall not be obliged to release drafts, documents containing client's instructions, letters addressed to him on the matter, receipts for payments made on behalf of the client or other documents necessary for evaluating the appropriateness of his acts; if the client so requests the attorney-at-law shall provide copies of all such documents, with the exception of drafts.

(4) An attorney-at-law shall not refuse to release documents on the grounds that the attorney's agency fee and compensation for expenses that are due to him have not been paid.

(5) The person practising the professional activities of an attorney-at-law shall pay for all the damage that occurred through the loss of any money or property received under an obligation to return or account for, unless he proves that the given deficiency was caused by an unavoidable event beyond his control.

## 29. Recording case files and handling documents

**Section 53** (1) In order to ensure the verifiability of compliance with the rules on practising the professional activities of an attorney-at-law, and with a view to protecting clients' rights in the event of terminating the entitlement of an attorney-at-law to practice his professional activities, an attorney-at-law, a European Community lawyer, a foreign legal advisor or a law office (for the purpose of this Section hereinafter jointly "attorney-at-law") shall maintain records of the cases handled upon mandate.

(2) The records maintained about the cases shall include the following information:

- a) the case number given by the attorney-at-law,
- b) the client's name,
- c) the subject matter of the case,
- d) the date of concluding the agency contract, and
- e) registration numbers of the court proceedings related to the case, or the filing numbers of other proceedings.

(3) The attorney-at-law shall manage the information set out in paragraph (2) for five years from the termination of the mandate; in the event of countersigning a document, for ten years from countersigning it; and in a case regarding the recording of a right relating to real estate into a publicly certified register, for ten years from the date of entry of that right.

(4) The following persons shall be entitled to inspect the records kept about the cases and to request data from those records:

a) the person or entity performing the regulatory inspection on behalf of the bar association, for the purpose of verifying compliance with rules applicable to pursuing the professional activities of an attorney-at-law, and to the extent required for the inspection;

b) the substitute attorney-at-law and the appointed caretaker attorney, with a view to protecting the rights of clients, to the extent required to fulfil their duties arising from this Act.

(5) In the event of countersigning a document, the attorney-at-law shall keep all documents countersigned by him, as well as any other document drafted in the case involving countersigning the document concerned, for ten years from the countersigning unless a longer record-keeping period is prescribed by law or the parties agree on a longer period than that for keeping records.



(6) In the event of the termination or cancellation of his membership with the bar association, or his deletion from the bar association register, the attorney-at-law shall arrange for the release of any documents handled by him that cannot be discarded, to the client or to an attorney-at-law practising the professional activities of an attorney-at-law for the client in the case at issue, who is authorised to handle the document, and shall continue preserving the records required to be kept by this Act.

(7) The employer of a registered in-house legal counsel shall arrange for all documents countersigned by the registered in-house legal counsel and those handled by him that cannot be discarded to be kept, and shall also arrange the maintaining and keeping of the records to be kept by him according to this Act.

## CHAPTER VIII

### VOLUNTARY SUSPENSION OF THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW

**Section 54** (1) The person practising the professional activities of an attorney-at-law may voluntarily suspend his legal practice for a definite period of time with the approval of the regional bar association, if he:

- a) has arranged for the handing over or cancelling of all of his mandates or those undertaken by the law office of which he will no longer be a practising member,
- b) has arranged the termination of the employment relationship of salaried attorneys-at-law, junior attorneys-at-law, salaried European Community lawyers and attorney assistants employed by him or employed by a law office which will have no other members continuing to practice the professional activities of an attorney-at-law, and
- c) submits his photo identification card to the regional bar association for the period of voluntary suspension.

(2) The prior approval of the law firm shall also be required before a member of the law office can voluntarily suspend his professional activities as an attorney-at-law.

(3) The person practising the profession of an attorney-at-law shall perform his activities pertaining to representing the single-member law office, arising from the law, during the term of voluntary suspension as well.

(4) Where assignment under section 23 (3) is incompatible with the professional activities of an attorney-at-law pursuant to the Act regulating the legal status of the official concerned, the natural person practising the profession of attorney-at-law shall suspend his professional activities as an attorney-at-law for the term of that assignment. The assignment and its termination shall be notified to the regional bar association, which will register it in the register *ex officio*.

(5) The voluntary suspension shall be for a minimum of three months and, with the exception set out in paragraph (4), it is to be extended every five years.

**Section 55** (1) During the term of voluntary suspension, the person practising the professional activities of an attorney-at-law shall not exercise the rights that derive from his bar association membership or his bar association registration, nor shall he be burdened by the obligations arising therefrom, except for the payment of the membership fee and reporting any change of data.

(2) The mandate as an official of the bar association voluntarily suspending his professional activities as an attorney-at-law shall terminate on the starting date of the suspension.

**Section 56** (1) The regional bar association shall authorise the extension of the period of suspension for a definite period of time if the statutory conditions for this as laid down in this Act are met.

(2) If an attorney-at-law wishes to continue his professional activities before the expiry of the period specified when voluntary suspension was authorised, he shall notify the regional bar association at least thirty days prior to the date of reactivating it.

(3) If the person practising the profession of an attorney-at-law suspends his professional activities due to the termination of his employment, he may continue his legal practice on the day following the day he certifies the establishment of his new employment relationship concerning practising the professional activities of an attorney-at-law. In that case, the minimum suspension period of three months shall not be applicable.

(4) The regional bar association shall verify *ex officio* the entitlement to practice the professional activities of an attorney-at-law prior to continuation.

(5) The regional bar association shall enter *ex officio* the continuation of legal practice in the register.

## PART FOUR

### NATURAL PERSONS PRACTISING THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW

#### CHAPTER IX

##### THE ATTORNEY-AT-LAW

**Section 57** (1) An attorney-at-law shall practice the professional activities of an attorney-at-law as a business-like activity, as an individual attorney-at-law or as a member of a law office, at his own financial risk and, with the exceptions laid down in this Act, upon the mandate of his client.

(2) An attorney-at-law may pursue the activities of an attorney-at-law as a member of the regional bar association.

(3) An attorney-at-law, with the exception specified in section 97 (2), may not be an individual lawyer and a member of a law office at the same time.

(4) An attorney-at-law may also carry out the professional activities of an attorney-at-law in a voluntary legal relationship under the Act on voluntary activities in the public interest. The provisions of this Act pertaining to the mandate of an attorney-at-law, except for the provisions on attorney's agency fees, shall also be applied to the voluntary legal relationship of an attorney-at-law under this paragraph, while the provisions of this Act pertaining to the principal shall also be applied to the host organisation with which the attorney-at-law has established a voluntary legal relationship in the public interest as referred to in this paragraph.

**Section 58** (1) The regional bar association shall, upon request, admit as an attorney-at-law anyone who:

- a) is a citizen of any State that is a party to the Treaty on the European Economic Area,
- b) has a university degree in law,
- c) has taken a Hungarian law school qualification exam,
- d) in the ten-year period before submitting the request, has carried out legal practice as an attorney-at-law for a minimum of one year,
- e) has indemnity insurance to cover any damage caused by the professional activities of an attorney-at-law as well as any grievance award,
- f) has premises suitable for pursuing continuous legal practice in an area in which the regional bar association operates,
- g) meets all conditions required for electronic administration,
- h) except for members of a collective law office, has entered into a contract with an attorney-at-law or a law office to provide substitution for him, and

*i)* is not subject to any grounds for exclusion from practising the activities of an attorney-at-law.

(2) The regional bar association shall, upon request, admit as an attorney-at-law any European Community lawyer who:

*a)* has carried out the professional activities of an attorney-at-law in Hungary in connection with Hungarian law or the application of European Union law in Hungary for at least three years,

*b)* knows the Hungarian language at the level required to practice the professional activities of an attorney-at-law,

*c)* has indemnity insurance enforceable in Hungary providing coverage for any damage caused by the professional activities of an attorney-at-law as well as for any grievance award,

*d)* has premises suitable for conducting continuous legal practice in an area in which the regional bar association operates,

*e)* has all conditions required for electronic administration,

*f)* except for members of a collective law office, has entered into a contract with an attorney-at-law or a law office to provide substitution for him, and

*g)* is not subject to any ground for exclusion from practising the activities of an attorney-at-law.

(3) A European Community lawyer shall, at his request, also be admitted to the regional bar association as an attorney-at-law if he has practiced as an attorney-at-law in Hungary for three years without a break although he has been practising as an attorney-at-law in connection with Hungarian law or with the application of European Union law in Hungary for less than three years, and he otherwise meets the conditions prescribed in paragraph (2).

(4) A European Community lawyer shall become a fully-fledged member of the regional bar association once admitted to the regional bar. As to his use of name, in addition to the “attorney-at-law” denotation, he will be entitled to use his professional title specified in the ministerial decree on the professional titles of European Community lawyers.

## CHAPTER X

### THE SALARIED ATTORNEY-AT-LAW

**Section 59** (1) A salaried attorney-at-law shall carry out the professional activities of an attorney-at-law in an employment relationship with an attorney-at-law or a law office, for the clients of his employer and, if it is laid down in the employment contract, as a substitute for an attorney-at-law or for a law office belonging to the same association of attorneys-at-law or joint office of attorneys-at-law as his employer, for their clients.

(2) A salaried attorney-at-law shall pursue the activity of an attorney-at-law as a member of the regional bar association.

**Section 60** (1) The regional bar association must, upon request, admit as a salaried attorney-at-law anyone who:

*a)* is a citizen of any State that is a party to the Treaty on the European Economic Area,

*b)* has a university degree in law,

*c)* has taken a Hungarian law school qualification exam,

*d)* has indemnity insurance to cover any damage caused by the professional activities of an attorney-at-law, as well as any grievance award,

*e)* has an employment relationship with an attorney-at-law or law office who has an office and who maintains premises suitable for conducting continuous legal practice in an area in which the regional bar association operates, and

*f)* is not subject to any ground for exclusion from practising the activities of an attorney-at-law.

(2) The regional bar association must, upon request, admit as a salaried attorney-at-law any European Community lawyer who:

*a)* has indemnity insurance to cover any damage caused by the professional activities of an attorney-at-law, as well as any grievance award,

*b)* has an employment relationship with an attorney-at-law or law office which has an office and maintains premises suitable for conducting continuous legal practice in an area in which the regional bar association operates, and

*c)* is not subject to any ground for exclusion from practising the activities of an attorney-at-law.

**Section 61** (1) A salaried attorney-at-law may be bound by a contract of employment with more than one attorney-at-law or law office only if all employers are members of the same association of attorneys-at-law or joint office of attorneys-at-law, and the regional bar association has been notified of that fact.

(2) The employment relationship of a salaried attorney-at-law shall terminate, in accordance with the regulations on termination without succession of an employer, if the employer's membership of the bar association is terminated, or the bar association deletes the employer from the bar association register or suspends the employer's practice.

(3) A salaried attorney-at-law shall not carry out the professional activities of an attorney-at-law individually; he may contribute to such activities only within his employer's scope of competence and in accordance with his instructions. The employer's rights over a salaried attorney-at-law may only be exercised by an attorney-at-law.

(4) A salaried attorney-at-law may only carry out his activities under the mandate or court appointment provided to his employer, and may only substitute another attorney-at-law, European Community lawyer or law office with his employer's consent.

(5) The employer shall ensure that a salaried attorney-at-law can participate in any further training, and for that purpose he will be exempted from work for the term of the training.

(6) The Labour Code shall govern the employment relationship of salaried attorneys-at-law in all other respects. In all matters not regulated in this Subtitle, the provisions of this Act applicable to attorneys-at-law shall apply to salaried attorneys-at-law as well.

## CHAPTER XI

### THE JUNIOR ATTORNEY-AT-LAW

**Section 62** (1) In order to perform the legal practice required for the bar examination, a junior attorney-at-law shall carry out the professional activities of an attorney-at-law in an employment relationship with an attorney-at-law, or a European Community lawyer, or a law office, for the clients of his employer and, if it is thus laid down in the employment contract, as a substitute for an attorney-at-law, for a European Community lawyer or a law office belonging to the same association of attorneys-at-law or joint office of attorneys-at-law as his employer, for their clients.

(2) Carrying out the professional activities of an attorney-at-law shall be pursued after having been admitted to the bar association as a junior attorney-at-law.

**Section 63** The bar association shall, upon request, admit as a junior attorney-at-law anyone who:

*a)* is a citizen of any State that is a party to the Treaty on the European Economic Area,

*b)* has a university degree in law,

- c) has an employment relationship with an attorney-at-law or law office that has an office and that maintains premises suitable for conducting continuous legal practice as a junior attorney-at-law in an area in which the regional bar association operates, and
- d) is not subject to any grounds for exclusion from practising the professional activities of an attorney-at-law.

### **30 Entitlement to employ junior attorneys-at-law**

**Section 64** (1) The employer's rights over a junior attorney-at-law may only be exercised by an attorney-at-law or a European Community lawyer who:

- a) is not subject to a disciplinary penalty of being banned from employing a junior attorney-at-law,
- b) fulfils the conditions prescribed in the regulations of the bar association when employing a junior attorney-at-law, and
- c) whose entitlement to employ junior attorneys-at-law is included in the bar association register.

(2) The regional bar association shall remove the entitlement of an attorney-at-law to employ junior attorneys-at-law if the attorney-at-law fails to meet the conditions specified in paragraph (1).

### **31. The role of a junior attorney-at-law**

**Section 65** (1) A junior attorney-at-law shall be provided with work, by the performing of which he may acquire the practical knowledge required to practice law and pass the bar examination.

(2) The regional bar association shall oversee the legal practice of junior attorneys-at-law and shall organise their training.

(3) A junior attorney-at-law may only be bound by a contract of employment with more than one attorney-at-law or law office if all employers are members of the same association of attorneys-at-law or joint office of attorneys-at-law, and the regional bar association has been notified of that fact.

(4) The employer shall ensure that a junior attorney-at-law can participate in any training organised by the bar association for junior attorneys-at-law, and for that purpose he shall exempt him from work for the term of the training.

(5) The employment relationship of a junior attorney-at-law shall terminate, in accordance with the regulations on termination without succession of an employer, if the employer's membership of the bar association is terminated, or the bar association deletes the employer from the bar association register or suspends the employer's practice, or the employer's entitlement to employ junior attorneys-at-law is withdrawn.

(6) The Labour Code shall govern the employment relationship of junior attorneys-at-law in all other respects. In all matters not regulated in this Subtitle, the provisions of this Act applicable to attorneys-at-law shall apply to junior attorneys-at-law as well.

## *CHAPTER XII*

### *THE REGISTERED IN-HOUSE LEGAL COUNSEL*

**Section 66** (1) A registered in-house legal counsel shall carry out the professional activities of an attorney-at-law in an employment relationship with an entity other than a natural person; in a government service, civil service, public service, public servant, law enforcement, regular or contractual military service employment relationship; or in an ecclesiastical service relationship (for the purposes of this Chapter hereinafter jointly "employment relationship"),

*a)* for his employer entered in the bar association register or, in the case of an ecclesiastical service relationship, for an ecclesiastical legal person (for the purposes of this Chapter hereinafter jointly the “employer”),

*b)* for an affiliated company of his employer, or

*c)* for organs having a controlling or operating relationship with the employer, as a client.

(2) A registered in-house legal counsel may also carry out the professional activities of an attorney-at-law in a voluntary legal relationship under the Act on voluntary activities in the public interest. The provisions of this Act pertaining to employment relationships shall also be applied to the voluntary legal relationship of a registered in-house legal counsel under this paragraph, while the provisions of this Act pertaining to the employer shall also be applied to the host organisation with which the registered in-house legal counsel has established a voluntary legal relationship in the public interest as referred to in this paragraph.

(3) A registered in-house legal counsel of the mayor’s office of a local government, the joint office of local governments, the office of a county government or an institution of the organ of representatives, as well as the office or an organ of the government of a national minority, may pursue the professional activities of an attorney-at-law for the local government concerned or the organ of representatives or the general meeting or any other body thereof, or for the government of the national minority concerned or any organ thereof, or for any organ having a relationship of maintenance with the local government or the government of national minority, in any case affecting the duties and competences of the body at issue.

(4) A registered in-house legal counsel, being a member of a regional bar association, may carry out the following from among the professional activities of an attorney-at-law:

*a)* provide legal representation;

*b)* represent a legal entity in a criminal procedure;

*c)* provide legal counselling;

*d)* draft documents;

*e)* countersign documents;

*f)* convert any edited document and the attachments thereto into electronic documents in relation to the activities laid down in points *a)* to *e)* above.

**Section 67** (1) The regional bar association shall, upon request, admit as a registered in-house legal counsel anyone who:

*a)* is a citizen of any State that is a party to the Treaty on the European Economic Area,

*b)* has a university degree in law,

*c)* has taken a Hungarian law school qualification exam,

*d)* has an employment relationship concerning performing the professional activities of an attorney-at-law with an entity other than a natural person which is not entitled to practice the professional activities of an attorney-at-law,

*e)* the seat or premises or branch office of any of his employers where he is employed, is located in the area of operations of a regional bar association,

*f)* all of his employers make a statement that the conditions prescribed for performing the professional activities of an attorney-at-law are met,

*g)* all of his employers make a statement that the facilities for electronic administration are provided, and

*h)* he is not subject to any grounds for exclusion from practising the professional activities of an attorney-at-law.

(2) The regional bar association shall, upon request, admit as a registered in-house legal counsel any European Community lawyer who:

a) has carried out the professional activities of an attorney-at-law in Hungary in connection with Hungarian law or the application of the European Union law in Hungary for at least three years,

b) knows the Hungarian language at the level required to perform the professional activities of an attorney-at-law,

c) has an employment relationship concerning performing the professional activities of an attorney-at-law with an entity other than a natural person which is not entitled to perform the professional activities of an attorney-at-law,

d) the seat or premises or branch office of any of his employers where he is employed is located in the area of operations of a regional bar association,

e) all of his employers make a statement that the conditions prescribed for performing the professional activities of an attorney-at-law are met,

f) all of his employers make a statement that the facilities required for electronic administration are provided, and

g) is not subject to any grounds for exclusion from performing the professional activities of an attorney-at-law.

(3) The minister responsible for justice (hereinafter the “minister”) may grant an exemption from the requirement of nationality.

**Section 68** (1) A registered in-house legal counsel may have a legal relationship for performing the professional activities of an attorney-at-law with a maximum of two entities other than natural persons, excluding affiliated entities.

(2) A registered in-house legal counsel shall, with a general or special authorisation, represent his employer, any affiliated entity of his employer or an organ having a controlling or operating relationship with the employer. The rules on authorising an attorney-at-law shall apply to such an authorisation.

(3) A registered in-house legal counsel shall not accept a mandate to perform the professional activities of an attorney-at-law.

**Section 69** (1) Except for section 20 (5) and (6), the provisions of this Act on the employment relationship and employer of registered in-house legal counsels shall also apply to their legal relationships established at least partly to perform the professional activities of an attorney-at-law as set out in section 66 (1). The provisions of the Act regulating employment relationships shall apply to the legal relationship of a registered in-house legal counsel and his employer under this paragraph, subject to the derogations provided in this Act.

(2) A registered in-house legal counsel shall refuse to comply with an instruction if implementing it would lead to a disciplinary offence.

(3) Any agreement leading to detrimental legal consequences for the registered in-house legal counsel’s right to refuse to implement an instruction as laid down in paragraph (2) shall be null and void.

(4) A registered in-house legal counsel shall notify the disciplinary commissioner within thirty days if any of his employment relationships have been terminated by the employer with immediate effect due to his culpable misconduct as laid down in the Act on promoting employment and on unemployment benefits.

(5) The employer may take over the fulfilment of any of the payment obligations of a registered in-house legal counsel towards the bar association.

(6) The employer shall ensure that a registered in-house legal counsel can participate in any training and further training organised by the bar association for registered in-house legal counsels, and for that purpose he shall exempt him from work for the term of the training.

### CHAPTER XIII

### *THE JUNIOR IN-HOUSE LEGAL COUNSEL*

**Section 70** (1) A junior in-house legal counsel shall perform the professional activities of an attorney-at-law with a view to gaining the legal practice required for the bar examination and to acquire the professional knowledge required to perform the functions of a registered in-house legal counsel, in an employment relationship; in a government service, civil service, public service, public servant, law enforcement, regular or contractual military service employment relationship; or in an ecclesiastical service relationship (for the purposes of this Chapter hereinafter jointly “employment relationship”), under the guidance and control of a registered in-house legal counsel:

*a)* for his employer entered into the bar association register, or in the case of an ecclesiastical service relationship, for an ecclesiastical legal person (for the purposes of this Chapter hereinafter jointly “employer”),

*b)* for an affiliated company of his employer, or

*c)* for an organ having a controlling or operating relationship with his employer.

(2) A junior in-house legal counsel may also carry out the professional activities of an attorney-at-law in a voluntary legal relationship under the Act on voluntary activities in the public interest. The provisions of this Act pertaining to an employment relationship shall also be applied to the voluntary legal relationship of a junior in-house legal counsel under this paragraph, while the provisions of this Act pertaining to the employer shall also be applied to the host organisation with which the junior in-house legal counsel has established a voluntary legal relationship in the public interest, as referred to in this paragraph.

(3) A junior in-house legal counsel of the mayor’s office of a local government, the joint office of local governments, the office of a county government or an institution of the body of representatives, as well as the office or a body of the government of a national minority, may perform the professional activities of an attorney-at-law for the local government concerned or the body of representatives or the general meeting or any other body thereof, or for the government of the national minority concerned or any organ thereof, or for any organ having a relationship of operation with the local government or the government of a national minority, in any case affecting the duties and competence of the body at issue.

(4) A junior in-house legal counsel may perform the professional activities of an attorney-at-law which may be carried out by a registered in-house legal counsel, as a substitute for a registered in-house legal counsel and in accordance with his instructions, and subject to the restrictions set out in this Act, after having been admitted to the bar association register as a junior in-house legal counsel.

