

SWISS-HUNGARIAN
Cooperation Programme



HUNGARIAN
GOVERNMENT

Second Swiss-Hungarian Cooperation Programme

Support Measure SM04-SME

Strengthening SMEs through Enhanced Access to Finance

Call for Proposals

To select a private Fund Manager to elaborate and carry out the Support Measure for establishing and managing a creative industry focused venture capital fund

Published on: 26 June 2024, 12:00 CET

Application deadline: 26 August 2024, 12:00 CET

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Call for Proposals

The present Call for Proposals (hereinafter the **Call**) has been launched by the Ministry of Public Administration and Regional Development as the National Coordination Unit (hereinafter the **NCU**) of the Second Swiss-Hungarian Cooperation Programme (hereinafter the **Cooperation Programme**) providing the grant, in the form of a fund for investment. The objective of the fund for investment is to promote economic growth and social dialogue, reducing (youth-) unemployment. The NCU engages the services of an intermediate body to manage the applications (preparation and execution of the application procedure, management of administrative, financial and operational tasks), which is Széchenyi Programme Office Nonprofit LLC (seat: 1053 Budapest, Szép street 2., floor IV.) as the intermediate body of the Cooperation Programme (hereinafter the **IB**).

The Call is addressed to private fund managers (hereinafter the **Applicants**) who are interested in submitting a proposal (hereinafter the **Application**), particularly but not exclusively, to:

- i. elaborate the Support Measure Proposal¹ (hereinafter the **SMP**) and carry out the Support Measure in cooperation with the Ministry for National Economy. Approval of the SMP by the Swiss authorities is a pre-condition for starting implementation and carrying out the Investment;
- ii. establish a venture capital fund (hereinafter the **Fund**) that would make investments focused on the creative industry as described in this Call and where MFB Invest Zrt. (seat: 1027 Budapest, Kapás street 6-12., hereinafter the **Investor**) would make an investment in an amount of HUF 5,686,819,787 (hereinafter the **Investment**);
- iii. act as a fund manager of the Fund (hereinafter the **Fund Manager**) to source, execute, manage and exit such investments for the Fund; and
- iv. raise additional investment capital into the Fund from private sector co-investors.

This document together with its Annexes and any other information provided to the Applicants by the IB in writing or published on the official website www.svajcialap.hu of the Cooperation Programme (hereinafter together the **Call Document**) sets forth

- (i) the terms and conditions of the Call,
- (ii) a non-exhaustive summary of the principal terms for the Fund and the Investment,
- (iii) the template of the Application together with the required appendices and documents,
- (iv) the process for selecting the Fund Manager (hereinafter the **Selection Process**) and
- (v) other conditions, proceedings or actions relevant under or in relation to this Call.

¹ See the Support Measure Proposal Template in Annex 5

1. Description of the Call

The Call has been initiated with the principal purpose of increasing the availability of financing for small and medium-sized enterprises (hereinafter the **SMEs**²) in the creative industry. To help alleviate the capital availability problem, the Swiss Federal Council and the Government of Hungary have agreed to dedicate resources for the proposed Investment. In 2022, the Swiss Federal Council and the Government of Hungary signed a Framework Agreement on the implementation of the Second Swiss Contribution, the main objective of which is to reduce economic and social disparities within the European Union. The Swiss contribution rate is 85% and the Hungarian contribution rate is 15% to the total grant allocation of the Support Measure. The country-specific set-up of the Framework Agreement includes a Support Measure aiming to develop small and medium-sized enterprises in the creative industry by providing access to finance to enable them to expand and create jobs. The aim of this Support Measure is to increase the added value produced by domestic creative industries, connect their domestic activities into international value chains and expand their export activities.

The IB is carrying out the intermediate body tasks with regard to the Call to select a single suitable private Fund Manager, who will have the task to manage the Fund to be established in the framework of the Cooperation Programme and shall focus its investment activities towards privately held non-listed³ SMEs in the creative industry (hereinafter the **Portfolio Companies**).

The principal investment objective of the Fund is to support Portfolio Companies that have been established and are operating in Hungary by providing funding in the form of either equity or quasi-equity investments. The creative industry, among others, comprises advertising, architecture, art (including performing arts, industry art works), antiquities, crafts, film, music, publishing, R&D, software, toys and games, TV, video and radio, and computer game development. Financing the fashion & design sector is excluded from the investment focus of the Fund.

The Fund shall be managed by a competent, experienced and financially sustainable Fund Manager in accordance with the best market practices and industry standards with the aim to maximise the return for the investors. In addition, the investments made by the Fund should support changes in the Hungarian economy by

- (i) enhancing the employment in the creative industry,
- (ii) improving the economic performance⁴ in the creative industry,
- (iii) enhancing the export capability and the performance of the creative industry.

² SME shall have the meaning set out in the Hungarian Act XXXIV of 2004. Please note that only those companies qualify for SME status that do not receive a majority or controlling investment from a venture capital firm/fund.

³ non-listed company: a company which has its registered office in the EU and the shares of which are not admitted to trading on a regulated market.

⁴ by means of increasing turnover and profit.

The Fund shall contribute to quality job creation as the creative industry sets up viable jobs that provide a prospective vision for the highly qualified young workforce, which is a key issue in terms of retaining domestic talent.

The Fund may make certain investments in the three most disadvantaged regions in Hungary (i.e. Northern Great Plain, Northern Hungary, Southern Transdanubia) to contribute to a more equitable distribution of wealth. As a result, the Fund could contribute to reducing wealth inequality and socioeconomic disparities, moreover foster a more inclusive economy. In addition, in the search of potential Portfolio Companies, it could be an advantage, if the future Portfolio Company promoted solutions for social inclusion.

While the Fund is not classified as an ESG⁵ fund, it shall focus on aligning its operations with Hungary's climate goals, in particular by favouring investments in companies that are carbon neutral, or promoting the transition to a circular economy and a zero waste economy.