**Section 71** (1) The bar association shall, upon request, admit as a junior in-house legal counsel anyone:

*a)* who is a citizen of any State that is a party to the Treaty on the European Economic Area,

*b)* who has a university degree in law,

*c)* who has an employment relationship concerning performing the professional activities of a junior in-house legal counsel with an entity other than a natural person which is not entitled to perform any professional activities of an attorney-at-law,

*d)* the seat or premises or branch office of whose employer where he is employed is located in the area of operations of a regional bar association,

*e)* whose employer makes a statement that the conditions for performing the professional activities of an attorney-at-law are met, and

*f)* who is not subject to any grounds for exclusion from performing the professional activities of an attorney-at-law.

(2) The minister may grant an exemption from the requirement of nationality.



(3) A junior in-house legal counsel may have a legal relationship for performing the professional activities of an attorney-at-law with one entity other than a natural person, excluding affiliated entities.

(4) The provisions of sections 68 and 69 shall apply to junior in-house legal counsels in all other respects.

**Section 72** (1) A junior in-house legal counsel shall be provided with work, by performing which he may acquire the practical knowledge required for practising as a registered in-house legal counsel and passing the bar examination.

(2) The regional bar association shall oversee the legal practice of junior in-house legal counsels and shall organise their training.

#### CHAPTER XIV

#### THE EUROPEAN COMMUNITY LAWYER

**Section 73** (1) A European Community lawyer shall be a natural person entitled to carry out the professional activities of an attorney-at-law in an EEA Member State, who performs the professional activities of an attorney-at-law on a permanent or case-by-case basis, as a business-like activity, at his own financial risk, with the exceptions laid down in this Act, upon the mandate of his client and in a capacity denominated in the ministerial decree on the professional titles of European Community lawyers.

(2) For the purposes of this Chapter, “EEA Member State” shall mean the Member States of the European Union, the States which are parties to the Treaty on the European Economic Area or, unless otherwise provided by a promulgated international convention, any other state whose citizens enjoy the same treatment as nationals of States who are parties to the Treaty on the European Economic Area by virtue of the agreement between the European Community and its Member States and a State that is not a party to the Treaty on the European Economic Area.

(3) For the purposes of this Chapter, the EEA Member State in which a European Community lawyer has acquired the entitlement to use one of the professional titles stipulated in the relevant legal regulation is to be considered the European Community lawyer’s home EEA Member State.

#### 32. Forms of performing the professional activities of European Community lawyers

**Section 74** As a European Community lawyer, performing the professional activities of an attorney-at-law shall be carried out in the territory of Hungary:

a) on a permanent basis only after having been registered to the bar association as a European Community lawyer,

b) on a case-by-case basis only after having been registered to the bar association as a European Community lawyer or, with the exception provided by section 76 (1), subject to a notification being sent to the Hungarian Bar Association.

**Section 75** The bar association shall, upon request, admit as a European Community lawyer anyone who:

a) is entitled to perform the professional activities of an attorney-at-law in an EEA Member State,

b) has indemnity insurance which is enforceable in Hungary and provides coverage for any damage caused by the professional activities of an attorney-at-law, as well as for any grievance award,

c) except for members of a collective law office, has entered into an agreement with an attorney-at-law, a European Community lawyer or a law office to provide substitution for him, and

*d)* is not subject to any grounds for exclusion from performing the professional activities of an attorney-at-law.

**Section 76** (1) A European Community lawyer carries out the professional activities of an attorney-at-law on a case-by-case basis in Hungary if his activity qualifies as a cross-border supply of services as defined in the Act on the general rules of taking up and performing service activities.

(2) In the event that the professional activities of an attorney-at-law carried out on a continuous basis, or with an interruption not exceeding six months at a time, exceed three years, it shall be presumed that the European Community lawyer carries out his professional activities as an attorney-at-law on a permanent basis in Hungary.

(3) Any European Community lawyer who performs the professional activities of an attorney-at-law on a case-by-case basis without being admitted to the bar association register shall be required to give advance notice to the Hungarian Bar Association in writing of his intention to take up the activity, before his first assignment. In exceptional cases, where any delay that may result from compliance with the advance notification requirement is likely to prejudice the essential interests of the client of the European Community lawyer, the notification shall be made on the working day following the procedural act.

(4) The notification shall contain the European Community lawyer's:

- a)* surname and given name;
- b)* birth name and given name;
- c)* place and date of birth and mother's birth name;
- d)* citizenship;
- e)* mailing address in his home EEA Member State;
- f)* name of the organisation that maintains the bar association register in the home EEA Member State, in the official language of that EEA Member State;
- g)* registration number in the organisation referred to in point *f)*;
- h)* the name of the professionals used in his home EEA Member State; and
- i)* the particulars of the association of attorneys-at-law operating in the European Community lawyer's home EEA Member State, if he is a member of such an association.

(5) In the event that the period of carrying out the professional activities of an attorney-at-law by a European Community lawyer exceeds one year, he shall notify the Hungarian Bar Association of his professional activities as an attorney-at-law performed on a case-by-case basis every year, until the last day of the last one-year period.

### **33. The role of a European Community lawyer**

**Section 77** (1) A European Community lawyer, when using his name, may only indicate the name of his profession as specified in the ministerial decree on the professional names of European Community lawyers and, furthermore, the name of the professional organisation of which he is a member must also appear in the official language of his home EEA Member State. The name of his profession must be furnished with an explanation in Hungarian if the name "attorney-at-law" can be confused with that name. A European Community lawyer shall not create the impression that he is an attorney-at-law member of the bar association.

(2) In those cases where the law prescribes mandatory legal representation, a European Community lawyer may only provide such representation if he has concluded a cooperation contract with an attorney-at-law or law office for this purpose.

(3) A European Community lawyer shall only contribute to cases in which countersignature by an attorney-at-law is provided for by law if he has entered into a cooperation contract with an attorney-at-law or a law office for that purpose, and the document is countersigned by the cooperating attorney-at-law or an attorney-at-law member of the collaborating law office.

(4) In all cases requiring mandatory legal representation in which a European Community lawyer proceeds for the first time before a court or other authority as a representative of his client, the European Community lawyer must produce a cooperation contract and, if it is not in Hungarian, a certified Hungarian translation of it.

(5) Upon the termination of the cooperation contract, the European Community lawyer shall report this fact immediately to the court and other authorities to which he earlier verified the establishment of cooperation.

(6) The main content elements of a cooperation contract shall be determined in the regulations of the bar association.

**Section 78** (1) European Community lawyers who permanently carry out the professional activities of an attorney-at-law in the territory of Hungary shall, in the course of their activities, comply with the provisions of this Act and the stipulations of the regulations of the bar association.

(2) The activities of European Community lawyers who provide temporary services with regard to legal representation shall be governed by the provisions of this Act; any other activities by a European Community lawyer shall be governed by the rules of his home EEA Member State applicable to performing those specific professional activities of an attorney-at-law, and also by the provisions of this Act and the stipulations of the regulations of the bar association, provided that they are applicable in those cases where legal practice in the territory of Hungary is not permanent.

(3) If a European Community lawyer provides services on a case-by-case basis without being registered into the bar association register, the bar association with territorial competence over the place in which the services are provided shall monitor compliance with the requirements established in this Act with regard to European Community lawyers who provide services on a case-by-case basis.

(4) In all other matters, the regulations pertaining to individual attorneys-at-law shall be applied to European Community lawyers operating individually.

## CHAPTER XV

### THE SALARIED EUROPEAN COMMUNITY LAWYER

**Section 79** (1) A salaried European Community lawyer shall perform the professional activities of an attorney-at-law in an employment relationship with a European Community lawyer, an attorney-at-law or law office, as a substitute for his employer, for his employer's clients.

(2) A salaried European Community lawyer shall be authorised to perform the professional activities of an attorney-at-law in the territory of Hungary:

*a)* on a permanent basis only after having been admitted to the bar association register as a salaried European Community lawyer,

*b)* on a case-by-case basis only after having been admitted to the bar association register as a salaried European Community lawyer, or subject to notification sent to the Hungarian Bar Association.

**Section 80** The bar association shall, upon request, admit in the bar association Register as a salaried European Community lawyer anyone who:

*a)* is entitled to pursue the professional activities of an attorney-at-law in a State that is a party to the Treaty on the European Economic Area,

*b)* has indemnity insurance which is enforceable in Hungary and provides coverage for any damage caused by the professional activities of an attorney-at-law, as well as for any grievance award,

c) has an employment relationship with an attorney-at-law, a European Community lawyer or a law office which has an office and who maintains premises suitable for a salaried European Community lawyer to perform continuous legal activities in an area in which the regional bar association operates, and

d) is not subject to any grounds for exclusion from performing the activities of an attorney-at-law.

**Section 81** (1) The employer's rights over a salaried European Community lawyer shall only be exercised by a European Community lawyer or attorney-at-law.

(2) In all other matters, the legal regulations pertaining to salaried attorneys-at-law shall be applied to salaried European Community lawyers.

## CHAPTER XVI

### THE FOREIGN LEGAL ADVISOR

**Section 82** (1) A foreign legal advisor may provide legal advice under a cooperation contract concluded with a Hungarian attorney-at-law or law office, concerning the law of the country in which he is a registered attorney, as well as concerning international law and legal practice in connection with these. A foreign legal advisor counsel may not perform other professional activities of an attorney-at-law in Hungary.

(2) In the course of his activities, a foreign legal advisor counsel may, when referring to his capacity as a foreign legal advisor, use his own personal name and the name of his foreign law office in the form used in the country in which he is registered.

(3) Performing the professional activities of an attorney-at-law may be carried out after having been admitted to the bar association register as a foreign legal advisor. This provision shall not affect the regulations pertaining to the employment of foreign nationals in Hungary.

**Section 83** (1) The regional bar association shall, upon request, admit to the bar association register as a foreign legal advisor anyone who

a) is entitled to practise the profession of an attorney-at-law in a foreign country,

b) is not subject to a criminal procedure or disciplinary action in the country referred to in point a) above,

c) has concluded a cooperation contract with an attorney-at-law or law office which has an office and maintains premises suitable for conducting continuous professional activities as a foreign legal advisor in an area in which the regional bar association operates,

d) has indemnity insurance which is enforceable in Hungary and provides coverage for any damage caused by the professional activities of an attorney-at-law, as well as for any grievance award, and

e) is not subject to any grounds for exclusion from performing the professional activities of an attorney-at-law.

(2) The foreign attorney-at-law who has established, or whose foreign law office has established, commercial representation in Hungary shall not be admitted to the bar association register as a foreign legal advisor.

**Section 84** (1) A foreign legal advisor may conduct his activities exclusively upon the mandate provided to the attorney-at-law or law office with which he has concluded a cooperation contract.

(2) If the cooperation contract so provides, the foreign legal advisor may accept, in his own right, mandates within the scope of his activities.

(3) A cooperation contract may also be concluded with the foreign legal advisor's foreign law office.

(4) In the course of his activities, a foreign legal advisor shall make it clear that he is not a registered member of the Hungarian Bar Association, and he shall not create the impression that he is authorised to perform the professional activities of an attorney-at-law relating to Hungarian law.

## CHAPTER XVII

### THE CARETAKER ATTORNEY

**Section 85** (1) The regional bar association shall appoint a caretaker attorney from among the attorneys-at-law registered in the bar association register as being entitled to perform the professional activities of a caretaker attorney:

*a)* to the law office of a deceased attorney-at-law or European Community lawyer if the law office is left with no member performing the professional activities of an attorney-at-law,

*b)* to an attorney-at-law or a European Community lawyer if:

*ba)* the attorney-at-law or European Community lawyer is prevented from pursuing his professional activities and has no substitute, or

*bb)* his membership in the regional bar association is terminated, or the European Community lawyer is deleted from the bar association register, and he has not arranged for his ongoing affairs to be managed or for the depositing of his documents or records kept under this Act,

*c)* to a law office terminated without succession, if:

*ca)* it fails to submit its opening and closing balance sheets supported by an inventory, and a proposal on the distribution of assets,

*cb)* it fails to submit its final settlements with its clients, as well as its settlement of the payment of deposits,

*cc)* it fails to certify that it arranged for its ongoing affairs to be managed, or

*cd)* it fails to certify that it arranged for the release of the documents to which its clients are entitled, or for the safeguarding of documents that may not be discarded or for their placement in the archives,

*d)* to a law office subject to a liquidation procedure.

(2) The caretaker attorney shall:

*a)* carry out, in cooperation with the office manager in those cases laid down in paragraph (1) *c)* and *d)*, all legal tasks requiring immediate action in the affairs of an attorney-at-law, a European Community lawyer or a law office; shall acquire the right of disposal over deposit accounts and property received by the attorney-at-law or European Community lawyer from the clients, as well as over the payment accounts of the law office, except for bankruptcy and liquidation procedures; shall attempt to collect any attorney's agency fee agreed upon but still unpaid; and shall be entitled to inspect the documents of an attorney-at-law or law office, or

*b)* in the case referred to in paragraph (1) *c)*, if the office manager omitted to do it, the caretaker attorney shall assess the financial situation of the law office; shall recover its receivables and pay off its debts; shall enforce its rights and fulfil its obligations; shall sell its assets if required, and divide all assets that remain after liabilities towards creditors have been settled, in cash or in kind, among the members of the law office and their heirs, and shall terminate the operation of the law office.

(3) In the scope of his activity specified in paragraph (2), a caretaker attorney shall be entitled to represent an attorney-at-law, a European Community lawyer or a law office.

(4) For his activities, a caretaker attorney shall be entitled to the remuneration determined in the regulations of the bar association which shall be paid by the person or entity to which the

caretaker attorney has been appointed. In the event that the caretaker attorney's fee is unrecoverable, it shall be borne by the regional bar association.

(5) The appointment of a caretaker attorney must be terminated if the reason for his appointment no longer prevails.

**Section 86** (1) Upon request, the regional bar association shall register into the bar association register the entitlement to act as a caretaker attorney of an attorney-at-law who has at least five years of experience as an attorney-at-law and is a member of the bar association. No entitlement to act as a caretaker attorney may be registered into the bar association register for a person who:

- a) is subject to disciplinary action or is subject to a disciplinary penalty,
- b) is subject to a procedure for the cancellation of his Bar membership, or
- c) suspended his activities.

(2) The regional bar association shall cancel the entitlement to act as a caretaker attorney of a person who requests it, and also of any person who fails to comply with the requirements set out in paragraph (1).

## PART FIVE

### ORGANISATIONS PERFORMING THE PROFESSIONAL ACTIVITIES OF AN ATTORNEY-AT-LAW

#### *CHAPTER XVIII*

#### *THE LAW OFFICE*

**Section 87** (1) A law office is a legal entity established by one or more attorneys-at-law or European Community lawyers for the purpose of jointly performing the professional activities of an attorney-at-law as a business-like activity, where a member's obligation comprises the provision of assets and other services to the law office as determined in the deed of foundation.

(2) An attorney-at-law and a European Community lawyer can only be a member of one law office.

(3) A law office may also be established by providing subscribed capital of a size determined in the deed of foundation.

(4) If the subscribed capital of the law office is at least three million forints, the members shall not be liable for the obligations of the law office, except in the cases specified in paragraph (5). If the subscribed capital of the law office is less than three million forints, members of the law office shall bear unlimited, joint and several liability for the obligations of the law office not covered by its assets.

(5) In the event that the assets of the law office are insufficient to cover a claim, the members of the law office shall bear unlimited liability for any damage caused by their professional activities as attorneys-at-law, as well as for the payment of any grievance award with their own assets. The member of the law office who causes the damage, without prejudice to his underlying liability, may also be sued, together with the law office.

**Section 88** (1) The deed of foundation of the law office may stipulate that, if the member so wants, the share of the assets due to the member may stay in the law office after the membership relationship is terminated, including when the termination of membership is due to a change in the form of operation registered at the bar association (hereinafter "proprietary membership").

(2) In the case of proprietary membership, the rights and obligations of proprietary members, as well as the manner of settling accounts, shall be regulated by the deed of foundation.

(3) A proprietary member may not perform the professional activities of an attorney-at-law in a law office. The obligations pertaining to the representation of a single-member law office, arising from legal regulations, shall be performed by the proprietary member.

(4) Proprietary membership may be terminated by mutual consent or by termination with ordinary notice and shall terminate upon the dissolution of the law office and upon the proprietary member's death. In the event of the termination of proprietary membership, the law office must settle accounts with the proprietary member or his heirs.

### 34. Establishing a law office

**Section 89** (1) The rules on the establishment of a legal person shall apply to the establishment of a law office, with the proviso that a law office is established upon its admission to the register of law offices.

(2) Members shall provide for the establishment of a law office in the deed of foundation. In addition to the particulars set out in the Civil Code, the deed of foundation shall indicate

- a) the branch office or sub-office, if any, belonging to a law office;
- b) the voting rights to which the members of a law office are entitled, and the procedure to be followed in the event of a tied vote;
- c) the rules of representation of the law office, and the rules of accepting a mandate;
- d) the term of appointment of the office manager, and the rules for managing the law office in the event of several office managers;
- e) the operational rules of members' meetings;
- f) the rules for making settlements between the members;
- g) the rules on exclusion from the law office, extraordinary unilateral termination and termination of membership;
- h) the rules for dissolution of the law office; and
- i) the rules for accepting the accounts set out by the Act on accounting.

(3) The deed of foundation of a single-member law office shall indicate, beyond the particulars laid down by the Civil Code, the items listed in paragraph (2) *a) to h)*, and the rights and obligations of the office manager shall be exercised by the single member of the law office.

(4) The members of a law office shall be entitled to inspect the books and accounts of the office. Any agreement to the contrary shall be null and void.

(5) The seat of a law office shall be its office. A law office may only be established in the area of operations of the bar association where the law office has its member(s) registered or entered in the bar association register. A collective law office must have offices or branch offices in the area of operations of all regional bar associations where the law office has its member(s) registered or entered in the bar association register.

(6) At the request of the office manager, a law office shall be admitted to the register of law offices if:

- a) the deed of foundation meets the criteria provided in paragraphs (1) to (5),
- b) the deed of foundation is not in breach of the law or the regulations of the bar association,
- c) it has indemnity insurance covering any damage caused by its professional activities as attorneys-at-law, as well as any grievance award.

**Section 90** (1) The denomination of the law office may contain the foreign-language denomination of the association of attorneys-at-law registered in any EEA Member State of which the European Community lawyer who is a member of that law office is a member.

(2) Additional rules on the name of a law office shall be set out in the regulations of the Hungarian Bar Association.

### 35. Organs of a law office

**Section 91** (1) The decision-making organ of a law office shall be the members' meeting, consisting of the members of the law office.

(2) In the case of a single-member law office, the powers of the decision-making organ shall be exercised by the single member who shall make decisions in writing on all matters falling within the powers of the decision-making organ.

(3) Managing the affairs of the law office shall be carried out by one or more office managers elected from the members.

### 36. Termination of membership of a law office

**Section 92** (1) Membership of a law office shall terminate:

*a)* when the member's membership in the bar association is terminated or the member is deleted from the bar association register,

*b)* by the mutual consent of the members,

*c)* upon termination with ordinary notice,

*d)* upon termination with extraordinary notice,

*e)* upon exclusion, or

*f)* upon the dissolution of the law office.

(2) With the exception provided for in section 88 (1), the law office shall be obliged to settle accounts with the former member or his heir when his membership terminates.

**Section 93** (1) Unless otherwise provided by the deed of foundation, a member of the law office shall be entitled to unilaterally terminate his membership with three months' notice. If the notice period expires at an inconvenient time, the law office may extend the notice period by three more months at most.

(2) Unless otherwise provided by the deed of foundation, the law office may unilaterally terminate a membership relationship with three months' notice, and it must simultaneously inform the member of the share of assets that the law office shall ~~will~~ give him on the day on which his membership terminates. If the member disputes the share of assets so determined, he must inform the law office of this within fifteen days of the date on which notice has been given. The membership of a member who has a majority voting right may not be unilaterally terminated.

(3) A member of a law office may unilaterally terminate his membership relationship with immediate effect if another member of the law office has seriously violated the provisions of the deed of foundation or has engaged in conduct that seriously compromises the law office's practice or cooperation with him.

**Section 94** The members' meeting of a law office consisting of at least three members may expel the member if he seriously compromises the activities of the law office with his conduct.

### 37. Transformation of a law office

**Section 95** (1) A law office shall not be transformed into another type of legal person.

(2) A law office shall only merge with another law office, and may only be divided into law offices. The provisions of the Civil Code on the merger and division of legal entities shall apply to the merger and division of law offices subject to the derogations set out in this Act.

(3) The provisions of the Civil Code on the transformation, merger and division of companies shall apply to the obligation to prepare a balance sheet of assets and liabilities and a valuation of assets and estimation of assets and to the procedural rules on the transformation of a law office undergoing transformation or a law office created through transformation.



(4) The members' meeting of the law office or law offices concerned shall make a decision on the merger or demerger of a law office. A merger or demerger shall become effective upon its entry into the bar association register.

(5) The law office shall notify its principals of the transfer of the mandate held to the legal successor law office immediately but at the time of submitting the notification of the change to the bar association at the latest, and shall inform them about the conditions of unilaterally terminating or restricting the mandate.

(6) The legal successors of a divided law office shall be liable for the obligations of the law office incurred prior to division, in the proportion in which the assets were distributed. In the event that certain assets are not availed of during the division, the asset or the consideration for it shall be due to all legal successor law offices in the proportion in which the assets were distributed. If an obligation becomes known only after the division, the liability of the legal successor law offices shall be joint and several. The legal successor law offices shall also be jointly and severally liable if the obligation has been availed of during the division but the law office failed to comply with it. These provisions may only be applied to any possible liability for damages with regards to obligations arising from the mandate.

### 38. Termination of a law office

**Section 96** (1) A law office shall terminate when it is deleted from the register of law offices.

- (2) The regional bar association shall delete a law office from the register of law offices if
- a) the members' meeting of the law office makes a decision on the termination of the law office with a legal successor,
  - b) the members' meeting of the law office makes a decision on the termination of the law office without succession,
  - c) the law office is left with no attorney-at-law, European Community lawyer or proprietary member,
  - d) the law office fails to comply with the conditions prescribed for establishing a law office, despite a call to do so,
  - e) a court orders the termination of the law office without succession in a liquidation procedure,
  - f) the tax identification number of the law office is permanently cancelled, or
  - g) a caretaker attorney was appointed to the law office, and the appointment or the law office was not terminated without succession within three years.

(3) If a law office fails to meet the conditions provided for its establishment, the regional bar Association shall call upon it to comply with those conditions within thirty days.

(4) If the tax authority notifies the regional bar association of the suspension of the tax identification number of a law office, the regional bar association shall warn the member in writing of the legal consequence set out in paragraph (2) f).

**Section 97** (1) The members' meeting of a law office may make a decision to terminate the law office without succession if:

- a) it arranges for the transfer or termination of its mandates,
- b) it has provided for the termination of the employment relationship of salaried attorneys-at-law, junior attorneys-at-law, salaried European Community lawyers and attorney assistants employed by the law office, and
- c) it has arranged for the placement of the documents of the law office with an attorney-at-law or attorney's archives or in any other manner that ensures the safeguarding of attorney-client privileged information and the subsequent traceability of all documents.

(2) In its decision on termination without succession, a single-member law office may transfer its rights and obligations arising from all of its mandates for performing the professional activities of an attorney-at-law to its member, with effect from the member's registering into the bar association register, even without the consent of its clients, with the proviso that the law office shall not perform any professional activities of an attorney-at-law after such registration.

(3) If the regional bar association, except for the event of liquidation, fails to delete the law office within two years following the decision on termination without succession for any reason,

a) the regional bar association shall dismiss the office manager or caretaker attorney-at-law by a decision, and shall appoint a caretaker attorney to complete the duties relating to the termination of the law office without succession, and

b) it shall ban any person, who was the manager or a member with majority voting rights of the law office at the time of deciding on the termination without succession or in the year preceding that decision, from performing the professional activities of an attorney-at-law, unless he proves that the failure to apply for termination was due to unforeseeable circumstances beyond his control, and that it could not be expected of him to avoid those circumstances or prevent their occurrence.

(4) Unless otherwise provided for by the deed of foundation, or in the absence of an agreement to the contrary, if a law office terminates without succession, the assets remaining after the debts have been settled must be distributed among the members of the law office in proportion with their monetary or asset contributions.

(5) If a law office is terminated due to the death of any of its members, his share of the assets as laid down in paragraph (4) shall be due to his heir.

(6) Each member of a law office terminated without succession, or his heir, shall be liable for the law office's debts up to the amount of his part of the law office's assets.

(7) Unless in a liquidation procedure, the rules on the obligations of organisations under a winding-up procedure to keep accounts and make reports shall be applied to the termination without succession.

**Section 98** (1) In the course of a bankruptcy or liquidation procedure, the denotation "cs.a." (under bankruptcy proceedings) or "f.a." (under liquidation) shall be appended to the name of the law office.

(2) If the opening balance sheet shows that the assets of the law office are insufficient to pay off the debts, and the members fail to provide the required amount to the law office as a monetary or asset contribution within thirty days, the person appointed to carry out the duties relating to the termination of the law office shall submit the application for conducting the liquidation procedure to the court immediately. The consent of the members' meeting shall not be required for submitting an application for liquidation; however, the person appointed to carry out the duties relating to the termination of the law office shall inform, in parallel, the members' meeting of the initiation of the liquidation procedure.

(3) As regards bankruptcy and liquidation procedures, the cash amount, securities and other property deposited by the clients or for the clients with the office, or received by the office from the client for safekeeping, shall not form part of the law office's assets.

(4) If a court orders the liquidation of the law office or terminates the liquidation procedure, the court shall also send the final and binding order within three working days upon its entry into force to the regional bar association in the area of which the law office operates. Within three working days of receipt of that order, the regional bar association shall appoint a caretaker attorney or terminate the caretaker attorney's appointment, and shall notify the court

and, in the case of appointing a caretaker attorney, the liquidator of the decision by sending the decision of the bar association containing the appointment.

(5) Upon the liquidation procedure being ordered, the manager of the law office shall fulfil his obligations set out in section 31 of Act XLIX of 1991 on bankruptcy procedures and liquidation procedures (hereinafter the “Bankruptcy Act”), with the derogation that the office manager shall release the assets referred to in paragraph (3) and any related documents and receipts, as well as all other documents containing attorney-client privileged information, to the caretaker attorney.

(6) The manager of the law office shall cooperate with the liquidator and the caretaker attorney in order to collect all receivables of the law office arising from any ongoing mandate.

(7) In the event that the law office is liquidated, the documents released to the caretaker attorney in accordance with paragraph (5) shall not be included in the list of documents set out in section 31 (1) b) of the Bankruptcy Act. The caretaker attorney shall draw a separate list of such documents and shall provide it to the president of the regional bar association.

### **39. Mandate of the law office**

**Section 99** (1) Upon the termination without succession of the law office, the mandate given to the law office shall terminate.

(2) If the membership of a law office's member terminates in such a manner that he continues to perform his professional activities as an attorney-at-law, the attorney-at-law, with the client's consent, shall become an agent in an agency contract issued to him in the settlement.

### **40. The European Community lawyers' office**

**Section 100** If a law office only has European Community lawyers as members or if none of the members' surnames appears in the name of the law office, the denotation “European Community lawyers' office” rather than “law office” shall be used to denominate the office. The rules pertaining to law offices shall apply to European Community lawyers' offices in all other respects.

## *CHAPTER XIX*

### *THE ASSOCIATION OF ATTORNEYS-AT-LAW AND THE JOINT OFFICE OF ATTORNEYS-AT-LAW*

**Section 101** (1) For the purpose of performing the professional activities of an attorney-at-law on a permanent basis, an association of attorneys-at-law operating under its own name and not having the status of an independent entity may be established by a written association agreement.

(2) An attorney-at-law, a European Community lawyer or a law office may be a member of an association of attorneys-at-law.

(3) The name, establishment and termination of an association of attorneys-at-law, the name of the attorney-at-law representing and heading the association of attorneys-at-law and the names of the attorneys-at-law participating in the association, as well as the way they use their names, and any change in their persons shall be put in writing, and shall also be notified to the regional bar association.

**Section 102** (1) For performing the professional activities of an attorney-at-law in a manner that the associates use the infrastructure jointly and bear, in whole or in part, all costs of it jointly, but perform their professional activities on a permanent basis separately and independently in all other respects, a joint office of attorneys-at-law may also be established

by a written agreement, where the joint office of attorneys-at-law may not be operated under its own name and it will not have the status of an independent entity.

(2) An attorney-at-law, a European Community lawyer, a foreign legal advisor or a law office may be a member of a joint office of attorneys-at-law.

(3) The name, establishment and termination of a joint office of attorneys-at-law and the participants in the cooperation, as well as any change in their persons, shall be notified to the regional bar association.

**Section 103** The detailed rules applicable to associations of attorneys-at-law and joint offices of attorneys-at-law shall be set forth in the regulations of the bar association.

## CHAPTER XX

### THE ATTORNEY ASSISTANT

**Section 104** (1) For the purpose of assisting the work of the law office, or the work of the association of attorneys-at-law or joint office of attorneys-at-law, an attorney-at-law, a European Community lawyer or a law office may employ one or more attorney assistants who have a general right of representation under an employment relationship.

(2) An attorney assistant shall represent an attorney-at-law or a law office under the guidance of an individual attorney-at-law, a European Community lawyer or the law office manager within the scope and with the exceptions laid down in this Act.

(3) Persons admitted by the regional bar association to the bar association register as attorney assistants may perform the professional activities of an attorney assistant.

#### 41. The attorney assistant's right of representation

**Section 105** (1) An attorney assistant shall not represent his employer:

- a) in performing the professional activity of an attorney-at-law,
- b) when accepting, modifying or terminating a mandate of an attorney-at-law,
- c) when accepting an authorisation,
- d) in the course of a preliminary investigation, or in a disciplinary, ethics or mediation procedure under this Act,
- e) when participating in the organs of the bar association,
- f) in court procedure against a decision of the law office, or
- g) when recording or modifying cash deposits in the electronic register, and when deleting them from it.

(2) As a derogation from paragraph (1), an attorney assistant, in representation of his employer, under the guidance of an attorney-at-law or a European Community lawyer, shall be entitled to:

- a) verify the identity of the client or his representative,
- b) inspect and verify the data of real estate,
- c) take over documents received from the principal or due to the principal, and to issue a delivery receipt on them,
- d) release documents to the client,
- e) act as a representative of the employer before the bar association, except in disciplinary and ethics procedures,
- f) make electronic copies of a paper-based document with an identical pagination layout to the original document,
- g) forward by electronic means any document signed by the person performing the professional activities of an attorney-at-law, and
- h) request data from the electronic records maintained on cash deposits.

(3) An attorney assistant shall be entitled to represent his employer in transactions and to represent his employer as a party to the procedure in a court or administrative procedure if legal representation is not mandatory.

(4) An attorney assistant employed by a law office shall be entitled to represent any member of the law office, except in a legal dispute with the law office itself, if legal representation is not mandatory.

## **42. Conditions of practising as an attorney assistant**

**Section 106** (1) At his employer's request, a person of legal age whose legal competency has not been restricted to an extent affecting his ability to perform his professional activities and is not subject to the grounds for exclusion set out in paragraph (2), shall be admitted to the bar association register as an attorney assistant. The amended deed of foundation must be enclosed to the application to be submitted by the law office, and the attorney assistant's declaration of consent must be obtained.

(2) The following persons shall not be admitted as an attorney assistant:

*a)* a person who has been sentenced to imprisonment by a final and binding judgment for committing a crime, until he is absolved from the detrimental legal consequences related to his criminal record,

*b)* a person who has been barred in a final decision with administrative finality from performing the professional activities of an attorney assistant or attorney-at-law, or is subject to a prohibition or disbarment from the bar association as a disciplinary penalty, or

*c)* for three years from the entry into force of the relevant final decision, any person relating to someone who it has been found has performed the professional activities of an attorney-at-law unlawfully on a regular basis and for consideration.

(3) An attorney assistant may be the assistant of more than one attorney-at-law, European Community lawyer or law office, only under an employment relationship with all attorneys-at-law, European Community lawyers or law offices, and only if each attorney-at-law, European Community lawyer or law office consents to it.

(4) An attorney assistant shall be deleted from the bar association register if

*a)* he fails to comply with all conditions laid down in paragraph (1),

*b)* he has no employment relationship with an attorney-at-law, a European Community lawyer or a law office,

*c)* he has died, or

*d)* his employer requests his removal from the Register.

(5) In the case set out in paragraph (3), if a ground for exclusion laid down in paragraph (4) *b)* or *d)* exists only with respect to one of the employers, the attorney assistant shall be deleted from the bar association register only with regard to that employer. The attorney assistant's employment relationship shall not be terminated if the application for his admittance to the bar association register is refused, or if he is deleted from the bar association register.

## **PART SIX**

### **LIABILITY TO DISCIPLINARY ACTION**

#### **43. Disciplinary offences**

**Section 107** A member of the bar association or a natural person registered into the bar association register who performs or voluntarily suspends the professional activities of an attorney-at-law or is subject to suspension as a penalty, shall be deemed to commit a disciplinary offence if

*a)* when pursuing his professional activities as an attorney-at-law, he wilfully or by negligence violates his obligations arising from performing those activities as set out by law, the regulations of the Hungarian Bar Association and the statutes of the regional bar association (hereinafter jointly the “statutes”) or in their code of conduct, or

*b)* his wilful or negligent behaviour outside the scope of performing the professional activities of an attorney-at-law seriously jeopardises the good standing of the occupation of an attorney-at-law.

#### 44. Disciplinary penalties

**Section 108** The following penalties may be imposed on persons who commit disciplinary offences, except for the penalties that may be imposed on a person committing a disciplinary offence in a disciplinary action ordered following a preliminary investigation instituted under section 188 (3):

- a)* a written reprimand,
- b)* a fine,
- c)* a ban from the public affairs of the bar association
- d)* a ban from employing a junior attorney-at-law, and
- e)* disbarment.

**Section 109** (1) The disciplinary board shall impose a disciplinary penalty under its discretionary power, considering the gravity and recurrence of the disciplinary offence, the impact of the issue on the merits of the case affected by the disciplinary offence concerned, in proportion to the degree of the intent to commit the offence or the degree of negligence, considering all aggravating and mitigating circumstances found by the board, also considering whether the person subject to the proceedings rectified the injury he caused, or other penalties were imposed on him for the act that is the subject of the disciplinary action.

(2) Except for the penalties that may be imposed on persons committing disciplinary offence in a disciplinary action ordered following a preliminary investigation instituted under section 188 (3), the amount of the fine may not exceed

- a)* one million forints, in the case of attorneys-at-law, registered in-house legal counsels and European Community lawyers,
- b)* five hundred thousand forints, in the case of any other person performing the professional activities of an attorney-at-law.

(3) The fine shall be paid to the regional bar association where the person practising the profession of attorney-at-law is registered at the time of committing the disciplinary offence or, in the absence of such a regional bar association, to the Hungarian Bar Association. The regulations of the Hungarian Bar Association shall govern the use of fines.

(4) The ban from the public affairs of the bar association shall prevail for a set period of time from the entry into force of the disciplinary decision; the minimum period of such a ban shall be one year while the maximum period shall be five years. During the term of the ban from the public affairs of the bar association, the person who committed a disciplinary offence shall not hold any office in the bar association; his right to vote and to stand for election shall be suspended, and he may not be appointed as a caretaker attorney.

(5) A ban from employing a junior attorney-at-law shall prevail for a definite period of time. The term of the ban shall be at least one year but may not exceed five years from the entry into force of the disciplinary decision.

(6) The term of disbarment shall be a minimum of three years but may not exceed ten years. During the term of disbarment none of the professional activities of an attorney-at-law may be pursued.

(7) Disciplinary penalties may be applied simultaneously. The following disciplinary penalties shall not be imposed simultaneously:

- a)* written reprimand and any other disciplinary penalty, or
- b)* disbarment and ban from the public affairs of the bar association, or disbarment and ban from employing a junior attorney-at-law.

#### **45. Special rules applicable to disciplinary actions instituted upon monitoring the prevention and combating of money laundering and the financing of terrorism**

**Section 110** (1) Penalties that may be imposed in a disciplinary procedure ordered following a preliminary investigation instituted under section 188 (3) on persons committing disciplinary offence:

- a)* written reprimand
- b)* in the event of infringing the obligations laid down in the Act on the prevention and combating of money laundering and the financing of terrorism, Act on the implementation of financial and pecuniary restrictive measures ordered by the European Union and the UN Security Council, and in the regulations adopted by the law office or the Hungarian Bar Association for implementing those Acts (for the purposes of this Act, hereinafter “provisions on the prevention and combating of money laundering and the financing of terrorism”), the imposition of an obligation to cease the infringement and refrain from repeating it,
- c)* in the event of infringing the obligations set out in the provisions on the prevention and combating of money laundering and terrorist financing, a fine not exceeding 400 000 000 forints,
- d)* disbarment.

(2) When imposing a disciplinary penalty set out in paragraph (1), the following must be considered:

- a)* the gravity of the infringement of the rule, or gravity of the deficiency,
- b)* the degree of liability of the person held liable for the violation of law,
- c)* the collaboration of the person held liable for the infringement with the regional presidency, in the case of infringement of the obligations set out in the provisions on the prevention and combating of money laundering and the financing of terrorism,
- d)* duration, recurrence and frequency of the deficiency or the infringement of the rules.

(2a) In the event that, upon a decision of the members’ meeting, the law office fulfils the obligations set out in the provisions on the prevention and combating of money laundering and the financing of terrorism, the following persons shall bear disciplinary liability for the fulfilment of those obligations:

- a)* the natural person responsible for the fulfilment of the obligation in effect, or
- b)* the attorney-at-law who is the office manager or, if there are several office managers, the attorneys-at-law who are the office managers, jointly, where the person defined in point *a)* cannot be identified, or if he does not fall under the disciplinary powers of the regional bar association.

(3) In the case of an infringement of the obligations set out in the provisions on the prevention and combating of money laundering and the financing of terrorism, the regional presidency shall have the obligation to publish on its website, simultaneously with its communication to the person performing the professional activities of an attorney-at-law, the final and binding disciplinary decision or a disciplinary decision declared enforceable regardless of the redress, in a manner that makes public at least the data and information on the nature of the infringement or deficiency, and the identity of the offender.

(4) The regional presidency may delay the fulfilment of the publication obligation set out in paragraph (3), or may be relieved from that obligation if

*a)* the public disclosure of the data and information on the offender might cause a disproportionate detriment to the data subject;

*b)* it would be disproportionate in view of the gravity of the infringement of the rule, or gravity of the deficiency;

*c)* it might jeopardise the initiation of an administrative procedure or the conduct of a procedure already started.

(5) Before the grounds set out in paragraph (4) *a)* cease to exist, the publication obligation, on the basis of a decision of the regional presidency, may also be fulfilled in a manner offering anonymity, without providing any data and information on the identity of the offender.

(6) Regardless of the redress under paragraph (5), in the event of publishing a decision declared enforceable, the regional presidency shall also be obliged to publish the information on the outcome of the redress on its website, simultaneously with the entry into force of the decision.

(7) The regional presidency shall ensure that all information published pursuant to paragraph (3) will be accessible for five years from its publication. The provisions of the Act on the protection of personal data shall apply to the accessibility of the data on the identity of the offender.

#### **46. Suspension of the enforcement of a disciplinary penalty**

**Section 111** (1) Enforcement of a disciplinary penalty, except for a written reprimand, may be suspended for a definite period of time, which shall not be less than one and not more than three years.

(2) No suspended disciplinary penalty may be applied for any new disciplinary offence committed during the period of suspension of the enforcement of disbarment, and the disciplinary board may order the disbarment to be enforced. If new disciplinary penalties have been imposed in final and binding decisions as a result of a new disciplinary offence committed during the period of suspension of another disciplinary penalty, the suspended penalty must be enforced.

(3) During the suspension of the enforcement of disbarment, no suspended disciplinary penalty may be applied for a disciplinary offence committed before the period of suspension of the enforcement of disbarment. In the event that any new disciplinary penalties have been imposed as a result of a disciplinary offence committed prior to the suspension, during the period of suspending the enforcement of a disciplinary penalty for another offence, the disciplinary board may order the enforcement of the suspended penalty.

#### **47. Grounds for exemption from disciplinary liability**

**Section 112** (1) No disciplinary procedure may be started if the disciplinary commissioner did not initiate it within six months of the time he has obtained knowledge of the disciplinary offence.

(2) No disciplinary procedure may be started if a period of three years elapsed from the start date of the limitation period. The starting date of the limitation period shall be

*a)* the day on which the obligation could still have been fulfilled, in the event of a disciplinary offence committed by failure to meet a time limit for an obligation,

*b)* the day on which the unlawful state of affairs ceased, in the event of a disciplinary offence committed by upholding an unlawful state of affairs, and

*c)* the day on which the disciplinary offence was performed, in all cases not regulated in points *a)* and *b)* above.



(3) Any disciplinary offence that amounts to the statutory definition of a criminal offence shall lapse at the time when the criminal prosecution of that criminal offence lapses.

(4) The limitation period shall be suspended during the period open for initiating a mediation procedure, in the course of the mediation procedure, the preliminary investigation and the disciplinary procedure initiated, as regulated in a special Act, against a registered in-house legal counsel or a junior in-house legal counsel by his employer.

**Section 113** (1) Deceased persons shall not be subjected to disciplinary procedures.

(2) The loss of membership of the bar association or deletion from it, with the exception set out in paragraph (1), and the voluntary or involuntary suspension of performing the professional activities of an attorney-at-law shall not preclude the initiation or conduct of a preliminary investigation or disciplinary procedure, the attribution of disciplinary liability or the imposition of a disciplinary penalty.

(3) With the exception set out in paragraph (4), a registered in-house legal counsel or a junior in-house legal counsel shall not be held liable for any disciplinary offence committed only against his employer, his employer's affiliated company or anybody having a relationship of control or operation with his employer.

(4) If the employer has unilaterally terminated the employment relationship of a registered in-house legal counsel or a junior in-house legal counsel wholly or partly on the grounds of a disciplinary offence set out in paragraph (3) in accordance with the Act on promoting employment and on unemployment benefits, by termination by the employer with immediate effect due to culpable misconduct, only a written reprimand or disbarment may be imposed as disciplinary penalties for it.

(5) A disciplinary procedure may be initiated within six months of the time the disciplinary commissioner obtains knowledge of the circumstances laid down in paragraph (4).

#### **48. Proceeding bodies**

**Section 114** (1) A disciplinary board, composed of the members of the regional disciplinary committee at first instance, and the members of the national disciplinary committee at second instance, shall act in the disciplinary case of a person performing the professional activities of an attorney-at-law.

(2) The regional disciplinary committee in the area of operations of which the person subject to the proceedings is registered in the regional bar association register shall have competence to conduct the proceedings. In the absence of such a disciplinary committee, a disciplinary board formed from the regional disciplinary committee appointed by the chair of the national disciplinary committee shall act in the case.

(3) A disciplinary board formed from the regional disciplinary committee appointed by the chair of the national disciplinary committee shall act in the disciplinary case of the president or vice president, members of the presidency, secretary-general or secretary of the bar association, the chair or members of the regional disciplinary committee, and the disciplinary commissioner or the national disciplinary high commissioner.

(4) A disciplinary board formed from the regional disciplinary committee appointed by the president of the Hungarian Bar Association shall act in the case of the chair or a member of the national disciplinary committee.

(5) The disciplinary commissioner operating in the area of competence of the regional bar association where the person subject to the proceedings is registered at the time of committing the disciplinary offence shall have territorial jurisdiction to conduct the preliminary investigation. If the person subject to the proceedings is registered into a national register at the time of committing the disciplinary offence then the disciplinary commissioner appointed

by the president of the Hungarian Bar Association to conduct the preliminary investigation shall act in the case.

**Section 115** (1) The disciplinary boards of first instance and second instance shall consist of three members, with the exception set out in paragraph (2).

(2) The disciplinary board of second instance shall consist of five members if the disciplinary board of first instance imposed a penalty of disbarment, or if the disciplinary commissioner's appeal is aimed at imposing the penalty of disbarment.