A non-exhaustive summary of the principal terms and conditions for the Fund and the Investment, which should be taken into account by Applicants together with the Call Document, are outlined in Annex 2 (hereinafter the **Main Terms**). The Fund Manager shall be selected through this Call based on the Eligibility Criteria, the Formal Compliance Criteria and the Assessment Criteria provided in Annexes 3 and 4 respectively of this Call Document.

2. Eligible Applicants

In order to be eligible for selection, the Applicants:

- i. shall have a fund management license under the Hungarian National Bank (hereinafter the **MNB**) to manage private equity and/or venture capital funds and comply with the relevant Hungarian standards and legislation;
- ii. shall be privately owned/private. For the avoidance of doubt, privately owned/private has the meaning that the Applicant organisation is neither state-owned nor partly state-owned;
- iii. shall not be owned by public trust funds performing a public function⁶; and
- iv. in case the Applicant previously managed funds with contributions provided by the Hungarian State, they shall have retained at least the registered capital value of their managed funds at the maturity of the funds, i.e. the Fund Manager has not realized net capital loss in state-owned funds.

The full list of the Eligibility Criteria is provided in Annex 3 of this Call Document.

⁵ ESG is the abbreviation for Environmental, Social and Governance.

⁶ Public trust funds performing a public function shall have the meaning set out in the Act IX of 2021 on Public Trust Funds Performing a Public Function.

3. Application Process

Prior to submitting an Application, the Applicants may submit requests for clarification regarding the Call during the application period. Such requests must include a reference to the Call and the name of the Applicant, and shall be submitted in English via email to svajcialapsme@szpi.hu. The subject field of the email shall indicate the following: "Clarifications - Creative industry focused venture capital fund" - [name of the Applicant].

Please note that only clarification requests submitted at least 10 working days before the Deadline for submission of the Applications are guaranteed to be answered. Requests will be answered within 5 working days of receipt.

Requests for clarification will not receive individual replies. Instead, answers to requests received before or on the above-referred Deadline that are relevant to the Call and to all Applicants, shall be published in one or several clarification document(s) to be posted on the official website of www.svajcialap.hu. Applicants will not be separately notified of the specific date on which any such clarifications will be published.

The Applicants interested in participating in the Call shall submit an Application complying with the requirements set out in this Call Document by 12:00 CET on 26 August 2024 (hereinafter the **Deadline**). In line with the General Application Guide, the NCU may extend the Deadline in justified cases.

The Application must be submitted in the form set out in Annex 1 and be supplemented with the appendices and other documents required therein. The Applicants may not amend, omit terms or declarations, add clauses to or modify the templates provided in this Call Document in any way.

The Application and all attached documents shall be written in English, converted to a pdf format, signed (as a digitally signed document or a scanned copy of documents with authorised signatures) and submitted via email to svajcialapsme@szpi.hu. The IB reserves the right at any time to require the original signed copies of all signed documents provided in electronic form.

The subject field of the email shall indicate the following: "Application - Creative industry focused venture capital fund" - [name of the Applicant].

An Application will be accepted only if it has been received on or before the Deadline. The Applicant bears the risk of any technical or other impediments in submitting the Application. For the purpose of determining whether an Application has been received by the Deadline, an Application will be deemed to have been received on the date of receipt of the email by the IB.

Each Applicant whose Application has been received on or before the Deadline will be sent a confirmation of receipt by email by the IB. The confirmation of receipt shall not be construed as, nor shall it constitute a declaration of completeness of the Application and the documents submitted therewith, or eligibility of the Application, nor any other kind of assessment or acceptance thereof.

An Applicant may amend or supplement its Application before the Deadline by submitting an amended Application in full (including all required annexes, appendices and other documents) in the same manner as specified above, and must clearly and unambiguously state any amendments made to the original Application. The Application submitted at a later time, but on or before the Deadline, shall prevail over the Application submitted earlier.

An Applicant may withdraw its Application at any stage of the Selection Process – considering the repayment requirements concerning the incurred due diligence costs stipulated in Section 4.2. – by submitting a clear statement to that effect in the same manner as specified above, i.e. in a written form in English, converted to pdf format, signed (as a digitally signed document or a scanned copy of document with authorised signatures) and submitted via email to svajcialapsme@szpi.hu. The subject field of the email shall indicate the following: “Application Withdrawal – Creative industry focused venture capital fund” – [name of the Applicant].

Without prejudice to the provisions of the Call Document, notably Section 4.2 below, the IB shall not contact any Applicant during the application period in relation to an Applicant’s Application, unless the IB considers it necessary to clarify issues of a mere technical, formal or administrative nature. However, should the IB discover any errors, inaccuracies, omissions or any other type of administrative defect in the Call Document before the Deadline, the NCU may amend the Call Document and inform accordingly by means of publication on the website of www.svajcialap.hu.

The Applicant has to declare in the Declaration of Honour (see Appendix 4) that they are not subject to a conflict of interest with regard to their participation in the present Call according to the relevant legislation and regulations.

Annex 7 contains the relevant list of basic legislation, regulations and other documents of the Cooperation Programme.

4. Selection Process

In publishing the Call and carrying out the Selection Process, the NCU and the IB are committed to respect fundamental principles, such as: (i) equal treatment, (ii) effective competition, (iii) non-discrimination, (iv) confidentiality and (v) transparency.

Each Application will be assessed and ranked on a comparative basis under competitive terms using professional analysis and judgement by independent

assessors, avoiding any conflicts of interest and based on the criteria set below and otherwise in accordance with the Selection Process described herein.

The Selection Process shall consist of three consecutive phases described below. The IB may commission external advisors or experts to provide assistance in legal, commercial and technical matters throughout the application period. Applicants should note that all Applications and supporting documents will be shared by the IB in electronic form with one or more external advisors or experts commissioned by the IB for the purposes of participation in the Selection Process and implementation of the Call, and that such external advisors or experts may participate in relevant phases of the Selection Process.

Any negotiation of the terms and conditions of the Investment by no means entails any obligation for the NCU to select the relevant Applicant.

The NCU may amend and/or supplement the terms of this Call at any time and proceed with the Selection Process provided that there is transparent communication by means of publication on the website of www.svajcialap.hu and the above indicated principles of equal treatment, effective competition, non-discrimination, confidentiality and transparency are considered.

The NCU reserves the right at any time during the Selection Process to terminate the Call in its entirety.

A detailed description of each phase of the Selection Process is provided below.

4.1. First phase – screening of the Applicants against the Eligibility Criteria and formal compliance check of the Applications

The IB shall screen the compliance of the Applicants and their Applications with the Eligibility Criteria listed in Annex 3.

The following documents are necessary to be submitted for the screening against Eligibility Criteria:

Application form	<ul style="list-style-type: none"> • based on template in Annex 1 • electronically in the manner (as a digitally signed document or a scanned copy of documents with authorised signatures in English in pdf format) and by the Deadline specified in the Call
Copy of the Applicant's certificate of incorporation/Articles of Association/ other constitutional document	<ul style="list-style-type: none"> • not older than 90 days • in pdf format • in original language
Appropriate evidence of the representative's authorisation to act for	<ul style="list-style-type: none"> • not older than 90 days • in pdf format

and on behalf of the Applicant (specimen of signature, signatory powers). In case of legal representation, the authorised representative of the Applicant should present power of attorney.	<ul style="list-style-type: none"> • in original language
Copy of the fund management license under the MNB	<ul style="list-style-type: none"> • in pdf format • in original language
<p>Declaration about meeting the following eligibility criteria:</p> <ul style="list-style-type: none"> ○ The Applicant is privately owned/private. For the avoidance of doubt, privately owned/private has the meaning that the Applicant organisation is not state-owned nor partly state-owned; ○ The Applicant is not owned by public trust funds performing a public function; and ○ In case the Applicant previously managed funds with contributions provided by the Hungarian State, they shall have retained at least the registered capital value of their managed funds at the maturity of the funds, i.e. the fund manager has not realized net capital loss in state-owned funds. 	<ul style="list-style-type: none"> • based on template in Annex 1 Appendix 3 • as a digitally signed document or a scanned copy of documents with authorised signatures • in English • in pdf format

If the Eligibility Criteria are not met, there is no possibility of asking for completion. We call the Applicants' attention to the mandatory documents - listed above - which are essential for the assessment of the Eligibility Criteria and therefore cannot be considered incomplete; if they are not included or complete, there is no possibility of asking for completion.

Applicants who do not meet the Eligibility Criteria will be rejected and will be notified accordingly via email by the IB.

All Applicants whose Applications meet the Eligibility Criteria (hereinafter the **Eligible Applicants**) shall be notified accordingly via email by the IB and their Applications will be processed for a formal compliance check.

In case there are no Eligible Applicants or in case there is only one Eligible Applicant, after the formal compliance check, the NCU may decide either to:

- proceed with the only Eligible Applicant;

- republish the Call with or without amending its terms;
- extend the Deadline and invite additional Applicants to submit Applications without amending any other terms of the Call; or
- to terminate the Call in its entirety.

The IB reserves the right to assess the compliance of an Applicant with the Eligibility Criteria throughout the whole Selection Process and to exclude any Applicant, if any of the Eligibility Criteria ceases to be fulfilled at any time during the Selection Process. Furthermore, the IB shall have the right to exclude any Applicant from the Selection Process at any time, if subsequently it becomes evident that the Applicant was not compliant with the Eligibility Criteria or that such Applicant submitted false information or knowingly withheld information relevant to the Selection Process.

After screening against the Eligibility Criteria, the IB carries out a formal compliance check to verify that the Eligible Applicants' Applications meet the Formal Criteria listed in Annex 3.

The following documents are necessary to be submitted for the formal compliance check:

Business plan	<ul style="list-style-type: none"> • based on elements given in Annex 1 Appendix 1 • In English • Both in converted pdf format and in Microsoft Excel format
CVs of each team member (containing education and academic experience, professional experience)	<ul style="list-style-type: none"> • In English • Both in converted pdf format and in Microsoft Word format
Declaration of Honour	<ul style="list-style-type: none"> • based on the template in Annex 1 Appendix 4 • as a digitally signed document or a scanned copy of documents with authorised signatures • in English • in pdf format
Declaration of acceptance of the general conditions	<ul style="list-style-type: none"> • based on the template in Annex 1 Appendix 5 • as a digitally signed document or a scanned copy of documents with authorised signatures • in English • in pdf format

If the Application does not comply with the Formal Compliance Criteria, the IB shall request the Eligible Applicant via email to submit a completion within 5 working days.

If the Eligible Applicant fails to submit a completion by the above deadline, or submits an incorrect or incomplete completion, and the Application does not comply with the Formal Compliance Criteria set out in Annex 3, the IB shall inform the Eligible Applicant via email of the rejection of the Application. In the event of rejection, the notification shall state the reasons for rejection and the possibility and procedure for lodging an objection.

If the Eligible Applicant has submitted a correct completion within the time limit and the Application therefore meets the formal compliance requirements, the Eligible Applicants shall be informed accordingly via email by the IB and their Applications will be processed for the second phase of the assessment process described below.

In case there are no Eligible Applicants or in case there is only one Eligible Applicant after the formal compliance check assessment, the NCU may decide either to:

- proceed with the only Eligible Applicant;
- republish the Call with or without amending its terms;
- extend the Deadline and invite additional Applicants to submit Applications without amending any other terms of the Call; or
- to terminate the Call in its entirety.

The Data protection and data processing policy is outlined in Annex 6.

4.2. Second phase - assessment of the Applications, selection of the Preferred Applicant, Due Diligence

Two independent assessors appointed by the NCU shall evaluate the Applications on a comparative basis under competitive terms according to the content-related assessment criteria set forth in Annex 4 (hereinafter the **Assessment Criteria**). When making such assessments, the assessors shall take into account the information contained in the Applications (together with the attached documentation).