(3) If the disciplinary procedure has been instituted against a registered in-house legal counsel or a junior in-house legal counsel, one member of the disciplinary boards of first instance and second instance shall be a registered in-house legal counsel.

(4) If the disciplinary procedure has been instituted against a salaried attorney-at-law, one member of the disciplinary boards of first instance and second instance shall be a salaried attorney-at-law.

(5) If, with regard to the provisions of paragraphs (3) and (4), the disciplinary board cannot be formed properly from among the members of the regional disciplinary committee, the chair of the national disciplinary committee shall arrange for the appointment of members of the disciplinary board from other regional disciplinary committees.

(6) If the disciplinary board loses its quorum, the chair of the disciplinary committee shall appoint a new disciplinary board.

**Section 116** (1) The disciplinary commissioner shall act as an elected official of the regional bar association, and the national disciplinary high commissioner shall act as an elected official of the Hungarian Bar Association.

(2) The duties inherent to the position of the disciplinary commissioner or the national disciplinary high commissioner may be performed by the number of officials specified in the regulations of the Hungarian Bar Association.

#### 49. Grounds for exclusion

**Section 117** (1) The following may not act as a member of a disciplinary board or as a disciplinary commissioner or national disciplinary high commissioner:

*a)* any person against whom a disciplinary or, for an offence subject to public prosecution, criminal proceedings are pending, until the final conclusion of such proceedings,

*b)* any person who is a relative, within the meaning of the Civil Code, of the notifier or the person subject to the proceedings,

*c)* any person who might be required to be heard as a witness in the proceedings,

*d)* any person who holds a position of president, vice president, member of the presidency, secretary-general or secretary of the bar association,

*e)* in the procedure of second instance, any person who acted in the procedure of first instance, or

*f)* any person from whom impartial adjudication of the case cannot be expected for any other reason.

(2) In the cases specified in the disciplinary rules of the Hungarian Bar Association, partiality shall be presumed.

**Section 118** (1) Members appointed to the disciplinary board, the disciplinary commissioner and the national disciplinary high commissioner shall immediately report if any grounds for exclusion exist with regard to them.

(2) If any circumstance arises that casts doubt on the impartiality of the chair or members of the disciplinary board, the disciplinary commissioner or the national disciplinary high commissioner or the person subject to the proceedings may raise an objection to his impartiality.

(3) The chair of the disciplinary committee shall decide on the issue of disbarment, and the chairman of the national disciplinary committee shall decide on the issue of disbarment of the chair of the regional disciplinary committee acting as a member of the disciplinary board.

## 50. Preliminary investigation and initiation of a disciplinary procedure

**Section 119** (1) The disciplinary commissioner

*a)* shall order the preliminary investigation *ex officio* on a proposal of the president of the regional bar association, or

*b)* may order it *ex officio* upon a notification or official information.

(2) The disciplinary commissioner shall not order the preliminary investigation if

*a)* relying on the information of which he obtained knowledge, there is no suspicion of committing a disciplinary offence,

*b)* the conduct or omission of which he obtained knowledge has been judged with binding effect in a disciplinary procedure under this Act,

*c)* the conduct or omission of which he obtained knowledge is under assessment in a disciplinary procedure instituted by the employer against the registered in-house legal counsel or junior in-house legal counsel, as regulated in a specific Act, or

*d)* prosecution for disciplinary liability has ceased.

(3) In the event that the disciplinary commissioner does not order the preliminary investigation, he shall notify the president of the regional bar association of this.

**Section 120** (1) In the event of notification, the president of the regional bar association shall inform the notifier within sixty days upon receipt of the notification by the regional bar association that no preliminary investigation has been ordered.

(2) The national disciplinary high commissioner may instruct the disciplinary commissioner within one hundred and twenty days upon receipt of the notification by the regional bar association to order a preliminary investigation.

**Section 121** (1) The disciplinary commissioner, concurrently with ordering the preliminary investigation, shall notify the person subject to the proceedings by sending the relevant decision to him, and shall inform him of the reason for the proceedings.

(2) The disciplinary commissioner shall notify the president of the regional bar association of ordering the preliminary investigation.

(3) The president of the regional bar association shall inform the notifier of ordering the preliminary investigation.

(4) It shall be the duty of the disciplinary commissioner to clarify the necessary conditions for establishing the facts of the case. For this purpose, he shall obtain a statement of the person subject to the proceedings, and he may hear witnesses, avail himself of the assistance of experts, request the case files from the person performing the professional activities of an attorney-at-law, and take other evidence. Minutes shall be kept of all procedural actions.

(5) The investigation of the disciplinary commissioner shall not be prevented by the person subject to the proceedings not being present at the hearing or not making a statement. The person subject to the proceedings shall be informed of that.

**Section 122** (1) The preliminary investigation must be completed within three months from being ordered.

(2) The disciplinary commissioner may, in justified cases, extend the deadline specified under paragraph (1) on one occasion by a further period of three months. The decision shall be delivered to the person subject to the proceedings and his representative. No independent legal remedy shall be available against that decision.

**Section 123** (1) Based on the outcome of the preliminary investigation, the disciplinary commissioner may, in his decision,

*a)* in the event of a disciplinary offence of lesser gravity, apply a written warning and terminate the preliminary investigation,

*b)* if no written warning has been applied, he may initiate a disciplinary procedure where there is a substantiated suspicion of a disciplinary offence, or

*c)* may terminate the preliminary investigation.

(2) The disciplinary commissioner shall terminate the preliminary investigation on the basis of paragraph (1) *c)* if

*a)* the suspicion of committing a disciplinary offence cannot be substantiated,

*b)* the conduct or omission that the preliminary investigation is based on has been adjudicated with administrative finality in a disciplinary action under this Act,

*c)* the conduct or omission defined in section 113 (3) and serving as a basis for the preliminary investigations has been adjudicated with administrative finality in a disciplinary procedure instituted by the employer against a registered in-house legal counsel or a junior in-house legal counsel, as regulated in a specific Act, and section 113 (4) may not be applied,

*d)* the prosecution for disciplinary liability of the person subject to the proceedings has been precluded.

(3) Serving of the decision on the person subject to the proceedings and his representative shall be arranged within the statutory time limit open for the preliminary investigation.

(4) Within fifteen days of receiving the decision set out in paragraph (1) *a)*, the person subject to the proceedings may initiate the conduct of disciplinary procedure with the disciplinary commissioner. Concurrently with initiating a disciplinary procedure, the decision shall be set aside.

(5) Except as provided in paragraph (4), no independent legal remedy shall be available against the decision within the meaning of paragraph (1).

**Section 124** (1) The disciplinary commissioner shall notify the president of the regional bar association of the outcome of the preliminary investigation by sending the official copy of the decision within the meaning of section 123 (1).

(2) Within a term of preclusion of thirty days upon receiving the notification, the president of the regional bar association may order the disciplinary commissioner to initiate a disciplinary procedure.

(3) Should the president of the regional bar association order the disciplinary commissioner to initiate a disciplinary procedure, the disciplinary commissioner shall withdraw its decision on the termination of the proceedings and initiate a disciplinary procedure.

(4) The disciplinary commissioner shall inform the notifier of the outcome of the preliminary investigation after the expiry of the time limit set out in paragraph (2), by sending the extract of the decision to him. The extract of a decision shall not contain any attorney-client privileged information, or any information of which the notifier is not entitled to learn.

(5) The national disciplinary high commissioner may instruct the disciplinary commissioner, within thirty days after obtaining knowledge of the termination of the proceedings but within sixty days after adopting the decision on such termination at the latest, to order a preliminary investigation.

**Section 125** (1) The disciplinary commissioner shall send his decision on initiating a disciplinary procedure and the case files to the chair of the regional disciplinary committee within eight days.

(2) The chair of the regional disciplinary committee shall appoint the disciplinary board acting at first instance and the chair thereof within eight days of receiving the documents, and shall forward the decision together with the case files to the chair of the regional disciplinary committee.

## **51. Proceedings of the disciplinary board of first instance**

**Section 126** (1) The disciplinary procedure shall commence on the day when the chair of the disciplinary board receives the decision to initiate a disciplinary procedure as well as the case files.

(2) The chair of the disciplinary board, while notifying the person subject to the proceedings and the notifier in parallel, may take the following measures within fifteen days of commencing the proceedings:

- a)* order further investigation and return the case files to the disciplinary commissioner,
- b)* initiate the adjudication of the case without holding a hearing, or
- c)* set a date for the hearing.

(3) If the chair of the disciplinary board of first instance orders any further investigation to supplement the preliminary investigation, the disciplinary commissioner shall act as a matter of priority, and shall immediately inform the chair of the disciplinary board of the outcome of the investigation.

(4) The disciplinary board shall adopt its decision within one hundred and twenty days. This time limit shall not include the period for the chair of the disciplinary board to make arrangements, the period for adjudicating the case without holding a hearing, the period for further investigation to supplement the preliminary investigation, and the period of suspension of the procedure.

(5) If the disciplinary board exceeds twice the time limit set out in paragraph (4) then, in addition to establishing that the disciplinary offence was committed, it may only apply a written reprimand as a disciplinary penalty. In that case, no new disciplinary procedure may be initiated with regard to committing the same disciplinary offence.

(6) In a disciplinary procedure ordered that relies upon the outcome of the preliminary investigation started under section 188 (3), the provisions of paragraph (5) shall not be applied.

## **52. Adjudication without holding a hearing**

**Section 127** (1) In cases that are straightforward from a legal viewpoint, the disciplinary board shall adopt its decision without holding a hearing.

(2) Any disciplinary penalty, with the exception of disbarment, may be imposed in a decision adopted without holding a hearing.

(3) Decisions adopted without holding a hearing may only be appealed by the disciplinary commissioner; the attorney-at-law subject to proceedings may request that a hearing be held within fifteen days upon being served the decision.

(4) If a person subject to the proceedings

*a)* requests a hearing to be held, the decision adopted without holding a hearing shall become ineffective, and the chair of the disciplinary board of first instance shall set a date for a hearing;

*b)* does not request a hearing to be held, and the disciplinary commissioner fails to submit an appeal against that, the decision adopted without holding a hearing shall reach administrative finality on expiry of the period for appeal.

## **53. The hearing**

**Section 128** (1) The person subject to the proceedings, his representative and the disciplinary commissioner must be summoned to the hearing at least eight days prior to the hearing.

(2) If the person subject to the proceedings fails to appear at the hearing despite being properly summoned, the hearing may proceed in his absence. The person performing the professional activities of an attorney-at-law must be informed of this in the summons.

(3) The person subject to the proceedings, his representative and the disciplinary commissioner may, at any stage of the proceedings, make statements pertaining to the proceedings and the evidence, examine documents, ask questions from witnesses and experts and file a motion to present additional evidence.

**Section 129** (1) Except for the disciplinary procedure on a disciplinary offence within the meaning of section 107 *b*), the hearing shall be closed to the public. In order to protect the privacy of the individuals involved in the procedure or to protect any attorney-client privileged information, the disciplinary board, upon request or *ex officio*, may hold a closed hearing on a disciplinary offence within the meaning of section 107 *b*).

(2) Minutes must be kept of the hearing. The minutes shall be signed by the chair of the disciplinary board and the keeper of the minutes.

(3) The rules pertaining to the exclusion of members of the disciplinary board shall apply to excluding the keeper of the minutes.

#### **54. Suspension of practising the professional activities of attorneys-at-law**

**Section 130** (1) The disciplinary board of the first instance may suspend the attorney-at-law from performing his professional activities if

*a*) the person performing the professional activities of an attorney-at-law is subject to criminal proceedings due to a substantiated suspicion of an intentional offence, excluding any criminal procedure instituted by private prosecution or upon a substitute private prosecutor's indictment, or

*b*) performing the professional activities of an attorney-at-law would prejudice or jeopardise the clients' rights, rightful interests or public trust in the profession of an attorney-at-law to an extent that exceeds the individual harm arising from the suspension of performing the professional activities of an attorney-at-law.

(2) If the disciplinary board of first instance has imposed disbarment and has not suspended its enforcement, the professional activities of an attorney-at-law shall be suspended in the decision until the disciplinary procedure reaches administrative finality. A separate appeal, which has no suspensory effect, may be filed against this provision.

(3) The term of suspension shall be of six months and this term may be extended on one occasion by six months at most.

(4) The person subject to the proceedings may, within fifteen days from being served the decision on suspension adopted by the disciplinary board of first instance, submit an appeal against the decision to the disciplinary board of second instance. Appeal has no suspensory effect, and the disciplinary board of the second instance shall adopt a decision on the appeal as a matter of priority.

(5) All rights and obligations of the person subject to the proceedings arising from his bar membership and admittance to the bar association, except for his procedural rights and obligations in the procedure against him, shall be stayed for the term of suspension.

(6) The rules of suspension shall apply to involuntary suspension in all other respects.

#### **55. Decision of the disciplinary board of first instance**

**Section 131** (1) Deliberation and voting shall be performed in closed session.

(2) The disciplinary tribunal shall adopt its decisions by a majority vote. The president of the disciplinary board shall cast the final vote.

(3) In its decision, the disciplinary board shall

- a)* establish the liability of the person subject to the proceedings, and impose a penalty, or
  - b)* terminate the proceedings,
- and decide on who shall bear the costs of the proceedings.

(4) The chair and the members of the disciplinary board shall sign the decision.

(5) The decision and the reasons for it must be announced orally, and its service on the person subject to the proceedings, his representative and the disciplinary commissioner shall be arranged within thirty days.

(6) The chair of the disciplinary board shall notify the president of the regional bar association by sending an official copy of the decision.

(7) The chair of the disciplinary board shall inform the notifier of the outcome of the disciplinary action by sending the extract of the final decision to him. The extract of a decision may not contain any attorney-client privileged information, or any information the notifier is not entitled to come to know.

(8) The disciplinary board shall organise the publication of its decision having administrative finality adopted on the merits of the case on the website of the Hungarian Bar Association in digital form within ninety days of the decision reaching administrative finality, unless the decision has been contested in an administrative court action. The information facilitating the identification of any person included in the decision published shall be deleted in such a manner that it does not impede understanding the established facts of the case.

#### **56. Amendment, revocation, rectification and supplementation of decisions**

**Section 132** (1) Should the disciplinary commissioner, the national disciplinary high commissioner or the disciplinary board find that a decision adopted in a disciplinary procedure not yet adjudicated by

- a)* the court,
- b)* the national disciplinary high commissioner, in the case of a decision adopted by the disciplinary commissioner, or
- c)* the disciplinary board of second instance, in the case of his decision adopted by the board of first instance,

is in violation of the law or the regulations of the bar association, the disciplinary commissioner, the national disciplinary high commissioner or the disciplinary board shall amend or withdraw his decision, except for a decision ordering a preliminary investigation or initiating a disciplinary procedure. The decision shall be served on the person on whom the amended or revoked decision has been served.

(2) Unless otherwise provided by law, the disciplinary commissioner, the national disciplinary high commissioner or the disciplinary board shall be entitled to conduct the proceedings within the meaning of paragraph (1) on one occasion only, within one year from the decision reaching administrative finality. If a judicial review of the decision is pending, the disciplinary commissioner, the national disciplinary high commissioner or the disciplinary board may amend or withdraw his decision prior to submitting the statement of defence.

**Section 133** (1) In the event of a clerical error in a name or number, or a calculation or other error, the disciplinary commissioner, the national disciplinary high commissioner or the disciplinary board shall rectify his decision made in a disciplinary procedure.

(2) The disciplinary commissioner, the national disciplinary high commissioner or the disciplinary board may supplement his decision made in a disciplinary procedure if he failed to decide on any issue pertaining to the merits of the case. The supplementation may not affect any other part of the decision. Supplementation of the decision may be requested by the persons on whom the decision has been served, within fifteen days of it being delivered.

(3) The disciplinary commissioner, the national disciplinary high commissioner or the disciplinary board shall make a decision on the rectification or supplementation *ex officio* or upon request, after having heard all persons concerned where required. The decision shall be served on the persons on whom the rectified or supplemented decision had been served.

**Section 134** No appeal may be lodged against a rectification. Any amendment or supplementation of a decision shall be open to the same appeals as those applicable to the original decision.

### **57. Appeal**

**Section 135** (1) The person subject to the proceedings and the disciplinary commissioner may file an appeal against the decision of the disciplinary board of first instance to the disciplinary board of second instance.

(2) The president of the regional bar association may instruct the disciplinary commissioner to file an appeal.

(3) The appeal shall be submitted to the disciplinary board of first instance within fifteen days of receiving the decision of first instance; the reasons for the appeal shall also be presented.

(4) New facts or evidence in the appeal may only be invoked if the appellant did not refer to that fact or evidence in the proceedings of first instance, without any fault on his part.

(5) The appeal shall have a suspensory effect on the enforcement of the decision.

(6) The disciplinary board of first instance shall send the appeal and the case files to the chair of the national disciplinary committee within eight days from the expiry of the time limit open for appeal.

### **58. Appointment of the disciplinary board of second instance**

**Section 136** The chair of the national disciplinary committee shall appoint the disciplinary board acting at second instance and its chair, and shall forward the appeal together with the case files to the chair of the disciplinary board of second instance.

### **59. Proceedings of the disciplinary board of second instance**

**Section 137** (1) In the proceedings of second instance, the rules of the first-instance proceedings shall apply subject to the derogations set out in this Subtitle.

(2) When forwarding the appeal, the national disciplinary high commissioner shall be summoned to the hearing.

(3) The disciplinary board of second instance shall dismiss the appeal if it does not originate with a party entitled to file an appeal, it was submitted after the time limit or if it does not include the reasons for appeal.

(4) New facts or evidence in the disciplinary action of second instance shall only be invoked if the appellant did not refer to that fact or evidence either in the proceedings of first instance or in the appeal, without any fault on his part.

(5) In addition to the case specified in paragraph (3), the disciplinary board of second instance shall adjudicate the appeal at a hearing. The chair of the disciplinary board of second instance shall set a date for the appeal hearing.

(6) The documents on the proceedings of first instance and the contents of the appeal shall be presented at the hearing. The person subject to the proceedings, his representative and the national disciplinary high commissioner may speak at the hearing.

(7) If supplementation of the evidence is necessary, the disciplinary board of second instance may do so through the disciplinary board of the first instance as well.



## **60. Decisions of the disciplinary board of second instance**

**Section 138** (1) The disciplinary board of second instance shall, within the limits of the appeal,

*a)* set aside the decision of the disciplinary board of first instance and instruct the latter to conduct new proceedings if the decision is unfounded, or it was adopted by a violation of procedural requirements affecting the merits of the case, and the unfoundedness and violation of procedural requirements cannot be remedied;

*b)* amend the decision of the disciplinary board of first instance if it is unfounded, or it was made by a violation of procedural requirements affecting the merits of the case, and the unfoundedness or breach of procedural requirements can be remedied in the procedure of the second instance; or

*c)* uphold the decision of the disciplinary board of first instance if no setting aside or amendment is permitted.

(2) The disciplinary board of second instance shall order the immediate enforcement of the disciplinary decision if failure to enforce it would prejudice or jeopardise the clients' rights, rightful interests or public trust in the profession of an attorney-at-law to an extent that exceeds the individual harm arising from the enforcement of the decision.

(3) The disciplinary board of second instance shall announce its decision and the reasons for it orally, and shall serve it on the person subject to the proceedings, his representative and the national disciplinary high commissioner within thirty days.

(4) The chair of the disciplinary board of second instance shall notify the president of the regional bar association and the president of the Hungarian Bar Association by sending an official copy of the decision.

(5) The chair of the disciplinary board of the second instance shall inform the notifier of the outcome of the disciplinary procedure by sending the extract of the decision to him. The extract of a decision may not contain any attorney-client privileged information, or any information the notifier is not entitled to come to know.

## **61. Administrative court action**

**Section 139** (1) A decision having administrative finality may be contested by the person subject to the proceedings and the national disciplinary high commissioner in an administrative court action. Filing the statement of claims has suspensory effect on the administrative finality of the disciplinary decision unless the disciplinary board ordered the immediate enforcement of the disciplinary decision.

(2) The president of the Hungarian Bar Association may instruct the national disciplinary high commissioner to contest the decision before a court.

(3) The court action shall be brought against the national disciplinary committee.

(4) By its decision, the court shall annul the disciplinary decision if it infringes the law or was adopted by a violation of procedural requirements affecting the merits of the case, and shall

*a)* instruct the disciplinary board of first instance to conduct new proceedings,

*b)* instruct the disciplinary board of first instance to terminate the proceedings, or

*c)* uphold in its effect the disciplinary decision of first instance.

(5) The court shall inform the notifier of the definitive conclusion of the disciplinary procedure by sending the extract of the decision to him. The extract of a decision may not contain any attorney-client privileged information, or any information the notifier is not entitled to come to know.

## **62. Suspension of the proceedings**

**Section 140** (1) Disciplinary proceedings may be suspended until the definitive conclusion of the criminal procedure against the person subject to the proceedings.

(2) The court, prosecution service or investigating authority conducting the criminal procedure shall inform the president of the regional bar association of any criminal procedure against the person performing the professional activities of an attorney-at-law, of the prosecution and the conclusion of the criminal procedure.

(3) If performing the disciplinary procedure is subject to the adjudication of a prior matter, for the subject matter of which the proceedings belong to the jurisdiction of another authority, the disciplinary procedure may be suspended until the final and binding conclusion of those other proceedings.

(4) The disciplinary procedure shall be suspended until the final and binding conclusion of a disciplinary procedure instituted by the employer against a registered in-house legal counsel or a junior in-house legal counsel, as regulated in a specific Act.

(5) If a registered in-house legal counsel or a junior in-house legal counsel subject to disciplinary procedure under section 113 (4) applies to a court for establishing that the termination of his legal relationship under section 113 (4) was unlawful, the disciplinary procedure must be suspended until the final and binding conclusion of the court procedure.