Based on the Assessment Criteria, the scores given by the two assessors is used to determine the average score of the Application. If the difference between the total scores of the two independent assessors exceeds 30% of the higher score, the Application will be assessed by a third assessor. The average of the two closest scores of the three assessments will be taken into account for the evaluation of the Applications.

Based on the average scores given by the assessors, the IB shall finalize the evaluation process by ranking the Eligible Applicants' Applications according to the Assessment Criteria. In line with the Government Decree 563/2022 (XII. 23.) on the implementation of the Second Swiss-Hungarian Cooperation Programme, and in line with Article 4.6 of the Regulations on the Implementation of the Second Swiss Contribution to Selected Member States of the European Union to Reduce Economic and Social Disparities

whithin the European Union⁷, an Evaluation Committee composed by the NCU, the IB, the Ministry for National Economy and the Swiss authorities as observer shall be established by the NCU to examine the submitted Applications. The Evaluation Committee shall review the ranking based on the evaluation of the Applications including the scores and remarks of the assessors, and may propose changes to the ranking of the Applications, which must be justified in writing in the minutes of the Evaluation Committee meeting.

Taking into account the results of the evaluation, the Evaluation Committee selects the preferred applicant (hereinafter the **Preferred Applicant**) proposed for Fund Manager, and prepares a decision proposal for the NCU.

After the decision of the NCU, the Preferred Applicant shall be notified accordingly via email by the IB and invited to undergo the Due Diligence process, if the Preferred Applicant does not take an objection for the notification email in 5 working days. In case the Preferred Applicant withdraws its Application in the course or after the Due Diligence process, the Preferred Applicant shall repay all the incurred Due Diligence costs.

The IB may require additional information, documents, clarifications and submission of additional or supplementary forms or questionnaires with a deadline of 5 working days for performing the Due Diligence. The IB may commission external advisors or experts to perform the Due Diligence. The Swiss authorities will be consulted during the Due Diligence process on an ongoing basis. The Due Diligence must also include an on-site visit and interviews with the Preferred Applicant's senior team members after prior notification performed by the external advisors or experts.

After the successful Due Diligence process, the **Selected Applicant** shall be informed accordingly via email by the IB and invited to proceed to the third phase of the assessment process described below.

Accordingly, all the other Eligible Applicants will be notified as well via email by the IB indicating that they have been placed on the reserve list.

If the Due Diligence process is not successful, the NCU may, among others, revert to any other phase of the Selection Process – in the following order of priority - by either:

1. selecting another Preferred Applicant, which is the Eligible Applicant with the next highest position on the ranking list according to the Assessment Criteria, for further assessment, Due Diligence; or
2. extending the Deadline and inviting additional Applicants to submit their Applications without amending any other terms of the Call; or
3. republishing the Call with or without amending its terms.

⁷ The document can be found on: <https://svajcialap.hu/dokumentumok/altalanos>

4.3. Third phase - compilation of the Support Measure Proposal, Swiss authorities' approval, negotiation and signing of the Investment Documents

In the final phase, the Selected Applicant will be entitled to elaborate especially the Fund-related parts of the SMP template attached as Annex 5 in cooperation with the Ministry for National Economy. The SMP shall be based on the Main Terms provided for the Fund and the Investment set out in Annex 2. The Selected Applicant and the Ministry for National Economy shall agree on the details of the legal structure of the Fund as well as other technical aspects of the Investment not provided in this Call Document or in the Application of the Selected Applicant.

The NCU shall submit the SMP to the Swiss authorities for approval. Approval of the SMP by the Swiss authorities is a pre-condition for starting the Support Measure implementation and carrying out the Investment.

Subsequent to the approval of the SMP by the Swiss authorities, the Selected Applicant, i.e. the Fund Manager, shall negotiate with the Ministry for National Economy the documents necessary to carry out the Investment which shall include, among other documents, a subscription agreement and a limited partnership agreement or any other similar document(s) setting out the terms of operation of the Fund, the contractual relationship between the Ministry for National Economy and the Fund Manager, and the respective rights and obligations of the parties (hereinafter the **Investment Documents**). The Investment Documents shall be based on the Main Terms provided for the Fund and the Investment set out in the SMP.

If, for any reason: (i) the Selected Applicant has not compiled the SMP; or (ii) the SMP compiled by the Selected Applicant and the Ministry for National Economy and submitted by the NCU has not been approved by the Swiss authorities, the NCU may, among others, revert to any other phase of the Selection Process – in the following order of priority - by either:

1. selecting another Preferred Applicant, which is the Eligible Applicant with the next highest position on the ranking list according to the Assessment Criteria, for further assessment, Due Diligence and negotiating the SMP and Investment Documents; or
2. extending the Deadline and inviting additional Applicants to submit their Applications without amending any other terms of the Call; or
3. republishing the Call with or without amending its terms.

4.4. Time schedule

The key deadlines for the submission of the Applications and indicative time schedule of the Selection Process are provided below:

- Application period: from 26.06.2024, 12:00 CET <publication date and time of the Call> to 26.08.2024, 12:00 CET <Deadline for submission of Applications>
- Deadline for submission of Applications: 26.08.2024, 12:00 CET
- Notification of the Selected Applicant: by 31.10.2024

- Submission of the SMP: up to two months from the notification on the successful Due Diligence
- Establishment of the Fund: 3-6 months from signing the Investment Documents.

The time schedule provided above is indicative. The NCU has the right to modify the schedule provided that there is transparent communication by means of publication on the website of www.svajcialap.hu and the indicated principles of effective competition, equal treatment, non-discrimination, confidentiality and transparency are considered.

5. Other matters

This Call shall be governed by the provisions of Hungarian civil law and does not constitute a public procurement procedure within the meaning of the Act CXLIII of 2015 on Public Procurement or the EU public procurement legislations. This Call does not constitute an offer nor an invitation to submit an offer by the IB within the meaning of the applicable law.

The IB might be considered a holder of public information or deemed to be equal to the holder of public information under the Hungarian legislation. Due to the foregoing, when submitting an Application, the Applicant should clearly indicate that the information contained within the Application and the attached documents deem to be a business secret (including any commercial terms of the Application, investment strategies, etc.) and, therefore, confidential.

All Applicants are solely responsible for their costs and expenses incurred in connection with the Selection Process. No Applicant or other person or entity has any right to request any compensation for any costs and expenses incurred in connection with its participation in the Selection Process or otherwise in relation to this Call, including any legal costs and costs of other outsourced services, irrespective of the outcome of the Selection Process, including in case the Call is cancelled as provided above. The IB shall not be liable to any persons for any damages, losses, costs, liabilities or expenses of any kind which it may suffer as a consequence of relying upon any information provided in, or in connection with, this Call or Call Documents.

The decisions made regarding the Call during the Selection Process (i.e. decisions on Eligible Applicants and the Preferred Applicant) are binding to all Applicants.

Complaints or objections against decisions taken during the Selection Process may be lodged to the NCU in accordance with the Rules of Complaints and Objections Procedure of the Cooperation Programme. The description of the procedure can be found on the website of www.svajcialap.hu.

Applicants shall not undertake (or permit to be undertaken) at any time any publicity activity with any section of the media in relation to the Call or the Selection Process other than with the prior written agreement of the NCU. Such agreement shall extend

to the content of any publicity. In this paragraph, the word “media” includes (without limitation) radio, television, newspapers, trade and specialist press, the internet, social media and email accessible by the public at large and the representatives of such media. The identity of the Preferred Applicant may be disclosed to the public at any time during the Selection Process at the sole discretion of the NCU.

6. List of Annexes

- Annex 1 - Templates for the Application form and the relevant Appendices
 - Appendix 1 - Mandatory elements of the Business Plan
 - Appendix 2 - Applicant's Documents
 - Appendix 3 - Declaration of Eligibility Criteria
 - Appendix 4 - Declaration of Honour
 - Appendix 5 - Declaration of General Conditions
- Annex 2 - Main Terms of the Fund
- Annex 3 - Eligibility and Formal Compliance Criteria
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Annex 1 - Templates for the Application form and the relevant Appendices

Application form⁸

To: Széchenyi Programme Office Nonprofit LLC
svajcialapsme@szpi.hu

Applicant submitting the Application	
Company name	
Legal form	
National tax number	
Company registration number	
MNB license number	
Contact details	Contact person: Address: Telephone: Email:
Website	

Person authorised to submit the Application on behalf of the Applicant	
Title	Mr/Ms/Dr/other (delete or complete as appropriate)
Name	Surname: Forename(s):
Function	
Contact details	Address: Telephone: Email:

⁸ This Application form must be signed by the legally authorised representative of the Applicant. The digitally signed document or the scanned document with authorised signature shall be attached to the Application.

Herewith we are submitting our Application in response to the Call for Proposals with the reference code SM04-SME. Capitalised expressions used herein shall have the meaning attributed to them in the above-mentioned Call for Proposals, unless otherwise expressly defined herein or otherwise required by the context.

Each of the undersigned, by signing this form, certifies and declares that (i) all information contained in this Call for Proposals, its appendices and all other documents attached to it are complete and correct in all respects and (ii) the Applicant and the signatory acknowledges and agrees with all and any terms and conditions as set out in the Call Document and the annexes to it. The undersigned shall, upon request, provide any evidence to confirm the above.

The Applicant declares that the Data protection and data processing policy in Annex 6 is read and acknowledged.

Each of the undersigned, by signing this form, declares that in the case of being selected as Selected Applicant, the Applicant elaborates the SMP and carries out the Support Measure with the cooperation of the Ministry for National Economy.

Signature(s):

Stamp of the Applicant (if applicable)

Name and position in capitals:

Applicant's name:

Place:

Date (day/month/year):

Appendices to be submitted with the Proposal:

1. Business plan both in converted pdf format and in Microsoft Excel format (based on elements listed in Appendix 1);
2. Applicant's documents (listed in the information in Appendix 2);
3. Declaration of Eligibility Criteria (in pdf format based on the template in Appendix 3);
4. Declaration of Honour (in pdf format based on the template in Appendix 4);
5. Declaration of General Conditions (in pdf format based on the template in Appendix 5)

Appendix 1 – Mandatory elements of the Business Plan

1. Applicant's (proposed) team, shareholders and structure (expected length: 1-2 A4 pages)

- List of members of the team, detailing who are the key persons, who would be full-time dedicated and who would be part-time dedicated (including, if applicable, Investment Committee members, industry advisors, etc.) to the Fund (with % of full-time equivalent time dedication);
- Division of roles and responsibilities of the team members;
- Table indicating % of time planned to be dedicated by the team members to the Fund;
- Details of team members' other activities and/or work assignments (including any management, supervisory, advisory board or other similar seats) not related to the Fund and estimated time;
- Organizational chart showing management structure and actual ownership of the Fund Manager.

2. Applicant's track record, market experience and knowledge (expected length: 5-14 A4 pages, backed up with a Microsoft Excel table regarding the track record)

- Detailed history of the Applicant's previous and existing business activities, including details of any existing related funds under management;
- Competence(s) of each team member that will be contributed to the Fund Manager, including venture capital investment experience and competence of the team members, and investments and expertise in the creative industry;
- Description of the competitive advantage of the proposed management team;
- Track record of the Fund Manager in Microsoft Excel format, regarding realised investments (sector of the portfolio companies, investment amount, gross IRR, etc.);
- Total amount of assets under management;
- Total amount of jobs directly created at the portfolio companies;
- Performance of the funds managed by the Fund Manager, gross and net fund level returns should be included;
- Description of previous collaboration with other (co)investors, market players, etc.;
- Description of relevant networks and relationships built with the public and private sector, including universities, research centres, laboratories, incubators, civil organisations, etc.
- Description of cooperation with civil organizations in the creative industry.