### **63. Institution of new proceedings**

**Section 141** (1) After the decision with administrative finality had been adopted, the president of the regional bar association or the person performing the professional activities of an attorney-at-law or, in the event of the death of the person performing the professional activities of an attorney-at-law, a relative of his within the meaning of the Civil Code may initiate new proceedings if

*a)* he invokes a fact, evidence or a decision with administrative finality of an authority that the disciplinary board has not considered, provided that, were it to be considered, it would have had a substantial impact on the disciplinary decision, or

*b)* in the original case a member of the disciplinary board violated his responsibilities in a manner that is contrary to the Criminal Code.

(2) New proceedings may only be instituted against the person performing the professional activities of an attorney-at-law within the attorney's lifetime and the limitation period.

(3) The disciplinary board of first instance shall decide on the institution of new proceedings without holding a hearing, after having heard the applicant and the person performing the professional activities of an attorney-at-law, if necessary. The person instituting the new proceedings may file an appeal against the decision rejecting the institution of the new proceedings to the disciplinary board of second instance within fifteen days of the decision being delivered; the disciplinary board of second instance shall, after having heard the applicant and the person practising the professional activities of an attorney-at-law, if necessary, adopt a decision without holding a hearing.

### **64. Costs**

**Section 142** (1) The person subject to the proceedings shall advance his own costs, and shall also bear those costs, with the exception provided by this section; all other costs of the disciplinary procedure shall be advanced by the bar association where the person performing the professional activities of an attorney-at-law is registered in the bar association register at the time when the disciplinary offence was committed or, in the absence of such, by the Hungarian Bar Association.

(2) If liability of the person subject to the proceedings is established in the course of the disciplinary procedure, the disciplinary board shall oblige him to pay the costs of the proceedings in part or in full.

(3) The amount of the costs of disciplinary proceedings to be charged upon the person subject to the proceedings shall be determined in the disciplinary rules of the Hungarian Bar Association.

(4) If the preliminary procedure or the disciplinary procedure has been terminated, the person subject to the proceedings may claim the reimbursement of his justified costs incurred relating to the disciplinary procedure as procedural costs in accordance with the provisions of the regulations of the Hungarian Bar Association.

(5) Regardless of the outcome of the procedure, the disciplinary board may order any party to the procedure to bear the procedural costs incurred due to wrongful or malicious conduct.

## **65. Absolution from legal consequences**

**Section 143** (1) The disciplinary board may absolve, in equity, any person subject to a disciplinary procedure who is worth to such absolution, from any further legal effects of the disciplinary penalty

*a)* after the lapse of at least half the term of the disciplinary penalty of disbarment, ban from the public affairs of the bar association and a ban from employing a junior attorney-at-law, or  
*b)* after having paid at least half the amount of the fine.

(2) As regards paying the fine, the disciplinary tribunal may allow payment in instalments or deferral of payment on one occasion for any person who is worth to it, in accordance with the conditions laid down in the regulations of the bar association.

(3) No appeal may be filed against the decision within the meaning of paragraphs (1) and (2).

(4) No exemption shall be granted in the case of a disciplinary penalty applied under section 110.

## **PART SEVEN**

### **THE BAR ASSOCIATION**

#### *CHAPTER XXI*

#### *GENERAL RULES*

**Section 144** (1) The Hungarian Bar Association and the regional bar associations (hereinafter jointly the “bar association”) are public bodies of those performing the professional activities of an attorney-at-law, operating on the principle of self-governance, performing professional duties and offering the representation of interests.

(2) The bar association is not registered by regional courts; however, if any statutory regulation attaches legal effects to the registration of legal entities, these shall also apply to the bar association.

(3) The bar association performs public duties related to professional guidance and representation of interests for those entitled to perform the professional activities of an attorney-at-law and to the security of the legal transactions that are linked to the performance of the professional activities of attorneys-at-law and specified in its statutes.

(4) The provisions of the Code of general administrative procedure and Act CCXXII of 2015 shall apply to the service of documents in the public authority proceedings of the bar association.

## **66. Territorial scope of membership of the bar association**

**Section 145** (1) Persons entitled to perform the professional activities of an attorney-at-law may only have membership of one regional bar association in Hungary.

(2) Attorneys-at-law may operate a branch office in the area of any regional bar association.

### **67. Admission to the regional bar association**

**Section 146** (1) Upon filing an application for membership, the applicant shall

*a)* declare that no reason giving cause for conflict of interests applies to him,  
*b)* provide proof of compliance with the other requirements for admission to the bar association, and

*c)* provide their data to be recorded into the register of the bar association for the regional bar association concerned.

(2) If, upon filing the application for membership, the applicant fails to provide proof of

*a)* his law degree, the regional bar association concerned shall verify it in the diploma registry of the higher education information system,

*b)* having passed the bar exam in Hungary, the regional bar association concerned shall verify it in the register kept by the minister,

*c)* the absence of any reason giving cause for conflict of interests referred to in section 22 (1) *b)* and *c)* or the fact that no proceedings have been instituted against him due to an intentional offence that is to be prosecuted, by presenting an official certificate, the regional bar association concerned shall verify it in the criminal records,

*d)* his experience in the practice of law and the absence of any reason giving cause for conflict of interests as referred to in section 22 (1) *e)*, the regional bar association shall verify it with the other regional bar associations or in the registers operated by regional courts by requesting the relevant data.

(3) The request for the data specified in paragraph (2) *c)* and *d)* may only concern the data that can establish whether or not the circumstances set out in there apply.

(4) If an applicant intends to operate a branch office in the area of another regional bar association, in order to verify whether the branch office meets the conditions set out in this Act and in the bar regulations, the regional bar association concerned shall contact the regional bar association with competence over the location of the branch office in its capacity of specialist authority.

(5) The applicant shall provide proof of compliance with section 58 (2) *a)* and *b)* and section 67 (2) *a)* and *b)* by presenting the documents attesting to the number and the nature of the cases represented by them and an official certificate of foreign language proficiency and appearing at a hearing before the regional bar association concerned.

**Section 147** If criminal proceedings have been instituted against an applicant due to an intentional offence that is to be prosecuted, the bar association shall suspend the admission proceeding until the completion of the criminal proceedings with a final and binding decision.

### **68. Termination of membership of the bar association**

**Section 148** (1) Membership of a regional bar association shall terminate if

*a)* the member of the bar association resigns his membership, on the day when he notifies the regional bar association of his resignation,

*b)* the member of the bar association is either disbarred from the bar association or banned finally and definitely from performing the professional activities of an attorney-at-law, on the day when the decision on that reaches administrative finality,

*c)* the member of the bar association becomes the member of another regional bar association through the transfer of his registration or, as a result of a change in the form of

operation, he is registered into the register of the bar association, on the day when the decision on that reaches administrative finality, or

*d)* the member of the bar association dies, on the day of his death.

(2) The regional bar associations shall establish the termination of membership *ex officio*, simultaneously arranging the deletion of the member from the register and the appointment of a caretaker attorney, if applicable.

**Section 149** (1) The bar association shall terminate membership of a regional bar association if the member of the bar association

*a)* fails to meet the requirements for admission to the bar association,

*b)* fails to meet his obligation to pay the bar association membership fee or his payment obligation stemming from an enforceable disciplinary decision despite being called upon to do so,

*c)* fails to eliminate the reason giving cause to a conflict of interests affecting him,

*d)* is incapacitated or subject to supported decision-making,

*e)* fails to take the attorney's oath by the prescribed deadline,

*f)* fails to fulfil the obligation to participate in further training set out in the regulations of the bar association, or

*g)* his tax number has been irrevocably deleted.

(2) The bar association shall terminate the membership of any attorney-at-law admitted to the bar association under section 58 (2) or (3) if he is no longer entitled to perform the professional activities of an attorney-at-law in his home EEA member state and the conditions of membership of the bar association as set out in section 58 no longer apply.

(3) Regional bar associations shall terminate the bar association membership of any salaried attorney-at-law who fails to enter into employment as a salaried attorney with another attorney-at-law or law office within three months from the date of termination of his employment.

(4) Regional bar associations shall terminate the bar association membership of any registered in-house legal counsel who fails to enter into employment to perform the professional activities of an attorney-at-law within three months from the date of the termination of his employment, and fails to suspend his activities as an attorney-at-law.

(5) Regional bar associations shall terminate the bar association membership of any attorney-at-law and delete any European Community lawyer and any law firm which, within three months from the date of the termination of an agreement for substitution, fails to arrange for the conclusion of another agreement for substitution.

(6) An attorney-at-law whose membership of the bar association is terminated by a regional bar association for reasons set forth in (1) *a)* and *b)* may be admitted to a regional bar association and registered into the bar association register after he fulfils his payment obligation; however, in no case earlier than after one year from the date when the decision reaches administrative finality.

(7) An attorney-at-law whose membership of the bar association is terminated by a regional bar association for reasons set forth in paragraph (1) *f)* shall not be admitted to any regional bar association or registered into the bar association register until he provides proof of compliance with his obligation to participate in further training. No attorney-at-law may be denied participation in any further training prescribed by the bar association on account of absence of membership of the bar association or deletion from the bar association register.

**Section 150** (1) If an attorney-at-law who is a member of a regional bar association fails to pay his membership fee or meet his payment obligation arising from an enforceable disciplinary decision, or a reason giving cause for a conflict of interests affecting him occurs, the regional bar association concerned shall call upon the attorney-at-law in writing to meet

his payment obligation within fifteen days or terminate the cause of the conflict of interests affecting him within thirty days.

(2) If notified by the tax authority of the suspension of the tax number of a bar member attorney-at-law, the regional bar association concerned shall warn the member of the legal consequences under section 149 (1) g).

(3) If the tax number of an attorney-at-law who is a member of the bar association has been deleted indefinitely, membership of the bar association may be terminated after the state tax and customs administration, the local government's tax authority having territorial competence over the location of the attorney-at-law's law office and the competent pension fund directorate have made a declaration to the effect that the bar member attorney-at-law has fulfilled his obligation to provide tax return and pension fund-related data, has neither tax arrears nor tax liability established by a decision having administrative finality nor any other public dues collectible as taxes; no procedure has been instituted against him by the tax or customs authority nor will the state tax or customs authority initiate a tax audit or enforcement procedure against him.

(4) At the request of the regional bar association concerned, a decision on issuing the declaration under paragraph (3) shall be adopted within thirty days; in the event that the time limit is not met, the regional bar association shall terminate the membership of the bar member attorney-at-law. The time that passes until the declaration is obtained shall not be counted in the time open for making the decision.

**Section 151** (1) The termination of membership of the bar association shall be registered into the bar association register immediately after the termination reaches administrative finality.

(2) The regional bar association shall publish the termination of bar membership on its website by disclosing the name of the attorney-at-law concerned and the address of his law office within fifteen days from the termination, except when termination occurred due to death.

## CHAPTER XXII

### *ELECTION OF BAR OFFICIALS AND TERMINATION OF THEIR MANDATE*

**Section 152** (1) Attorneys-at-law may elect and be elected as bar officials.

(2) The registered in-house legal counsel and salaried attorney members of the national elected bodies of the Hungarian Bar Association shall be delegated by their national chapters. The registered in-house legal counsel and salaried attorney members of the elected bodies of the regional bar associations shall be delegated by their regional chapters.

(3) European Community lawyers admitted into the bar association register shall have a right to vote for the election of members of the presidency during the general meeting of the regional bar associations.

**Section 153** (1) Bar association officials, except for the chair, the members of the presidency, the boards and the board members of the Hungarian Bar Association and with the exception specified in (3), shall be elected directly by secret ballot every fourth year (hereinafter the "general election").

(2) The general election shall be preceded by a nomination procedure; more than one person can be nominated for the same office and a person may be nominated to hold more than one office. Any person elected for more than one office may hold only one selected by him in one bar association.

(3) The regulations of the Hungarian Bar Association may provide for the election in accordance with this Chapter on officials other than those specified in this Act.

(4) The regulations of the Hungarian Bar Association may permit the use of electronic telecommunication devices in the nomination procedure and that of electronic devices for vote counting if the regulations identify the electronic devices and specify the conditions and mode of their use in a manner that ensures the identification of the nominating members in the nomination procedure and a subsequent verification of the results during vote counting, even without the use of electronic devices.

**Section 154** (1) The mandate of an official shall terminate

*a)* on the day of the general election of new officials,  
*b)* on the day of his death,  
*c)* on the day when he communicates his resignation to the presidency of the bar association in writing,

*d)* on the day when he is recalled,

*e)* on the day when his bar membership is terminated,

*f)* on the starting date of the suspension of his practice as an attorney-at-law,

*g)* upon his ban from the public affairs of the bar association.

(2) The recall of an official may be initiated by one-third of the members of the body that elected him.

(3)

(4) The officials already elected shall exercise their powers as executives

*a)* from the date of the termination of their mandate in accordance with paragraph (1) *a)*,

*b)* and in the event that a newly elected official cannot fulfil his mandate for a reason related to the validity of his election, from the date of the occurrence of that reason,

until the starting date of the mandate of the newly elected officials or until the elimination of the cause under point *b)*; while so doing, they prepare the cases within their powers for the handover-acceptance procedure; they shall exercise their powers exclusively in order to carry out the immediate tasks needed to enable the newly elected officials to obtain their mandate, or those prescribed by law or regulations of the bar association.

### CHAPTER XXIII

#### THE HUNGARIAN BAR ASSOCIATION

**Section 155** (1) The Hungarian Bar Association is a public body, a national organisation of those performing the professional activities of an attorney-at-law and having an independent administrative organisation and an independent budget.

(2) Within its territorial jurisdiction of national scope, the Hungarian Bar Association shall

*a)* protect the rights of those persons entitled to perform the professional activities of an attorney-at-law and promote the fulfilment of their obligations,

*b)* lay down the professional standards pertaining to the activities of an attorney-at-law,

*c)* voice its opinion on matters related to the activities of an attorney-at-law,

*d)* keep the bar association register and ensure the related technical and IT conditions,

*e)* organise the accreditation of training sites,

*f)* compile the agenda for professional education and further training courses,

*g)* operate and finance a national archive (hereinafter “the bar archive”) independently or jointly with other trade chambers, and

*h)* perform the tasks set out by law or its own regulations.

(3) The regional bar associations shall be members of the Hungarian Bar Association.

(4) The Hungarian Bar Association shall perform its activities for the benefit of the regional bar associations, their members and those admitted into the bar association register, according to their joint interests. The services provided by the Hungarian Bar Association, any regional

bar association under the coordination of the Hungarian Bar Association or any legal entity operated exclusively with the involvement of a bar association for the benefit of the members of the regional bar associations and those registered in the bar association register shall be considered as if provided by the regional chambers for their own members.

(5) The seat of the Hungarian Bar Association: Budapest.

**Section 156** (1) The bodies of the Hungarian Bar Association shall be

- a) the assembly of delegates,
- b) the presidency,
- c) the board for conflict of interests,
- d) the election board and
- e) the national disciplinary committee.

(2) The national chapters of registered in-house legal counsels and those of salaried attorneys shall be formed by the chapters of registered in-house legal counsels and those of salaried attorneys through delegation. The members of the national chapters shall be officials of the Hungarian Bar Association.

(3) For the approval of the regulations within the powers of the bodies of the Hungarian Bar Association, as well as for non-specific decisions to be adopted, the national chapters as specified under paragraph (2) shall be invited to give their opinion regarding the rules pertaining to them and shall be invited to give their approval for the rules pertaining exclusively to them.

(4) Beyond the bodies listed in paragraphs (1) and (2), any other body specified in the statutes of the Hungarian Bar Association (hereinafter “the statutes”) may be elected.

(5) The duties, powers, operation and procedural rules of the other committees, bodies and officials of the Hungarian Bar Association shall be set forth in the statutes.

(6) In addition to their members, the meetings of the bodies of the Hungarian Bar Association may be attended by those invited by the chair of those bodies and those listed in the statutes.

(7) In exchange for the performance of its duties, the Hungarian Bar Association shall be entitled to at least twenty-five per cent but not more than fifty per cent of the amount of the bar association membership fees, as determined in the regulations of the bar association.

## 69. The assembly of delegates

**Section 157** (1) The supreme decision-making body of the Hungarian Bar Association is the assembly of delegates, comprising one hundred and fifty members. Its members shall be

- a) the chairs of the regional bar associations,
- b) one member delegated by each regional bar association,
- c) the delegates elected by the assembly of delegates of the regional bar associations into the Hungarian Bar Association’s assembly of delegates in proportion to the members of the regional bar associations to the total number of the attorneys-at-law,
- d) the registered in-house legal counsel members and the salaried attorneys delegated to the presidency of the Hungarian Bar Association under section 159 (2).

(2) The assembly of delegates shall

- a) select and hear the chair, the presidency, the boards and their members, and have the right to recall them,
- b) approve the budget and the report on the budget,
- c) voice its opinion on and make proposals for the issues pertaining to the legislation and the application of law that affect those performing the professional activities of attorneys-at-law,
- d) approve the statutes,



e) be entitled to issue regulations,

f) perform the duties that fall within its powers pursuant to the statutes.

(3) The Hungarian Bar Association shall convene the assembly of delegates as needed, but at least once a year. The assembly of delegates shall be convened if so requested by at least one-third of the members. The invitation shall draw the attention of the members of the assembly of delegates on paragraphs (4) and (5).

(4) The assembly of delegates shall have a quorum if more than half of its members are present. If the assembly of delegates has no quorum, the assembly of delegates reconvened with the same agenda shall have a quorum in respect of the matters put on the original agenda irrespective of the number of those present, if the meeting is reconvened for a date at least eight days after the original date.

(5) The assembly of delegates shall adopt its decisions upon the votes in favour by the majority of the members present; votes on adopting regulations and their modifications shall require votes in favour by two-thirds of the members present.

(6) Any member of the assembly of delegates may request that a decision by the assembly of delegates be set aside by the court if it violates the law, the statutes or the regulations of the Hungarian Bar Association.

**Section 158** (1) The assembly of delegates shall adopt regulations on

1. the conduct applicable to the legal profession and the activities performed by attorneys-at-law (ethical rules),

2. the use of name of persons performing the professional activities of attorneys-at-law,

3. the requirements for advertising the activities of attorney-at-law,

4. the rules applicable to admission to the bar association,

5. the requirements of liability insurance for attorneys-at-law,

6. the amount of the bar membership fee and the distribution of the fee between the regional bar associations and the Hungarian Bar Association,

7. the list of attorneys-of-law for court appointment and the assignment of the court appointed attorneys-at-law,

8. the detailed rules of disciplinary procedure,

9. the oath to be taken by junior attorneys-at-law and junior in-house legal counsels,

10. the rules governing the board of junior attorneys-at-law and junior in-house legal counsels,

11. the election, delegation and recall of bar association officials,

12. the powers and responsibilities of caretaker attorneys and the detailed rules of their activities and remuneration,

13. the administration of the case files of deceased attorneys-at-law,

14. the detailed regulations of deposit and cash management and operation of deposit records,

15. the main content elements of cooperation contracts between European Community lawyers and foreign legal advisors,

16. the technical conditions of transforming documents and their attachments drafted by persons entitled to perform the professional activities of attorneys-at-law into electronic documents for the purpose of electronic administration; the detailed rules governing the safe-keeping of the original documents and their attachments while performing, during suspension and after the termination of performing the professional activities of an attorney-at-law; the operation of the archives of attorneys-at-law and the rules of placing and administering documents in the archives of attorneys-at-law and presenting them to the company court when it so requests,

17. the detailed rules governing the use of the electronic signature obtained for the purpose of performing the professional activities of an attorney-at-law and the related tasks of the bar association,
18. the conditions of electronic administration needed for performing the professional activities of an attorney-at-law,
19. the detailed rules governing the administrative audit by the bar association of the activities of attorneys-at-law and attorney assistants,
20. the fulfilment of the tasks related to the obligations set out in the Act on the prevention and combating of money laundering and the financing of terrorism and the Act on the implementation of the financial and economic sanctions imposed by the European Union and the United Nations Security Council, as well as supervisory procedural rules, risk assessment and guidance,
21. the obligation of those entitled to perform the professional activities of an attorney-at-law to participate in further training, the records kept on training, the requirements of the courses and the professional and academic activities that are acceptable within the framework of further training and the procedural rules governing their accreditation,
22. the rules governing the further training of junior attorneys-at-law and junior in-house legal counsels and the tasks related to this to be performed by the persons entitled to perform the professional activities of attorneys-at-law, junior attorneys-at-law and junior in-house legal counsels and the tasks of the bar associations regarding organising training courses for junior attorneys-at-law and junior in-house legal counsels,
23. the conditions for recognising the work practice of attorneys-at-law acquired abroad,
24. the requirements for offices suitable for the performing the professional activities of attorneys-at-law, the highest amount of the fee that can be charged for the performance of the tasks related to the registration and administrative audit of the branch offices and the distinct rules pertaining to attorneys-at-law and law offices having an office, a branch office or a sub-office registered under the same address,
25. the conditions of employing junior attorneys-at-law, junior in-house legal counsels and salaried attorneys-at-law,
26. the membership fee under section 22 (1) g) and other liabilities,
27. the detailed rules applicable to associations of attorneys-at-law and joint offices of attorneys-at-law,
28. the professional standards of drafting and countersigning documents by registered in-house legal counsels and the requirements prescribed for the employees of the clients of registered in-house legal counsels who are engaged in drafting and countersigning documents,
29. mediation procedures and the costs of mediation procedures,
30. cooperation between the record-keeping organisations of other EEA member states and the bar association,
31. the electronic forms to be used at the request of account managers during the administrative audit performed by the bar association on the activity of attorneys-at-law as escrow agents,
32. the utilisation of fines imposed as disciplinary penalties, and
33. the detailed rules applicable to regional disciplinary committees,
34. the rules governing the operation of registers of those performing the professional activities of attorneys-at-law and attorney assistants,
35. the rules pertaining to the coherence of the data structure of bar association registers, the generation of bar association registration numbers, the operation of the IT system of bar association registers and the operation of lawyer directories,
36. all the issues in respect of which it is empowered by the Statutes.

(2) The statutes and the regulations listed in paragraphs (1) 8, 11, 14 and 20 shall be deemed the key regulations of the Hungarian Bar Association.

(3) The statutes shall be binding on the members of the Hungarian Bar Association, and the regulations of the Hungarian Bar Association shall be binding on the regional bar associations, the members of the regional bar associations and the persons admitted into the bar association register by the regional bar associations.