3. Fund's strategy and investment approach (expected length: 7-20 A4 pages)

- Description of the market opportunity in the creative industry, including the targeted market subsegment(s) (if any) and rationale for why the targeted subsegment(s) (if any) represent an attractive investment opportunity;

- Detailed overview of the Fund focus, including: (i) financial instruments to be used, (ii) target investment stakes, (iii) investment focus (development stage(s)), (iv) subsector(s) of the creative industry (if there is already available information at this stage), (v) geographical focus within Hungary (if any);
- Detailed overview of the Fund's exit strategy;
- Outline of the Fund portfolio model at relevant targeted Fund sizes (broken down by development stage where applicable), including: (i) target number of investments, (ii) ticket sizes, (iii) expected holding period of investments, (iv) capital deployment rate (including capital reserves, reinvestment and follow-on investment strategies, if any), (v) details about possible reinvestment of the proceeds, together with illustrative financial model of the Fund in Microsoft Excel format;
- Targeted returns (including at the Portfolio Company level and net to investors) and how they will be generated;
- Terms and conditions proposed to be applied in relation to possible investments, including expected protective rights and economic terms (e.g. conversion rules, liquidity preferences, anti-dilution mechanisms);
- How the investment strategy is linked to creative industry and Hungary and how it contributes to the main objective of the Call (for reference see Section 1. Description of the Call);
- Risks, limitations and barriers related to implementing the investment strategy and their potential impact on the Fund together with proposed mitigants and risk management measures, including risk diversification for the Fund and exposure limits;
- Envisaged co-operation with main market participants and civil organisations in the creative industry (including, if relevant, universities, science hubs, business incubators, angel investors and entrepreneurship initiatives);
- Proposed duration of the Investment Period and the Fund Term, with details regarding the capital disbursements to Portfolio Companies, and the rationale for choosing each (if different than the terms set out in Annex 2 – Main Terms of the Fund);
- Expected sources and strategy for generation of deal flow, including marketing strategy of the Fund;
- Presentation of the indicative detailed investment pipeline in the creative industry in Hungary relevant to proposed investment strategy, including for each opportunity: name, sector, transaction type, indicative investment size, indicative stake, source of opportunity, proposed value creation plan, and potential exit route;
- Outline of the Fund Manager's expected investment approval process from origination to signing, including approval stages and overview of the Fund Manager's approach to the timing, content and process for investment due diligence;
 Overview of proposed post-investment management of Portfolio Companies and approach to monitoring, value-creation (including involvement in strategy, finance and/or operations of Portfolio Companies) and participation in Portfolio Company governance bodies;
- Ability to attract co-investment by private investor(s) on a transaction level.

4. Institutional capacity and alignment of interest (expected length: 3-6 A4 pages)

- Proposed legal structure of the Fund and all relevant Fund entities, including the Fund Manager, investment advisor (if any) and carried interest vehicle (if any), including the rationale for choosing the proposed structure;
- Description of the Fund Manager's proposed approach to risk management and compliance, including procedures and internal controls to prevent the Fund from being used to launder money, finance terrorist activities;
- Services proposed to be outsourced with detailed projections of the expected costs from third parties regarding the Fund and the Fund Manager, and expected service providers, if already known;
- Details of any expected or confirmed advisors and industry experts to be engaged by the Fund Manager (including through any proposed industry/advisory board) and the respective cooperation structure, including how such individuals will contribute to the Fund and how they would be compensated by the Fund Manager;
- Proposed structure, membership and voting mechanism of the Investment Committee;
- Description of the environmental, social and governance (ESG) values and responsible investment strategy (if any), including description of the existing or proposed management system for implementing the ESG values and processes.

5. Economic and financial terms of the Fund (expected length: 2-6 A4 pages)

- Proposed main economic terms for the Fund, including (i) the proposed Management Fees during and post Investment Period, (ii) operational budget of the Fund (establishment costs, fee offset policy, cost for winding up the Fund), and (iii) the proposed distribution cascade including (a) the proposed hurdle rate and (b) any profit share (carried interest) as well as any catch-up mechanism for the Fund Manager, including in each case the relevant calculation methodology;
- Proposed financial commitment to the Fund by private investor(s). Signed commitment is necessary from the Fund Manager. The document is also assuring that the private investor(s) will pay their corresponding contribution in the Fund prior to MFB Invest Zrt.

Appendix 2 – Applicant’s Documents

The Applicant shall attach to the Application the following documents:

- Copy of the Applicant’s certificate of incorporation/ Articles of Association/ other constitutional document, not older than 90 days (in pdf format in original language);
- Appropriate evidence of the representative’s authorisation to act for and on behalf of the Applicant (specimen of signature, signatory powers). In case of legal representation, the authorised representative of the Applicant should present a power of attorney, not older than 90 days (in pdf format in original language);
- Copy of the fund management license under the MNB (in pdf format in original language);
- CVs of each team member (containing education and academic experience, professional experience) (in English both in converted pdf format and in Microsoft Word format);
- Copy of the signed commitment(s) by the Fund Manager as proof of the financial commitment to the Fund by private investor(s) (in pdf format in English) – non-mandatory document, but it will be taken into account during the second phase of the Selection Process. See assessment criterion no. 3.2. in Annex 4.

Appendix 3 – Declaration of Eligibility Criteria⁹

Application title:	Creative industry focused venture capital fund
Name of the Applicant:	

I, the Undersigned, the legally authorised representative of the above organisation, being fully aware that providing false statements in the present Declaration constitutes an offence according to the Hungarian Criminal Code, hereby declare that the organisation I represent meets the following Eligibility Criteria set out in Section 2 of the Call for Proposals:

- The Applicant is privately owned/private. For the avoidance of doubt, privately owned/private has the meaning that the Applicant's organisation is not state-owned or partly state-owned;
- The Applicant is not owned by public trust funds performing a public function¹⁰; and
- In case the Applicant previously managed fund(s) with contributions provided by the Hungarian State, the fund (or each fund in case of managing multiple funds with contributions from the Hungarian State) has retained at least the registered capital value of their managed funds at the maturity of the funds, i.e. the fund manager has not realized net capital loss in state-owned funds.