(4) The statutes and the regulations of the Hungarian Bar Association shall be made available at the website of the Hungarian Bar Association.

(5) Decisions on non-specific cases shall be publicly available to the members.

(6) The bar membership fee payable by salaried attorneys and registered in-house legal counsels shall be eighty per cent of the amount payable by attorneys-at-law.

(7) The regulation governing the further training of the persons performing the professional activities of an attorney-at-law shall specify further training cycles of at least 5 years; no professional assessment shall be imposed to verify the fulfilment of the further training obligation.

## 70. The presidency

**Section 159** (1) The presidency shall be constituted of the president, the vice presidents, the secretary-general and secretaries, the presidents of the regional bar associations and the members of the presidency elected by the assembly of delegates. The number of the elected attorney-at-law members shall be ten, unless otherwise provided by the statutes.

(2) In proportion to the number of the members of the presidency of the Hungarian Bar Association as of the date of the notice of the general election, at least one and at most three of its members shall be registered in-house legal counsels and at least one and at most three of its members shall be salaried attorneys. Of these members, the chair of the national chapter of registered in-house legal counsels shall be the vice president of the Hungarian Bar Association.

(3) The chair of the disciplinary board of the Hungarian Bar Association and the national high commissioner for disciplinary matters shall have a right to voice his opinion at the meetings of the presidency.

(4) The presidency shall

*a)* convene the assembly of delegates, propose a draft agenda, prepare the operation of the assembly of delegates and organise the implementation of the decisions adopted by the assembly of delegates,

*b)* propose the draft budget of the Hungarian Bar Association and the report on the budget and report on its activity to the assembly of delegates,

*c)* act in administrative authority matters of the bar association,

*d)* be entitled to initiate the establishment of a conflict of interests,

*e)*

*f)* decide on the courses and the professional and academic activities that can be accredited for further training in respect of the further training obligation of those carrying out the professional activities of an attorney-at-law,

*g)* decide on the remuneration of the officials,

*h)* be entitled to set aside decisions other than administrative authority decisions adopted by the presidency of a regional bar association that are in violation of the law, the statutes or regulations,

*i)* adjudicate appeals filed against the decisions adopted by the president of the Hungarian Bar Association,

*f)* voice its opinion on and present proposals for issues pertaining to legislation and the application of law that affect those entitled to perform the professional activities of attorneys-at-law,

*k)* grant awards and emblems to attorneys-at-law,

*l)* determine the period of bar association elections,

*m)* at the request of the minister acting in his powers of supervising legality,

*ma)* in order to restore the lawful operation of a regional bar association or to rectify an omission, convene the body entitled to adopt decisions and call upon it to take the measures necessary to restore lawful operation within the time limit that it sets,

*mb)* if the lawful operation of a regional bar association cannot otherwise be restored or guaranteed, appoint the appropriate body or official of other regional bar association to perform the duties that fall within the powers of the president, presidency or disciplinary committee of the regional bar association concerned or, for performing other public duties and in other cases, appoint other eligible officials of regional bar associations and

*n)* perform any other duties that the assembly of delegates or the statutes prescribe.

(5) Any member of the bar association may request the court to set aside anything other than an administrative authority decision of the presidency, if it violates the law, the statutes or the regulations of the Hungarian Bar Association. This right shall not affect the legal remedies that this Act specifies for individual cases separately.

(6) Decisions adopted by the presidency on non-specific cases shall be publicly available to the members.

## **71. President of the Hungarian Bar Association**

**Section 160** (1) The president of the Hungarian Bar Association shall

*a)* represent the Hungarian Bar Association,

*b)* direct the operation of the presidency and the boards and report on their activity to the presidency,

*c)* perform the tasks provided by this Act in disciplinary proceedings,

*d)* be entitled to initiate the establishment of a conflict of interests,

*e)* direct the administrative organisation of the Hungarian Bar Association and exercise employer's rights over employees, and

*f)* perform all the duties that fall under his competence pursuant to the law and the statutes.

(2) The decision adopted by the president of the Hungarian Bar Association may be appealed in front of the presidency by the regional bar association affected by the decision within fifteen days from the date of communication of the decision.

(3) Decisions adopted by the president of the Hungarian Bar Association on non-specific cases shall be publicly available to the members.

## *CHAPTER XXIV*

### *THE REGIONAL BAR ASSOCIATION*

**Section 161** (1) Regional bar associations are public bodies with representative and administrative organisation and an independent budget.

(2) Within the area of their operation, the regional bar associations shall

*a)* organise, implement, authorise and audit the education of junior attorneys-at-law and junior in-house legal counsels and the mandatory further training of those entitled to perform the professional activities of attorneys-at-law,

*b)* manage the election of bar association officials,

*c)* collect bar association membership fees,

*f)* perform the duties that fall within their powers conferred upon them by the law and their statutes.

(3) The area of operation of the regional bar associations shall correspond to the area over which regional courts have territorial jurisdiction. The name of a regional bar association shall refer to its area of operation or seat.

(4) Regional bar associations may cooperate with each other in connection with the education of junior attorneys-at-law and junior in-house legal counsels and the mandatory further training of those entitled to perform the professional activities of an attorney-at-law.

## **72. Bodies of the regional bar association**

**Section 162** (1) The bodies of a regional bar association shall be

- a)* the general meeting or the assembly of delegates,
- b)* the presidency of the regional bar association (hereinafter the “presidency”),
- c)* the board for conflict of interests,
- d)* the supervisory board and
- e)* the regional disciplinary committee.

(2) The regulations of the Hungarian Bar Association may prescribe the election of an assembly of delegates with regard to regional bar associations with membership of over one thousand persons. The assembly of delegates shall comprise the elected officials of the regional bar association, and in particular the delegates directly elected by the assembly of delegates in a number specified in the regulations of the Hungarian Bar Association.

(3) The registered in-house legal counsel members and the salaried attorney-at-law members of the regional bar associations shall constitute a chapter of registered in-house legal counsels and one of salaried attorney-at-law members respectively. The boards

- a)* shall be invited to express their opinion on decisions pertaining to them,
  - b)* shall be requested for their consent to decisions pertaining exclusively to them,
- provided that such non-specific decisions do not fall within the powers of the bodies of the regional bar associations.

(4) European Community lawyers may establish the committee of European Community lawyers, junior attorneys-at-law that of junior attorneys-at-law and junior in-house legal counsels that of junior in-house legal counsels, and their opinion on regulations and non-specific decisions pertaining to them shall be requested.

(5) Regional bar associations may elect other boards as specified in their statutes.

**Section 163** (1) In addition to their members, the meetings of the bodies of the regional bar associations may be attended by those invited by the chair of a bar association body and those listed in the statutes of the bar association body.

(2) The duties, powers, operation and procedural rules of the other committees, bodies and officials of the regional bar associations shall be determined in their statutes.

## **73. The general meeting**

**Section 164** (1) The general meeting comprises the members of a regional bar association.

(2) The general meeting shall

- a)* approve the statutes of the regional bar association,
- b)* elect and hear the chair, the presidency, the boards, board officials and board members of the regional bar association, and have the right to recall them,
- c)* elect and be entitled to recall the members delegated to the Hungarian Bar Association,
- b)* approve the budget and the report on the budget,

*e)* present proposals for matters affecting those entitled to perform the professional activities of attorneys-at-law to the Hungarian Bar Association, and

*f)* performs other tasks set out in the statutes of the regional bar association.

(3) The statutes of a regional bar association shall qualify as key regulations.

(4) The statutes of the regional bar associations shall, in the manner specified therein, be made available for members and anybody whose rights they affect.

(5) Where, based on the regulations of the Hungarian Bar Association, an assembly of delegates is elected, the powers of the general meeting shall cover the election and recall of officials and, in particular, of delegates. Its other powers specified in this Act shall be exercised by the assembly of delegates. The provisions of this Act on the general meeting shall apply to the assembly of delegates.

(6) The members delegated by the regional chapter of registered in-house legal counsels to the presidency of the regional bar association shall be the members of the assembly of delegates of the regional bar association.

**Section 165** The statutes of the regional bar associations shall be sent to the Hungarian Bar Association for information purposes.

(2) The statutes of the regional bar associations shall be binding on the members of the regional bar associations, the persons admitted into the bar association register by the regional bar associations and the branch offices operating in the area of the regional bar associations.

(3) Any member of the bar association may ask the court to set aside a decision of the general meeting if it violates the law or is at variance with the statutes of the regional bar association or bar regulations or, in taking the decision, a material breach of the rules was committed that affected the merits of the decision. This right does not affect the legal remedies that this Act specifies separately for the individual cases.

**Section 166** (1) The regional presidency shall convene the general meeting as necessary, but at least once a year. The general meeting shall be convened in response to the motion of at least one-third of the members of the bar association. Paragraphs (2) and (3) shall be pointed out to the members of the general meeting.

(2) The general meeting shall have a quorum if more than half of the members of the regional bar association are present.

(3) If the general meeting is inquorate, the reconvened general meeting with the same agenda shall have a quorum irrespective of the number of those present if the reconvened meeting is scheduled for a date that is at least eight days and at most fifteen days after the original date.

(4) The general meeting shall adopt its decisions by the favourable votes of the majority of the members present; the approval and modification of the statutes of the regional bar association require the favourable votes of two-thirds of the members present.

(5) The decisions taken by the general meeting are publicly available to the members.

#### **74. The regional presidency**

**Section 167** (1) Regional presidencies shall comprise the chair, one or more vice presidents, the secretary-general, the secretary and the members. The number of attorney-at-law members shall be fifteen unless otherwise provided by the statutes of regional bar associations.

(2) If at least five per cent of the members of a regional bar association are registered in-house legal counsels or salaried attorneys-at-law, in proportion to the number of their members on the regional presidency as of the date of the notice of the general election, at least one and three of its members at most shall be registered in-house legal counsel(s) and at least one and three of its members at most shall be salaried attorneys-at-law.

(3) If a regional bar association has over one thousand members or at least twenty per cent of the members of a regional bar association are registered in-house legal counsels, the chair of the regional chapter of the registered in-house legal counsels of the members under paragraph (2) shall be one of the vice-president of the regional bar association.

(4) The chair of the regional disciplinary committee shall have a right to voice his opinion at the meetings of the regional presidency.

(5) The regional presidency shall

*a)* convene the general meeting of the regional bar association, present a draft agenda, prepare the operation of the general meeting and organise the implementation of the decisions adopted by the general meeting,

*b)* present the draft budget of the regional bar association and the report on the budget, and report on its activity to the general meeting,

*c)* act in the administrative authority matters of the bar association,

*d)* be entitled to initiate the establishment of a conflict of interests,

*e)* adjudicate appeals filed against the decisions adopted by the chair of the regional bar association,

*f)* decide on the remuneration of the officials of the regional bar association, and

*n)* perform any other tasks that the statutes of the regional bar association prescribe.

(6) Decisions other than an administrative authority decision of the regional presidency may be appealed in front of the presidency of the Hungarian Bar Association by any member of the regional bar associations or any person whose right or lawful interest is directly affected by the decision within fifteen days from the decision being communicated, citing the infringement of the law, the statutes of the bar association concerned or those of the Hungarian Bar Association. This right does not affect the legal remedies that this Act specifies separately for the individual cases.

(7) Decisions adopted by the presidency on non-specific cases shall be publicly available to the members.

## **75. President of the regional bar association**

**Section 168** (1) The president of a regional bar association shall

*a)* represent the regional bar association,

*b)* direct the operation of the regional presidency and the boards and ensure that the decisions adopted by the general meeting are implemented,

*c)* report on his activities to the regional presidency and the general meeting,

*d)* perform the tasks prescribed by this Act for disciplinary proceedings,

*e)* direct the operation of the administrative body of the regional bar association and exercises employer's rights over employees,

*f)* direct the economic management of the regional bar association,

*g)* be entitled to initiate the establishment of a conflict of interests, and

*h)* carry out any other tasks that the statutes of the regional bar association prescribe.

(2) Decisions other than an administrative authority decision of the president of the regional bar association may be appealed in front of the regional presidency by any person whose right or lawful interest is directly affected by the decision within fifteen days from the decision being communicated, citing the infringement of the law, the statutes of the bar association concerned or those of the Hungarian Bar Association.

(3) Decisions adopted by the chair of the regional bar association on non-specific cases shall be publicly available to the members.

## **76. Regional disciplinary boards**

**Section 169** (1) In order to exercise disciplinary powers, the regional bar associations shall establish regional disciplinary boards, which elect their chairs from among their members. The Hungarian Bar Association shall lay down procedural rules on the election of the regional and national disciplinary boards in its regulations.

(2) Regional disciplinary boards shall be established in proportion to the number of the members of the individual regional bar associations.

(3) Of the members of the regional disciplinary boards, in proportion to their number as of the date of the notice of the general election,

*a)* at least one and at most three shall be registered in-house legal counsel(s),

*b)* at least one and at most three shall be salaried attorneys.

(4) The Hungarian Bar Association lays down regulations to specify the area of operation of the regional disciplinary boards with the proviso, however, that their area of operation shall correspond to the territorial competence of the regional bar associations. The area of operation of the regional disciplinary boards may overlap with the territorial competence of one single regional bar association if the latter has at least one thousand members.

(5) The operating costs of the regional disciplinary boards shall be shared by the regional bar associations operating in the area over which the regional disciplinary board has territorial competence.

(6) The names of the regional disciplinary boards shall refer to their area of operation.

#### *CHAPTER XXV*

#### *ADMINISTRATIVE CASES OF BAR ASSOCIATIONS*

**Section 170** (1) The bar association shall act in the capacity of an administrative authority in the following cases of the bar association:

*a)* admission to the regional bar association,

*b)* termination of membership in the regional bar association,

*c)* change in the form of operation,

*d)* establishing the termination of membership in the regional bar association,

*e)* administrating the records kept by the bar association,

*f)* operating the listing of law offices,

*g)* suspending the performance of professional activities of an attorney-at-law outside a disciplinary procedure and the termination thereof,

*h)* approval of the temporary discontinuation of performing the professional activities of attorneys-at-law and the extension of the temporary discontinuation,

*i)* keeping records of entitlement to employ junior attorneys-at-law and pursue activities as a law firm manager,

*j)* the appointment and the termination of the appointment of law firm managers,

*k)* cross-registration,

*l)* the issue of authority certificates,

*m)* the issue and the revocation of photo identification cards, and

*n)* the authority audit of performing the professional activities of attorneys-at-law and those of assistants to attorneys-at-law.

(2) The regulations of the Hungarian Bar Association

*a)* may stipulate the application of certain rules pertaining to administrative authority proceedings even in bar association proceedings that do not qualify as bar association-related authority proceedings, and

*b)* may permit the application of the rules governing electronic communication under Act CCXXII of 2015, and make electronic communication mandatory.



## 77. Material and territorial competence

**Section 171** (1) Unless otherwise provided by this Act, the president of the regional bar association shall act at first instance in administrative authority cases of the bar association.

(2) The presidency of the regional bar association shall act at first instance in proceedings aimed at registration and deletion from the bar association register and those on change in the form of operation, except for proceedings aimed at admission to the bar association, the termination of membership of the bar association and registration of changes. In proceedings under this paragraph, the president of the regional bar associations may also adopt procedural decisions that may not be appealed independently.

(3) The administrative audits referred to in section 186 (6) shall be conducted by an investigating commissioner appointed by the president of the regional bar associations.

(4) The decisions of the regional bar associations adopted in the capacity of an administrative authority may be appealed. In administrative authority procedures of the bar associations the presidency of the Hungarian Bar Association shall act at second instance.

**Section 172** (1) The territorial competence of the regional bar associations shall be identical to their area of operation.

(2) Where bar associations act as administrative authorities, from among the regional bar associations, that regional bar association shall act in the case,

*a)* in which the applicant intends to become a member of or with which he intends to be registered, or

*b)* in which the client is a member or which registered him into its register.

(3) The regional bar associations in the area of which the persons performing the professional activities of attorneys-at-law or attorney assistants or their employers have a branch office shall also have competence to conduct an audit on the activities of attorneys-at-law and attorney assistants. The regional bar association of which the audited person is a member or which registered the audited person into its register shall be notified of the initiation of any administrative audit.

(4) The regional bar associations in the area of operation of which the employer of a registered in-house legal counsel has its seat, business premises or branch that employs the registered in-house legal counsel shall also have competence to audit the activity of attorneys-at-law performed by the registered in-house legal counsel. The regional bar association of which the audited person is a member shall be notified of the initiation of any administrative audit.

## 78. Application of the rules of the Code of general administrative procedure

**Section 173** (1) In administrative authority cases of the bar, electronic administration shall be mandatory with the exceptions specified in the regulations of the Hungarian Bar Association. The bar association may introduce electronic forms for electronic administration, the use of which is mandatory.

(2) In administrative authority cases of the bar association, any person other than those bound by confidentiality or entitled to act in connection with attorney-client privileged information shall only have access to documents containing privileged information if the person entitled to act in connection with the privileged information has given his consent.

(3) In administrative authority cases of the bar association

*a)* the application may not be submitted to a government window,

*b)* summary proceedings shall not be conducted in cases that fall within the material competence of a regional presidency,

*c)* in decisions with suspensive effect, the authority shall not decide whether the party is entitled to exercise the right he applied for, and

*d)* in respect of the enforcement of certain acts, the enforcing organ shall be the bar association taking the decision at first instance.

(4) The bar association may also suspend the administrative proceedings if the decision on the merits of the case is subject to the prior adjudication of an issue that falls within the material competence of another organ or on which no well-founded decision can be taken unless the bar association acting in the administrative authority case takes another administrative decision that is closely related to the given case.

(5) Applicants shall not be requested to provide data that is common knowledge or of which the bar association has official knowledge.

(6) The administrative time limit for administrative authority cases of the bar association shall be thirty days.

(7) If the bar association fails to adopt a decision by the prescribed time limit, the applicant shall not be entitled to commence or continue the requested activity.

**Section 174** For administrative authority procedures commenced upon request, an administrative service fee determined in a decree issued by the minister shall be paid to the bar association.

### **79. Entry into the bar association register**

**Section 175** (1) Upon filing an application for registration in the bar association register, applicants shall

- a)* declare that no reason giving cause for conflict of interests applies to them,
- b)* provide proof of their compliance with the other requirements for the registration, and
- c)* provide their data to be recorded into the bar association register for the bar association acting in the case.

(2) If, upon filing the application for registration in the bar association register, the applicant fails to provide proof of

- a)* his law degree, the regional bar association concerned shall verify it in the diploma registry of the higher education information system,
- b)* the absence of any reason giving cause for conflict of interests referred to in section 22 (1) *b)* and *c)* or the fact that no proceedings have been instituted against him due to an intentional offence that is to be prosecuted, by presenting an official certificate, the regional bar association concerned shall verify it in the criminal records,
- c)* the absence of any reason giving cause for conflict of interests referred to in section 22 (1) *e)*, the bar association acting in the case shall verify it in the registers operated by the regional bar associations and the regional courts

by requesting the relevant data.

(3) The request for the data specified in paragraph (2) *b)* and *c)* may only concern the data that can establish whether or not the circumstances set out in them apply.

(4) If an applicant intends to operate a branch office in the area of another regional bar association, in order to verify whether the branch office meets the conditions set out in this Act and in the bar regulations, the regional bar association acting in the case shall contact the regional bar association with competence over the location of the branch office in its capacity of specialist authority.

(5) If criminal proceedings have been instituted against an applicant due to an intentional offence that is to be prosecuted, the bar association shall suspend the admission proceedings until the completion of the criminal proceedings with a final and binding decision.

## **80. Specific rules of the registration procedure of European Community lawyers and salaried European Community lawyers**

**Section 176** (1) The Hungarian Bar Association shall register *ex officio* the notified data of the European Community lawyers performing the professional activities of an attorney-at-law temporarily in Hungary.

(2) The application for entry into the bar association register of the European Community lawyers performing the professional activities of an attorney-at-law in Hungary subject to registration shall be filed with the bar association that has territorial competence over

a) the law office where the professional activity of attorneys-at-law is performed, if the practice is of a permanent character,

b) the seat of the attorney-at-law or the law office that concludes a cooperation contract if the performance is of an *ad hoc* character, or failing such a contract, the place of the provision of services,

(3) The application of salaried European Community lawyers for entry into the bar association register shall be filed with the regional bar association that has territorial competence over the address of the law office of their employer.

(4) The following shall be attached to the application of European Community lawyers and salaried European Community lawyers for entry into the bar association register:

a) the certified Hungarian translation of the document issued by the organisation operating the attorney register in the applicant's home EEA member state not older than three months, proving that the applicant is entitled to perform the professional activities of an attorney-at-law in the given EEA member state, and

b) the document that proves that the applicant's liability insurance covering compensation for the damage caused by his activity as an attorney-at-law or the payment of a grievance award may be enforced in Hungary, or else the applicant's consent to its verification.

(5) The application of European Community lawyers and salaried European Community lawyers for entry into the bar association register shall contain the data of the association of attorneys-at-law operating in the applicant's home EEA member states of which the applicant is a member, if applicable.

(6) The bar association shall notify the organisation that operates the attorney register in the applicant's home EEA member state of the entry into the bar association register of European Community lawyers and salaried European Community lawyers.

## **81. Deletion from the bar association register**

**Section 177** (1) The persons who

a) request their deletion,

b) have been disbarred by way of disciplinary penalty,

c) have been registered by another regional bar association through cross-registration or have become members of a regional bar association through a change in the form of operation,

d) have died,

e) fail to meet the requirements for admission to the bar association,

f) fail to meet their obligation to pay the bar association membership fee or their payment obligation arising from an enforceable disciplinary decision,

g) fail to eliminate the reason giving cause for the conflict of interests affecting them despite having been called upon to do so,

*h)* are subject to custodianship affecting their capacity to act or subject to supported decision-making or attorney assistants who are subject to custodianship affecting their capacity to act in respect of the performance of this activity,

*i)* fail to take the attorney's oath within the prescribed time limit,

*j)* fail to fulfil the obligation to participate in further training set out in the regulations of the bar association,

shall be deleted from the bar association register.