Date	
Place	
Signature	
Name and position	

⁹ This Declaration must be signed by the legally authorised representative of the Applicant. The digitally signed document or the scanned document with authorised signature shall be attached to the Application.

¹⁰ Public trust funds performing a public function shall have the meaning set out in the Act IX of 2021 on Public Trust Funds Performing a Public Function.

Appendix 4 – Declaration of Honour¹¹

Application title:	Creative industry focused venture capital fund
Name of the Applicant:	

I, the Undersigned, the legally authorised representative of the above organisation, being fully aware that providing false statements in the present Declaration constitutes an offence according to the Hungarian Criminal Code, hereby declare that the organisation I represent is not subject to any of the following grounds for exclusion.

I acknowledge that Applicants shall be excluded from the Call for Proposals if any of the following criteria is not met. Applicants:

- shall meet the requirements of orderly labour relations as set out in Act CXCV of 2011 on Public Finances (hereinafter the **Áht.**);
- are not bankrupt or being wound up, are not having their affairs administered by the courts, have not entered into an arrangement with creditors, have not suspended business activities, are not subject of proceedings concerning those matters, nor is it in any analogous situation arising from a similar procedure provided for in the national legislation or regulations;
- are not under sanction concerning national or EU support;
- are not subject to a conflict of interests connected to their participation in the present Call for Proposals;
- are not guilty of misrepresentation in supplying the information required as a condition of participation in the Call for Proposals or in failing to supply information;
- are not under an obligation towards a third party which could jeopardise the achievement of the objective of the Support Measure;
- are a legal entity that is a transparent organisation according to Article (1) point 4 of the **Áht.**;
- have not attempted to obtain confidential information from decision-making bodies or influence any stage of the assessment process of the current Call for Proposals.

¹¹ This Declaration must be signed by the legally authorised representative of the Applicant. The digitally signed document or the scanned document with authorised signature shall be attached to the Application.

Date

Place

Signature

Name and
position

Appendix 5 – Declaration of General Conditions¹²

Application title:	Creative industry focused venture capital fund
Name of the Applicant:	

I, the Undersigned, the legally authorised representative of the above organisation, being fully aware that providing false statements in the present Declaration constitutes an offence according to the Hungarian Criminal Code, hereby declare the following:

- I am fully authorised to represent the Applicant organisation;
- as the representative of the Applicant, I agree on and accept all the conditions stated in the relevant documents of the Call for Proposals and the relevant legislation and declare that the organisation I represent complies with the terms, conditions and restrictions set out therein and ensure that they will continue to do so throughout the duration of the grant relationship;
- as the representative of the Applicant, I am aware of the Cooperation Programme rules;
- in case the organisation I represent withdraws its Application in the course or after the Due Diligence process, I acknowledge that the organisation will repay all the incurred Due Diligence costs;
- I agree to the selection process and data management rules of the Call for Proposals and to the publication of the basic information on the Application;
- the organisation I represent is not bankrupt or being wound up, is not having their affairs administered by the courts, has not entered into an arrangement with creditors, has not suspended business activities, is not subject of proceedings concerning those matters, nor is it in any analogous situation arising from a similar procedure provided for in national legislation or regulations. If such a procedure is initiated against the Applicant during the selection process or in the preparation of the Investment Documents, the IB will be informed immediately;
- the organisation I represent meets the requirements set out in Article 50(1) of the Act CXCV of 2011 on Public Finances (hereinafter the **Áht.**) and provides the data of the legal entity or unincorporated organisation to be examined pursuant to the Ministerial Decree issued under Article 109(4) of the **Áht.**;
- the organisation I represent undertakes to comply with the notification obligation pursuant to Section 97(1) of the Government Decree 368/2011 (XII. 31.) on the implementation of the Public Finances Act (hereinafter the **Ávr.**) and to repay the amount of the unlawfully used support and interest thereon in accordance with the provisions of the **Ávr.**;
- the organisation I represent will provide its own contribution if necessary;

¹² This Declaration must be signed by the legally authorised representative of the Applicant. The digitally signed document or the scanned document with authorised signature shall be attached to the Application.

- the organisation I represent, subject to the provisions of Article 84 (2) of the Ávr., undertakes to provide the guarantees required if necessary, no later than the conclusion of the contract;
- the organisation I represent has fulfilled its obligations relating to the payment of social security contributions and/or the payment of taxes in accordance with the legal provisions;
- the organisation I represent has not been guilty of grave professional misconduct proven by any means which the NCU or the IB can justify;
- the organisation I represent has not been convicted of an offence concerning its professional conduct by a judgement which has the force of 'res iudicata';
- the organisation I represent has not been the subject of a judgement which has the force of 'res iudicata' for fraud, for corruption, for severe breach of contract in connection to obligations stemming from public procurement rules or rules governing the use of EU funding or national subsidies, for involvement in a criminal organization or for any other illegal activity detrimental to the Community's financial interests;
- the organisation I represent complies with the provisions of Article 14 of Act CLXXXI of 2007 on the Transparency of Public Funding;
- as the representative of the Applicant, I agree to the conditions requiring the consent of the Applicant organisations as set out in the Call for Proposals, and the relevant legislation;
- I comply with the notification, information, declaration, reporting, verification and other obligations provided for in the Call for Proposals;
- the organisation I represent undertakes to cooperate with the bodies involved in implementation, in particular the IB, the NCU, the Ministry for National Economy, other bodies entitled to carry out checks, including the bodies and institutions entrusted with these tasks by the Swiss authorities;
- as the representative of the Applicant, I have read the rules and information on electronic communication contained in the Call for Proposals and accept all such communications as official and authentic;
- as the representative of the Applicant, I am aware of the publicity requirements and general principles set out in the relevant documents;
- the organisation I represent is not subject to any grounds for exclusion laid down in the applicable legislation or in the Call for Proposals;
- in accordance with the Áht. and the Ávr., as the representative of the Applicant, I declare that:
 - o I acknowledge that in the case of public-law liabilities, the organisation I represent is not entitled to the grant until the public-law liabilities have been paid, and that the payment of the grants due may be withheld by the Hungarian State Treasury in accordance with Articles 50(4) and 51 of the Áht. in order to ensure payment of the public-law liabilities;
 - o I consent to the use of the tax number or tax identification number, social security identification number, social security current account number of the organisation I represents for the purpose of monitoring public-law liabilities by the body granting the support and the Hungarian State Treasury in order to ascertain the fact and amount of the payment of overdue public-law liabilities or the occurrence of the debt;