(2) In cases not regulated in this Subtitle, the provisions on the termination of membership of the bar association shall apply to deletion.

**Section 178** (1) European Community lawyers and foreign legal advisors shall also be deleted from the bar association register if

*a)* they create the impression of being attorneys-at-law or use a title, a name, an additional phrase or description based on which they create the impression of being entitled to present themselves as attorneys-at-law,

*b)* their tax number has been permanently deleted.

(2) Salaried European Community lawyers shall also be deleted from the bar association register if they fail to enter into an employment relationship as salaried European Community lawyers in accordance with this Act within three months from the termination of their employment.

(3) Junior attorneys-at-law shall also be deleted from the bar association register if they fail to enter into an employment relationship as junior attorneys-at-law in accordance with this Act within three months from the termination of their employment.

(4) Junior in-house legal counsels shall also be deleted from the bar association register if they fail to enter into an employment relationship as junior in-house legal counsels in accordance with this Act within three months from the termination of their employment.

(5) Junior attorneys-at-law and junior in-house legal counsels shall also be deleted from the bar association register three months after the day of their bar examination.

(6) Foreign legal advisors shall also be deleted from the bar association register

*a)* if their cooperation contract under this Act has terminated, or

*b)* if their office abroad has established a commercial agency in Hungary.

(7) The regional bar association shall send the final decision on the deletion of the foreign legal advisors concerned to the bar association abroad having territorial competence.

## **82. Deletion of the law office from the bar association register**

**Section 179** (1) The regional bar associations shall delete a law office from the bar association register

*a)* if it is terminated without succession at its own request, effective from the date of the closing balance sheet,

*b)* if the law office is terminated with legal successor, effective from when the decision on succession reaches administrative finality, but in no case earlier than the date indicated in the relevant decision(s) of the members' meeting,

*c)* in the cases referred to in section 96 (2) *c)*, effective from the date when the membership of the last member of the law office or that of the proprietary member ceases,

*d)* in the cases referred to in section 96 (2) *d)*, effective from the date when the decision on the deletion of the law office reaches administrative finality,

*e)* if a liquidation procedure has been instituted, effective from the date when the decision on the termination of the law office without succession is published in the Company Gazette,

*f)* if the tax number of the law office is deleted, effective from the date when the decision on that reaches administrative finality,

g) in the cases referred to in section 96 (2) g), effective from the expiry of a three-year period after the appointment of the caretaker attorney.

(2) In the cases under paragraph (1) a), c) and d), a law office may be terminated after the state tax and customs administration, the local government's tax authority having territorial competence over the location of the attorney-at-law's law office and the competent pension fund directorate have made a declaration to the effect that the bar member law office has fulfilled its obligation to provide tax return and pension fund-related data, has neither tax arrears nor tax liability established by a decision having administrative finality nor any other public dues collectible as taxes; no procedure has been instituted against it by the tax or customs authority nor will the state tax or customs authority initiate a tax audit or enforcement procedure against it.

(3) At the request of the regional bar association concerned, a decision on issuing the declaration under paragraph (3) shall be adopted within thirty days; in the event that the time limit is not met, the regional bar association shall terminate the membership of the bar member law office. The time that passes until the declaration is obtained shall not be counted in the time open for making the decision

### **83. Suspension of performing the professional activities of an attorney-at-law**

**Section 180** (1) The president of a regional bar association shall suspend the performance of the professional activities of an attorney-at-law with immediate effect if a person performing the professional activities of an attorney-at-law is accused of having committed an intentional offence that is punishable by imprisonment of over five years.

(2) If the court acting in the pertinent criminal case establishes that the violation of individual interests that arises from suspending the activities of an attorney-at-law as provided by paragraph (1) exceeds the prejudice or jeopardy of the rights and lawful interests of clients or public trust in the legal profession that could be expected if the practice of law continued, it shall notify the president of the regional bar association of this. The president of the regional bar association shall withdraw the decision on suspension and inform the court sending the notification on the cancellation of the decision.

(3) Upon launching or in the course of the procedure for the termination of the bar membership or deletion, the presidency may suspend the activities of attorneys-at-law with immediate effect for six months at most if grounds for the discontinuation of the activities of attorneys-at-law arise, and the continuation of the activities of attorneys-at-law would prejudice or jeopardize the clients' rights, rightful interests or the public trust in the profession of attorney-at-law to an extent that exceeds the individual harm arising from the suspension of the activities of attorneys-at-law. The suspension of the activities of attorneys-at-law may be extended for another six months on one occasion during the term of the suspension.

(4) The appeal against the suspension of the practice of law shall have no suspensory effect on the enforcement of the decision.

(5) The suspension of the practice of law shall be terminated immediately if the cause for ordering the suspension has ceased.

(6) All rights and obligations of the person subject to the proceedings arising from his bar membership and admittance to the Bar association, except for his procedural rights and obligations in the procedure against him, shall be stayed for the term of suspension.

### **84. Change in the form of operation**

**Section 181** If a member of a regional bar association or any other person performing the professional activities of an attorney-at-law listed in the bar association register intends to continue the activities of an attorney-at-law in a different form, the application for a change in

the form of operation shall be adjudicated in accordance with the rules governing admission to the regional bar association or entry into the bar registration. The procedure for a change in the form of operation is free of charge for bar members.

### **85. Notification and registration of changes and cross-registration**

**Section 182** (1) Those performing the professional activities of an attorney-at-law shall notify any change in their data recorded into the bar association register to the bar association that recorded them within thirty days from the date of the change and request the change to be recorded into the bar association register.

(2) Upon the submission of the request to record the change into the bar association register, proof of meeting the conditions for the recording of the change into the bar association register shall be provided.

(3) The termination of the employment of persons performing the professional activities of an attorney-at-law may be notified by the employer; the termination of the employment of attorney assistants may be notified by the attorney assistant and the termination of the agreement for substitution may be notified by the substitute attorney-at-law as well, who may also request the entry of the change into the register.

(4) Law offices shall, along with the notification of changes, file the decisions of their members' meetings on the modification of their deeds of foundation and the deeds of foundation of new law offices, if they terminate with legal successor, to the bar association and request their entry into the bar association register within thirty days from the date of the relevant decision of the members' meeting.

(5) The bar association shall reject the request to record the changes if the change specified in the application or its registration or the deed that serves as a basis for the change violates the law or the bar association regulations.

(6) If a person performing the professional activities of an attorney-at-law intends to operate a new branch office or terminate the existing one, he shall file the application with the regional bar association that has territorial competence over the location where the branch office has its address.

(7) If the regional bar association establishes that the branch office operating in the area of its operation fails to meet the conditions set out in this Act or the bar association regulations, it shall delete the branch office from the bar association register.

**Section 183** (1) For the cross-registration of the activity of an attorney-at-law or attorney assistant into an area over which another regional bar association has territorial competence, a request for cross-registration shall be filed with the regional bar association that has territorial competence over the area where the applicant's office or, failing that, the location of the applicant's employer has a registered address as of the date when the request is filed.

(2) The condition for the cross-registration of a law office is that it has a member who has been entered into or registered in the register of the regional bar association that has territorial competence over the area where the new office of the law office has an address or that any one of its member files for his cross-registration with the regional bar association that has territorial competence over the area where the new office of the law office has an address.

(3) The regional bar association that has territorial competence over the former office shall forward the application for cross-registration and the relevant documents to the regional bar association that has territorial competence over the location indicated in the request, which in its turn shall communicate its decision on the request to the regional bar association that has territorial competence over the former office.

(4) When the decision granting the request for cross-registration reaches administrative finality, the regional bar association that adopts the decision at first instance shall ensure that

the person practising the professional activities of an attorney-at-law is entered into the bar association register.

## **86. Issue and revocation of photo identification cards**

**Section 184** (1) Regional bar associations shall issue, *ex officio*, photo identification cards to bar association members, European Community lawyers and salaried European Community lawyers performing the professional activities of an attorney-at-law on a permanent basis in Hungary, foreign legal advisors, junior attorneys-at-law and junior in-house legal counsels, upon their admission to a regional bar association or their entry into the bar association register.

(2) Regional bar associations shall revoke the photo identification card if

- a) the membership of a bar association member has terminated and
- b) the European Community lawyer, salaried European Community lawyer, foreign legal advisor, junior attorney-at-law or junior in-house legal counsel is deleted from the bar association register.

(3) Photo identification cards may not be used during the stay or suspension of the professional activities of an attorney-at-law or after the termination of bar membership and deletion, and they shall be returned to the regional bar association within eight days.

(4) Regional bar associations, as card issuers being connected to the uniform electronic card issuing framework system, may also issue photo identification cards qualifying as cards under Act LXXXIII of 2014 on the uniform electronic card-issuing framework.

## **87. The official certificate**

**Section 185** (1) Regional bar associations shall issue official certificates on the data entered into bar association administrative registers to those entitled to access such data.

(2) If the data entered into bar association administrative registers can only be accessed for a particular purpose, it shall be thus indicated in the official certificate.

## **88. Administrative audit performed by the bar association**

**Section 186** (1) With the exception of registered in-house legal counsels and junior in-house legal counsels, compliance of the professional activities of attorneys-at law and the activities of attorney assistants with the conditions set out in this Act, its implementation decrees, the provisions on the prevention and the combating of money laundering and the financing of terrorism, bar association regulations and enforceable decisions adopted in cases where bar associations act as administrative authorities shall be verified by regional bar associations by conducting an administrative audit.

(2) Compliance of the activities of registered in-house legal counsels and junior in-house legal counsels, with the conditions set out in this Act, its implementation decrees, the provisions on the prevention and the combating of money laundering and the financing of terrorism, bar association regulations and enforceable decisions adopted in cases where bar associations act as administrative authorities shall be verified by regional bar associations by conducting an administrative audit in cooperation with employers.

(3) Administrative audits shall not extend to the content of the professional activities of an attorney-at law or the fulfilment of obligations, the verification of which falls within the material competence of other authorities.

(4) Regional bar associations shall institute administrative audits *ex officio*.

(5) In order to fulfil their audit obligation under paragraphs (1) and (2), regional bar associations shall adopt an annual audit plan, which they shall make public in accordance with the rules on electronic information.

(6) Regional bar associations shall categorise those performing the professional activities of attorneys-at law who they supervise into the risk categories defined in the supervisory risk assessment under the Act on the prevention and the combating of money laundering and the financing of terrorism. Those in the highest risk category shall be audited at least once a year, but not more often than every sixth month, and those in the lowest risk category shall be audited at least every five years according to the audit plan.

**Section 187** (1) In the course of the administrative audits, regional bar associations may oblige those audited to provide data, and they may enter their law office, branch office or sub-office and inspect their documents and records and request photocopies of them to the extent that helps to achieve the audit objective.

(2) In order to be able to audit escrow management, regional bar associations are entitled to request information on the name of the escrow account manager, the number and the balance of the escrow account and turnover on the escrow account during the ten years that precede the starting date of the authority audit. Account managers shall make the data on the escrow accounts of those audited and specified in this paragraph available for the regional bar offices within three days from the request being submitted on the form or template specified in the bar association regulations.

(3) The decision on ordering the measure shall indicate the objective of the audit and the data-reporting obligation and provide justification for the necessity of the audit.

**Section 188** (1) The regional bar association shall make records of the audits performed as minutes.

(2) If, during the authority audit, the regional bar association establishes an infringement of the law, the bar regulations or enforceable bar association decisions (for the purposes of this Subtitle, hereinafter “breach of obligation”) and

*a)* the breach of obligation can be remedied by the termination of the breach of obligation or the restoration of the lawful situation, the regional bar association shall, by pointing out the breach of obligation, setting an appropriate, but at least a fifteen-day, time limit and warning of the possible sanctions, oblige the person performing the professional activities of an attorney-at-law or attorney assistant in an order to do so.;

*b)* the time limit specified in point *a)* expired with no results whatsoever, or point *a)* cannot be applied, it shall institute the administrative authority procedure under this Act or, if a disciplinary offence can be suspected, initiate conducting a preliminary investigation.

(3) The regional bar association shall also act in accordance with paragraph (2) when the cause of the breach of obligation is the infringement of the provisions on the prevention and the combating of money laundering and the financing of terrorism.

(4) If the breach of obligation is a failure to report any data, facts or circumstances implying money laundering or the financing of terrorism, the regional bar association shall make the notification instead of the person performing the professional activities of an attorney-at-law.

(5) Paragraph (2) *a)* shall not be applied if

*a)* the infringement of law can only be remedied by conducting another administrative procedure,

*b)* the bar association regulations exclude that by clearly indicating the infringement of law,

*c)* another regional bar association adopted a decision that reached administrative finality, within a period of two years, in which it imposed a sanction on the same audited person due to the failure to comply with the demand under paragraph (2) *a)*,

*d)* the same regional bar association adopted the measures referred to in paragraph (2) *a)* against the same audited person for the same infringement of law within a period of two years,



e) the infringement of law is a failure to comply with the notification obligation in respect of publicly certified official registers.

(6) To ensure the verification of those under paragraphs (2) to (4), the following, as specified in paragraph (2) a,) shall be registered in the publicly certified register of the bar association:

a) the order, containing the date of infringement and the date of the communication of the order,

b) the fact that the order remained unsuccessful and the date when the decision containing the sanction imposed on that account reached administrative finality.

(7) If the administrative audit of a bar association identifies any data that implies that a criminal offence has been committed in connection with escrow management, the regional bar association concerned shall file a charge with the organ having material competence to conduct the relevant investigation.

## CHAPTER XXVI

### BAR ASSOCIATION REGISTERS AND DATA MANAGEMENT

**Section 189** (1) Bar association registers, qualifying as publicly certified registers in respect of the data specified in Annex 1, shall contain the data specified in Annex 1 of the natural persons performing the professional activities of attorneys-at-law and of attorney assistants.

(2) The data specified in Annex 1 of the bar association registers are public, may be disclosed and made available to anybody, and shall be updated and published in lawyer directories.

**Section 190** (1) Bar association registers shall contain, in respect of law offices,

1. their bar registration number,
2. their name,
3. the address of their office,
4. the address of their branch office,
5. the address of their sub-office,
6. their telephone number,
7. their contact details needed for electronic communication under Act CCXXII of 2015,
8. their e-mail address,
9. their website,
10. the name(s) of their office manager(s), the type of their right of representation and the term of their mandate in this capacity,
11. the name and bar association identification number of their members,
12. the name and registration number of the association of attorneys-at-law in which they participate and the registration number of the joint office of attorneys-at-law,
13. the name of their proprietary member,
14. the identification data of the proprietary member other than his name,
15. the address of their archives,
16. their tax number and
17. the amount of their registered capital.

(2) Bar association registers shall contain

- a) data on the mergers, divisions, legal successors and legal predecessors of law offices,
- b) the start and end dates of proceedings aimed at the termination of a law office without succession,

c) in the case of a law office subject to bankruptcy proceedings, the name of the court acting in the case, the name and business mailing address of the administrator appointed by the court,

d) in the case of a law office subject to liquidation proceedings, the name and business mailing address of the liquidator appointed by the court and those of the authorised liquidator appointed by the liquidator,

e) the names and business mailing addresses of the caretaker attorney appointed by regional bar associations and

f) the name and bar association identification number of the substitute attorney-at-law of single-person law offices.

(3) The data listed in paragraph (1) 1. to 13. and paragraph (2) a) and b) of the bar association registers shall qualify as publicly certified data.

(4) The data specified in paragraph (1) 1. to 12. and paragraph (2) of the bar association registers are public, may be disclosed and made available to anybody, and shall be updated and published in lawyer directories.

(5) Bar associations shall take over the data under paragraph (1) 7. from the register specified in the provisions of Act CCXXII of 2015 if the data of a law office have been recorded there, or hand them over to the register specified in the provisions of Act CCXXII of 2015 if the data of a law office have been recorded in the bar association register.

**Section 191** Bar association registers shall contain the dates of the registration and deletion of the data registered therein, as well as the number and the date of the decisions that form their basis.

**Section 192** (1) The Hungarian Bar Association shall cooperate with the regional bar associations, in accordance with its regulations, and ensure

- a) the consistency of the data structure of the bar association registers,
- b) the generation of bar association register identification numbers,
- c) the operation of the IT system of the bar association registers and
- d) the operation of the lawyer directories.

(2) The Hungarian Bar Association shall ensure the preservation of the data of the European Community lawyers performing the professional activities of an attorney-at-law on an ad hoc basis in the bar association registers for one year from the notification of their data, the entry of changes in and the corrections of their data into the bar association registers and shall issue data using such data.

(3) Regional bar associations shall ensure the preservation of the data, except for those under paragraph (2), of persons performing the professional activities of an attorney-at-law, as well as changes in and corrections to their data in the bar association registers and issue data using such data.

(4) The bar association that has material and territorial competence under this Act to enter the data concerned shall delete any entry that violates the law, correct any that is erroneous and enter any that has not been entered yet when it learns of the circumstance that justify doing so.

**Section 193** (1) Public data of the bar association registers can be used to provide data upon request free of charge.

(2) Aggregated data from the bar association register can be provided subject to the procedural fee set in the regulations of the Hungarian Bar Association, if the purpose of the request is proved. No aggregated data can be provided for the compilation of lists serving direct marketing purposes.

(3) The non-public data of the bar association registers may only be provided to those entitled to have access to them.

(4) The data published in lawyer directories, unless those concerned stipulate otherwise, may also be issued to the representative organisation comprising the professional organisations providing the highest level of representation in their respective home EEA member states for attorneys-at-law and European Community lawyers before the organisations and institutions of the European Union, in order to maintain uniform lawyer directories in the European Economic Area.

**Section 194** (1) Regional bar associations and the Hungarian Bar Association may access and manage data in the bar association registers to the extent necessary in order to perform their duties set out by law, the statutes and the bar association regulations.

(2) In the course of their proceedings and when rendering services, the regional bar associations and the Hungarian Bar Association may access and manage, to the extent and with the content indispensable to the procedure or service rendered, the personal identification data and address, as well as the personal data, of natural persons participating in the proceedings or requesting services.

## CHAPTER XXVI

### MEDIATION PROCEDURE

**Section 195** (1) If, upon notification, it is expected that a dispute between the person making the notification and the person performing the professional activities of an attorney-at-law in connection with their agency relationship can be settled through mediation, the chair of the regional bar association shall inform the person making the notification and the person performing the professional activities of an attorney-at-law on the essence and use of mediation procedure.

(2) If the person making the notification

*a)* wishes to avail himself of the proposed mediation procedure and waives attorney-client privileged information to the degree necessary for conducting the procedure and by so doing no attorney-client privileged information of others is violated, the participation of the person performing the professional activities of an attorney-at-law in the mediation procedure is mandatory;

*b)* does not wish to avail himself of the mediation procedure or fails to make a statement in accordance with that set forth in point *a)*, the chair of the regional bar association may put forth a proposal for conducting a preliminary investigation.

(3) The mediation procedure shall last three months at most.

(4) The rules applicable to mediation procedure and its costs shall be specified in the bar association regulations.

## CHAPTER XXVIII

### COOPERATION WITH ORGANISATIONS OF THE EEA MEMBER STATES MANAGING THE REGISTERS OF ATTORNEYS-AT-LAW

**Section 196** (1) Bar associations shall cooperate with each other in all cases that may arise in connection with the practice of law by European Community lawyers and provide assistance to each other and the organisations that are in charge of maintaining bar association registers in the respective home EEA member states of the European Community lawyers by reporting the data of the registers maintained on the basis of this Act or in any other form.

(2) Within the framework of the cooperation, bar associations shall

*a)* notify, prior to a disciplinary procedure to be launched against a European Community lawyer, the organisation in charge of operating the bar association register in the European Community lawyer's home EEA member state, cooperate with it in the procedure, send it the

decisions adopted during the disciplinary procedure and provide for the possibility that a representative of the organisation in charge of operating the bar association register in the European Community lawyer's home EEA member state may make their observations on appeals in forums of appeal,

*b)* notify the organisation in charge of maintaining the bar association register in the European Community lawyer's home EEA member state of the deletion of the European Community lawyer, and

*c)* notify, with regard to the bar association members or the persons entered into the registers of the bar associations who also perform the professional activities of attorneys-at-law in other EEA member states, the organisation in charge of operating the bar association register in the EEA member state concerned of the termination of bar membership and deletion.

(3) The organisations concerned shall be bound by confidentiality in respect of all the facts and data that they learn of within the scope of their cooperation obligation.

(4) The Hungarian Bar association shall lay down further provisions regarding the fulfilment of the cooperation obligation in its regulations.

## PART EIGHT

### SUPERVISION OF LEGALITY

**Section 197** (1) The minister shall supervise the legality of the operation of the regional bar associations and the Hungarian Bar Association (for the purposes of this Chapter, hereinafter jointly "bar association").

(2) Except as provided in this Chapter, supervision shall not extend to individual decisions adopted by the bar association and the cases in which court proceedings or administrative authority procedures may be initiated.

**Section 198** (1) In carrying out his supervisory function, the minister shall ensure that the operation of the bar association does not violate the law, statutes or the regulations of the Hungarian Bar Association.

(2) If the minister finds that the operation of a body of the bar association is in violation of the law, statutes or the regulations of the Hungarian Bar Association (for the purposes of this Part, hereinafter jointly the "infringement"), he shall call upon the bar association concerned, by setting a time limit of at least fifteen days but at most thirty days, to cause the infringement to cease.

(3) The bar association concerned shall cease the infringement by the time limit prescribed in the notification of the minister, or inform the minister, within fifteen days of the notification, of its disagreement.

**Section 199** (1) In the event that the bar association concerned fails to cease the infringement by the time limit prescribed by the minister in the notification, the minister shall call the presidency of the Hungarian Bar Association, in accordance with the provisions laid down in section 198, to take the necessary measures, acting in its powers under section 159 (4) *m*), to restore the lawful operation of the bar association concerned.

(2) If the presidency of the Hungarian Bar Association fails to cease the infringement within thirty days upon expiry of the time limit set in the minister's notification, the minister shall apply to the court having jurisdiction in administrative court actions.

(3) If the court establishes the infringement,

*a)* it shall order the bar association or anybody concerned in it to take the measures required for lawful operation,

*b)* it shall set aside the infringing statutes, regulations, or any infringing part of them, and shall order a new procedure to be conducted,

*c)* in order to restore the lawful operation, the court may order the body entitled to elect the body or official of the bar association that operates unlawfully to be convened,

*d)* it may suspend the operation of the body or official of the bar association that operates unlawfully, or

*e)* if there is no body of the bar association that might replace the one operating unlawfully, the court may appoint an administrator.

**Section 200** (1) Within the scope of the functions and powers of the bar association or body thereof concerned, the administrator may

*a)* take all measures necessary to establish such a body that is operating lawfully,

*b)* make all juridical acts that are inevitably necessary to restore the lawful operation of the bar association concerned.

(2) The administrator shall only be a member of the bar association of which he has had membership for at least ten years, and is not a member of the body of the bar association which is concerned by the judicial review.

**Section 201** (1) The minister shall ensure the lawfulness of the regulations of the bar association

*a)* by a preliminary review of the key regulations, and

*b)* by subsequently reviewing non-key regulations.

(2) The bar association shall send its key regulations to the minister within fifteen days of their adoption. Key regulations or any amendment thereof shall be valid if the minister finds them to be lawful.

(3) The minister shall examine the lawfulness of any key regulations within thirty days in the case of the statutes of a regional bar association or, in the case of other key regulations, within fifteen days at most. If the key regulations are not contrary to the law, or the statutes of a regional bar association are not contrary to the statutes of the Hungarian Bar Association, the minister shall approve them and shall send his approval by electronic means to the bar association without delay.

(4) In the event that any key regulations are contrary to the law, or the statutes of a regional bar association are contrary to the regulations of the Hungarian Bar Association, the minister shall notify the bar association of refusing to grant approval to the regulations and the reasons for this by electronic means without delay. The bar association concerned

*a)* shall amend the contested points of the key regulations within thirty days, or

*b)* may make observations on the minister's notice within five days from receiving the notification.

(5) Should the minister and the bar association concerned disagree as under paragraph (4) *b)*, the bar association concerned may apply to the court having jurisdiction in administrative court actions to establish the validity of the key regulations. The court shall adopt its decision by applying the rules of administrative court procedure accordingly, and as a matter of priority.

**Section 202** (1) The minister shall review the lawfulness of non-key regulations within sixty days of their adoption.

(2) The bar association shall send its non-key regulations to the minister within eight days of their adoption.

(3) In the event that any non-key regulations are contrary to the law, statutes or other rules or regulations, the minister shall call upon the bar association concerned to amend the non-key regulations and shall set a time limit for doing so.

(4) The subsequent review carried out by the minister shall not affect the validity of non-key regulations.

**Section 203** (1) If the minister finds that the bar association has failed to meet its obligations set out by in law or by statute, and that omission jeopardises the operation of the bar association then, by setting a time limit of at least five days and at most fifteen days, he shall call upon the bar association to take the measure that has been omitted.

(2) The bar association concerned shall take the measure that has been omitted by the time limit prescribed in the notification, or adopt the decision that has been omitted, or inform the minister within fifteen days of notification of its disagreement.

(3) In the event that the bar association concerned does not remedy the omission by the time limit prescribed by the minister, the minister shall call upon the presidency of the Hungarian Bar Association to take, in its powers under section 159 (4) *m*), the necessary measures to restore the lawful operation of the bar association concerned.

(4) In the event that the omission still persists after the process detailed in paragraph (3), the minister shall apply to the court having jurisdiction in administrative court actions within thirty days.

(5) If the court finds that an omission has been committed, it shall, by setting an appropriate time limit, order the presidency of the Hungarian Bar Association to take the measure that has been omitted. In the procedure instituted, due to the omission of the time limit set in the judgment, for the enforcement of the judgment on omission, the court may as a measure, beyond imposing a fine, only appoint an administrator.

(6) Except for adopting regulations, the administrator shall be entitled to take all necessary measures falling within the scope of the functions and powers of the bar association concerned and the bodies thereof, for and on behalf of the body of the bar association that has committed the omission, in order to remedy the omission.

**Section 204** When exercising his powers laid down in this Chapter, the minister

- a*) may request statistics from the bar associations, and
- b*) may have access to personal data only in order to ensure the lawfulness of operation and shall be entitled to inspect documents only without breaching the confidentiality of attorney-client privileged information.

## PART NINE

### FINAL PROVISIONS

#### 89. Authorising provisions

**Section 205** The Government shall be authorised to determine in a decree the detailed rules of the procedure for the payment of the fee of patron lawyers.

**Section 206** The Minister shall be authorised to determine in a decree

- a*) the lawyers' fees that may be established in court proceedings;
- b*) the fee of patron lawyers and court-appointed defence counsel, and the fees for acting upon court appointment;
- c*) the professional titles of European Community lawyers under which the professional activities of an attorney-at-law may be performed in accordance with Directive 77/249/EEC of the Council of the European Communities and Directive 98/5/EC of the European Parliament Council;
- d*) the detailed regulations applicable to photo identification cards;
- e*) in agreement with the minister responsible for tax policy, the detailed rules relating to the amount, payment, reimbursement and recording of the administrative service fee payable for regulatory procedures of the bar association instituted upon request, and the rules on legal aid and exemption from the administrative service fee;

f) the amount of the registration fee payable by registered in-house legal counsels and junior in-house legal counsels.

## 90. Provisions on entry into force

**Section 207** (1) With the exceptions specified in paragraphs (2) to (4), this Act shall enter into force on the eighth day following its promulgation.

(4) Sections 206 f) and 208 (1) to (32) shall enter into force on 1 October 2017.

(3) Sections 1 to 36, 38 to 205, 206 a) to e), Subtitle 92 and section 210 a) to c) as well as Annex 1 shall enter into force on 1 January 2018.

(4) Sections 37 and 210 d) shall enter into force on 1 July 2018.

## 91. Transitional provisions

**Section 208** (1) With effect from 1 January 2018, the regional bar association shall *ex officio* admit among its members, as salaried attorneys-at-law, all persons listed as of 31 December 2017 in the bar association register of salaried attorneys-at-law.

(2) All persons listed and information recorded in the register of the regional bar associations as of 31 December 2017 shall be *ex officio* entered into the bar association register under this Act with effect from 1 January 2018.

(3) Application for admittance to the regional bar association as a registered in-house legal counsel may be submitted from 1 October 2017. The presidency of the bar association shall decide on the application in accordance with the requirements laid down in this Act. In the event that the presidency of the regional bar association grants the application, the in-house legal counsel shall be admitted as member of the regional bar association with effect from 1 January 2018 at the earliest.

(4) Application for admittance to the bar association register as a junior in-house legal counsel may be submitted from 1 October 2017. The presidency of the bar association shall decide on the application in accordance with the requirements laid down in this Act. In the event that the presidency of the regional bar association grants the application, the junior in-house legal counsel shall be entered into the bar association register with effect from 1 January 2018 at the earliest.

(5) The applications specified in paragraphs (3) and (4) shall be submitted by electronic means. On the basis of a decision granting the application, by applying the rules effective from 1 January 2018,

a) the applicant may take the oath or vow under this Act even before 1 January 2018,

b) the photo identification card under this Act which can be used from 1 January 2018 may be issued, produced and released to the applicant even before 1 January 2018.

(6) A registered in-house legal counsel or a junior in-house legal counsel, who submits his application under paragraphs (3) and (4) by 31 October 2017 at the latest, may perform his professional activities as an in-house legal counsel or junior in-house legal counsel until the date when he takes the oath or vow or, if his application is not granted, until the date of final conclusion of the proceedings, unless the proceedings are suspended, in accordance with the provisions of Law-Decree 3 of 1983 on the activities of legal counsels and Decree No. 7/1983 (VIII. 25.) of the minister of justice on the implementation of Law-Decree 3 of 1983 on the activities of legal counsels in effect on 31 December 2017.

(7) The legal counsel's certificates issued in accordance with Law-Decree 3 of 1983 on the activities of legal counsels shall expire on 1 January 2018, and by 31 January 2018 they shall be withdrawn in accordance with section 8 (2) of Decree No. 7/1983 (VIII. 25.) of the minister of justice on the implementation of Law-Decree 3 of 1983 on the activities of legal counsels as effective on 31 December 2017.

(8) Provisions on the protection of documents drawn up for defence purposes as laid down in this Act shall also be applied to the documents produced prior to 1 January 2018. For the purposes of section 13 (3), the activities of a legal counsel carried out prior to 1 January 2018 shall qualify as activities of an attorney-at-law.

(9) The amount of indemnity insurance required to cover any damage arising from the professional activities of attorney-at-law as well as any grievance award payable on account of violation of personality rights shall be

a) with regard to the period from 1 January 2018 until 31 December 2018, at least ten million forints per loss event,

b) with regard to the period until 31 December 2019, at least eleven million forints per loss event,

c) with regard to the period until 31 December 2020, at least twelve million forints per loss event,

d) with regard to the period until 31 December 2021, at least thirteen million forints per loss event,

e) with regard to the period until 31 December 2022, at least fourteen million forints per loss event.

(10) If, upon a decision of the bar association, the member of a single-member law office performed his activities as an individual attorney-at-law before 1 January 2018, the state tax authority, at the request of the individual attorney-at-law concerned, shall transfer any overpayment by the law office to the current account of the individual attorney-at-law, and submitting such a request shall interrupt the limitation period.

(11) The provisions of this Act pertaining to the appointment, rights and obligations of a caretaker attorney shall also be applied from 1 January 2018 in cases that are pending on 1 January 2018. A caretaker attorney shall be appointed in accordance with the provisions of this Act if the circumstances giving cause for the appointment hereunder arose prior to 1 January 2018, and exist on 1 January 2018.

(12) All attorneys-at-law, European Community lawyers and single-member law offices listed in the bar association register on 1 January 2018 shall enter into an agreement for their substitution with an attorney-at-law or law office by 28 February 2018, and shall notify the regional bar association thereof.

(13) By 1 January 2018, the regional bar association shall call upon, in writing, all attorneys-at-law, European Community lawyers, law offices or foreign legal advisors whose tax number was indefinitely suspended or deleted before 1 January 2018, also warning him of the legal consequences, to restore legality; in the event of failure to do so, the regional bar association shall terminate his bar membership as of 31 January 2018, and delete him from the bar association register at the same time.

(14) The regional bar association shall call upon any person who has an outstanding payment obligation arising from an enforceable disciplinary decision as of 1 January 2018 in writing, also warning him of the legal consequences, to comply with that payment obligation within fifteen days of notifying him to do so; in the event of failing to do so, the regional bar association shall terminate the defaulter's bar membership as of 31 January 2018, and delete him from the bar association register at the same time.

(15) The regional bar association shall call upon any person voluntarily suspending his professional activities as an attorney-at-law who has an outstanding payment obligation to pay the membership fee or payment obligation from an enforceable disciplinary decision in writing, also warning him of the legal consequences, to comply with that payment obligation within thirty days of notifying him to do so; in the event of failing to do so, the regional bar association, while releasing the defaulter from his payment obligation, shall terminate the



defaulter's bar membership as of 31 January 2018, and delete him from the bar association register at the same time.

(16) The conflict of interests originated from the entry into force of the provisions of this Act shall be eliminated by 30 June 2018.

(17) The detrimental legal consequences of a disciplinary penalty imposed under Act XI of 1998 on attorneys-at-law shall be governed by the regulations applicable at the time when the disciplinary penalty was imposed.

(18) The provisions of this Act relating to the termination of a law office without succession shall be applied in the procedures for termination without succession instituted before 1 January 2018 if the person entitled to initiate the termination without succession requests it in writing after 1 January 2018.

(19) In derogation of the provisions of this Act and Act XI of 1998 on attorneys-at-law,

*a)* the first general election of the officials of regional bar associations after the entry into force of this Act shall be held by 15 December 2018,

*b)* the first general election of the officials of the Hungarian Bar Association after the entry into force of this Act shall be held by 28 February 2019,

*c)* the chapters of registered in-house legal counsels and salaried attorneys-at-law shall delegate members to the bodies of the Hungarian Bar Association and regional bar associations, as well as to the disciplinary committees after the general election referred to in point *a)* above.

(20) The registered in-house legal counsels and salaried attorneys-at-law listed in the bar association register as of 1 February 2018 shall establish, by delegation, a national chapter of registered in-house legal counsels and a national chapter of salaried attorneys-at-law by 1 March 2018, which shall exercise the powers set out in this Act concerning the regulations adopted under paragraph (21) hereof. The rules for delegation shall be determined by the Hungarian Bar Association in its transitional regulations to be adopted by 1 February 2018. The mandate of these officials shall terminate on the day of the first general election after the entry into force of this Act at the latest.

(21) Regulations conforming to this Act may be adopted between the entry into force of this Act and 31 December 2017 provided that any such regulations may enter into force not earlier than on 1 January 2018. The provisions of the regulations which were not agreed to by the national chapters determined in paragraph (20) as required by this Act, shall cease to be effective as of 1 July 2018.

(22) Disciplinary actions shall be conducted in accordance with the provisions of Act XI of 1998 on attorneys-at-law until 1 January 2019 but not later than the formation of the regional disciplinary committees at the latest. The Hungarian Bar Association shall publish a communication on the proper formation of the regional disciplinary committees on its official website.

(23) The effect of disciplinary penalties imposed prior to the entry into force of this Act shall be governed by the provisions in effect on 31 December 2017, with the proviso that natural persons subject to the disciplinary penalty of disbarment or deletion from the bar association register shall not perform the professional activities of an attorney-at-law.

(24) Section 54 (5) shall be applied to all persons who, as of the date of entry into force of this Act, have voluntarily suspended the performance of their professional activities as an attorney-at-law for more than five years.

(25) In the case of an application submitted by 31 October 2017, activity carried out as an in-house legal counsel entered into the register of a regional court in the year preceding the submission of the application shall qualify as the legal practice of an attorney-at-law.

(26) In the case of an application submitted until by 31 December 2018, activity carried out as an in-house legal counsel entered into the register of a regional court in the year preceding the date of 1 January 2018 shall qualify as the legal practice of an attorney-at-law.

(27) Until 31 December 2018, the regional bar association may maintain all records and the bar association register, concurrently with the register operated under this Act, in accordance with the provisions of Act XI of 1998 on attorneys-at-law.

(28) In the case of registered in-house legal counsels as well as attorneys-at-law, European Community lawyers and single-member law offices entered in the bar association register as of 1 January 2018, compliance with the provisions on the requirements of electronic administration may be examined from 1 January 2019.

(29) A salaried attorney-at-law who voluntarily suspends the performance of his professional activities as an attorney-at-law on 31 December 2017 shall only be recorded in the bar association register as a salaried attorney-at-law as of 1 January 2018.

(30) In the case of an attorney-at-law acting as court-appointed defence counsel, the authority's decision appointing the attorney-at-law shall serve as his authorisation until 30 June 2018.

(31) Section 30 (3) shall apply to attorney-at-law fee agreements entered into or amended after 1 January 2018.

(32) From of 1 January 2018, the plenary session of the Hungarian Bar Association shall operate as the assembly of delegates of the Hungarian Bar Association.

(33) The bar associations shall send their rules on disclosure of information set out in section 109 (3) of Act CCXXII of 2015 with a content conforming with the regulations in effect from 1 January 2018, to the Inspectorate for an opinion by 1 October 2017.

(34) If a law applicable in any court, administrative or other public authority procedure instituted before 1 January 2018 provides for an in-house legal counsel's right of legal representation, from 1 January 2018 registered in-house legal counsels may act as legal representatives, with the exception set out in paragraph (6), while from 1 January 2018 junior in-house legal counsels admitted to the bar association register may act as legal representatives in accordance with the provisions of legal regulations on registered junior in-house legal counsels.

(35) Until 1 July 2018, an indemnity insurance policy shall be deemed to be conforming with the stipulations of this Act if it is in conformity with the regulations and guidance of the Hungarian Bar Association effective as of 31 December 2017, with a derogation specified in paragraph (9) a).

## **92. Compliance with the law of the European Union**

**Section 209** This Act serves the purpose of compliance with

a) Directive 98/5/EC of the European Parliament and of the Council of 16 February 1998 to facilitate practice of the profession of lawyer on a permanent basis in a Member State other than that in which the qualification was obtained,

b) Council Directive 77/249/EEC of 22 March 1977 to facilitate the effective exercise by lawyers of freedom to provide services, and

c) Article 24 of Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States amending Regulation (EEC) No 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC,

d) Articles 58 to 60 of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes

of money laundering or the financing of terrorism, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

### 93. Repealing provisions

**Section 210** The following laws shall be repealed

- a)–c)  
 d)

*Annex 1 to Act LXXVIII of 2017*

#### Data content of the bar association register relating to natural persons

A = data about the person concerned which are included in an authentic public register

+ = data about the person concerned which are not included in an authentic public register

- = data not recorded about the person concerned

	A	B	C	D	E	F	G	H	I	J
1		attorney -at-law	salaried attorney -at-law	registered in-house legal counsel	junior attorney -at-law	junior in- house legal counse l	European Community lawyer	salaried European Community lawyer	foreign legal counsel	attorney assistant
2	I. Public data, the recording of which is mandatory in the bar association register									
3	identificati on number in the bar association	A	A	A	A	A	A	A	A	A
4	regional bar association	A	A	A	A	A	A	A	A	A
5	name in the bar association register, or, in the absence of such a name, surname and first name	A	A	A	A	A	A	A	A	A
6	number and validity of photo identification card	+	+	+	+	+	+	+	+	-
7	date of suspending the	A	A	A	A	A	A	A	A	-

	authorisation to perform the professional activities of an attorney-at-law									
8	date when the suspension of the authorisation to perform the professional activities of an attorney-at-law is terminated	A	A	A	A	A	A	A	A	-
9	starting and ending dates of voluntarily suspending the professional activities of an attorney-at-law	A	A	A	A	A	A	A	A	-
10	date of reactivating the performance of the professional activities of an attorney-at-law	A	A	A	A	A	A	A	A	-
11	restriction set out in section 20 (3)	A	A	A	A	A	A	A	-	-
12	office held in the bar association	A	A	A	A	A	-	-	-	-
13	address and phone number of	A	-	-	-	-	A	-	A	-

	his office, branch office and sub- office									
14	address of his archive(s)	+	-	-	-	-	+	-	+	-
15	major fields of law specified by him in which he performs his legal activities	A	-	-	-	-	A	-	A	-
16	name, contact details, date of appointment and withdrawal of appointment of the caretaker attorney appointed	A	-	-	-	-	A	-	-	-
17	name and registration number of the association of attorneys- at-law operating with his participation	A	-	-	-	-	A	-	A	-
18	registration number of the joint office of attorneys-at- law operating with his participation	A	-	-	-	-	A	-	A	-
19	name and bar identification	A	-	-	-	-	A	-	-	-

	number of the substitute attorney-at-law; tax number in the case of a law office									
20	contact details for communication by electronic means as prescribed by Act CCXXII of 2015	+	-	+	-	-	+	-	-	-
21	entitlement for the employment of junior attorneys-at-law	A	-	-	-	-	A	-	-	-
22	employer's name	-	A	A	A	A	-	A	-	A
23	employer's address	-	-	A	-	A	-	-	-	-
24	employer's bar identification number; tax number in the case of a law office	-	A	-	A	-	-	A	-	A
25	name of the employer's affiliated company	-	-	+	-	+	-	-	-	-
26	company registration number of his employer's affiliated company	-	-	+	-	+	-	-	-	-
27	name and	-	-	-	-	-	A	-	A	-

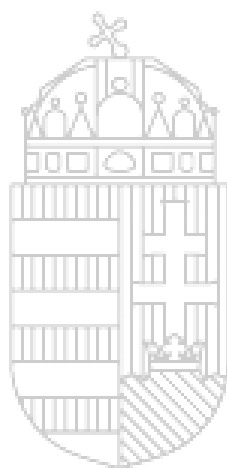
	bar identification number or tax number of the cooperating attorney-at-law									
28	nature of his activities (permanent, or providing services on a case-by-case basis)	-	-	-	-	-	A	-	-	-
29	foreign language in which the attorney-at-law provides his services	-	-	-	-	-	A	-	A	-
30	name of his home EEA Member State and mailing address	-	-	-	-	-	+	-	+	-
31	his professional designation as used in his home EEA Member State (together with a Hungarian explanation of it, if necessary)	-	-	-	-	-	+	-	+	-
32	professional designation of the association of attorneys-at-law as used in his home EEA	-	-	-	-	-	+	-	+	-

	Member State									
33	provider of his mandatory indemnity insurance, and the value of it	+	+	-	-	-	+	-	+	-
34		II. Non-public data, the recording of which is mandatory in the bar association register								
35	data for the purpose of identifying natural persons, not recorded pursuant to item I	+	+	+	+	+	+	+	+	+
36	address	+	+	+	+	+	+	+	+	+
37	Citizenship	+	+	+	+	+	+	+	+	+
38	date when he was admitted as a member, and date of entry into the register	A	A	A	A	A	A	A	A	A
39	disciplinary penalty; the term thereof	A	A	A	A	A	A	A	A	-
40	date of issue and number of university diploma	+	+	+	+	+	+	+	-	-
41	date and number of bar examination or the examination entitling to perform the professional activities of	+	+	+	+	+	+	+	-	-



	an attorney-at-law									
42	date of taking the oath	A	A	A	A	A	-	-	-	-
43	name of the service provider that certified his electronic signature; starting date and date of expiry of the validity of his certificate	+	-	+	-	-	+	-	-	-
44	name and identification number of the organisation maintaining the Register of Attorneys-at-Law of which he is a member, in the official language of his EEA Member State	-	-	-	-	-	+	-	+	-
45		III. Data to be recorded in the bar association register at the applicant's decision which are publicly accessible at the applicant's discretion								
46	E-mail address	K	K	K	K	K	K	K	K	K
47	address of the website	A	-	-	-	-	A	-	A	-
48	knowledge of languages	+	+	+	+	+	+	+	+	-
49	honours	A	A	A	A	A	A	A	A	-
50	post graduate qualification in a legal specialism	+	+	+	+	+	+	+	-	-

51	academic degree	+	+	+	+	+	+	+	-	-
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