- I consent to the transmission to the granting body, through the National Support Control System (OTR), a basically financially oriented monitoring system operating within the Hungarian State Treasury, of the data it manages and which is necessary for the preparation of decisions, in accordance with 71. § (1a) of the Ávr., and to provide access to the monitoring system for the IB, the NCU, the Audit Authority, the audit bodies of the Swiss authorities, and all the bodies defined in the relevant legislation.

- I, the legally authorised representative of the organisation, certify with my signature that the data and statements provided in this Declaration and in the Application are complete, correct and actual, furthermore that the provisions of the current Call for Proposals have been noted and respected and that all documents enclosed with the Application correspond to the original documents.

Date	
Place	
Signature	
Name and position	

Annex 2 – Main Terms of the Fund

Subject	Term
Fund Structure	The Fund shall be established under the laws of Hungary.
Investment by MFB Invest Zrt.	HUF 5 686 819 787
Private Investor Contribution	The amount of finance to be attracted from private investors at the level of the Fund shall be indicated by Applicants in the Application.
Investor(s)	MFB Invest Zrt. and the Private Investor(s).
Fund Size	Applicants are invited to propose the target Fund size in their Application.
Currency	The Fund shall be denominated in HUF and all cash distributions will be made in HUF.
Fund Term	Up to 10 years from the registration date of the Fund, with possible extensions subject to prior Investor approval.
Investment Period	The period of 5 years (with a possible extension of 1 more year) counted from the registration date of the Fund.
Portfolio Management Period	The period of 5 years (with a possible extension of 1 more year), counted from the date when the Investment Period expires.
Investment Size	Applicants are invited to propose the average ticket size for the first round investment and follow-on investments. Maximum investment size is capped at 15% of the Fund Size.
Investment Focus	Hungarian enterprises operating in the creative industry as defined in the Call. Eligible firms as final beneficiaries are operating in the creative industry and have a product or service that has already entered the market or a minimum viable product, MVP (the version of a new product/service that allows the company/team to gather the maximum

	amount of proven customer knowledge for future product/service development).
Geographical Focus	The Fund shall only invest into companies that are incorporated in Hungary.
Investment Forms	<ul style="list-style-type: none"> - Equity investments – the Fund is focused on capital increases, thus acquiring newly issued shares in Target Companies, with the aim to acquire minority shareholdings of up to 49% (the buyout of existing shares is not allowed); - Quasi equity product/ use of mezzanine financing, a self-amortising financial product – allowing repayment of the investment capital from the company cash flow; - Shareholder loans in addition to the equity components above – aiming to accelerate the growth of the targeted companies without further dilution of the existing shareholders; - Convertible shareholder loans – allowing more financing flexibility by conversion to equity; - Any combination of the funding tools above.
Re-investment	Applicants are invited to include specific proposals (if any) in relation to permitted re-investment.
Management Fee	Applicants are invited to propose a structure of the Management Fee based on market practice.
Disbursements	<ul style="list-style-type: none"> - Semi-annual disbursement of the management fee; and - semi-annual disbursement of the amounts for performing investments (investments and follow-on investments) latest by 03.12.2029.
Distribution cascade (together with hurdle rate/catch-up percentage/carried interest)	Applicants are invited to propose a distribution cascade based on market practice including the minimum hurdle rate, catch-up calculation (if any), and carried interest structure.
Reporting	<ul style="list-style-type: none"> - The Fund Manager shall provide monthly, quarterly and annual reporting in a standardized form and scope; - The Fund Manager shall report on individual investments to its investors and related parties, and also discuss the report in the form of a regular meeting (e.g.: semi-annual advisory board meeting executing the mandated control functions) to explain investment decisions.
Compliance	The Fund Manager shall ensure compliance with relevant standards and applicable legislation on the

	prevention of money laundering, combatting the financing of terrorism and tax fraud.
Further characteristics of the Fund	<ul style="list-style-type: none"> - The Fund will invest directly in existing Hungarian SME companies operating in the creative industry. As mentioned above, eligible firms as final beneficiaries are operating in the creative industry and have a product or service that has already entered the market or a minimum viable product, MVP (the version of a new product/service that allows the company/team to gather the maximum amount of proven customer knowledge for future product/service development); - For diversification purposes, the Fund aims to invest in at least 12 Portfolio Companies which are not each other's affiliates. Depending on the size, the number of investments could be even higher.

Annex 3 – Eligibility and Formal Compliance Criteria

Eligibility Criteria		Yes/No
1	The Applicant fulfils the eligibility requirements set out in Section 2 of the Call and is therefore considered to be an Eligible Applicant.	
1.1.	The Applicant has a fund management license under the MNB to manage private equity and/or venture capital funds and complies with the relevant Hungarian standards and legislation.	
1.2.	The Applicant is privately owned (meaning that the Applicant is not state-owned nor partly state-owned).	
1.3.	The Applicant is not owned by public trust funds performing public function as defined in the Call for Proposals.	
1.4.	The Applicant who previously managed funds with contributions provided by the Hungarian State shall have retained at least the registered capital value of their managed fund(s) at the maturity of the fund(s) (meaning that the net return was at least equal to the complete investment).	
2	The Application form was submitted electronically in the manner (as a digitally signed document or a scanned copy of documents with authorised signatures in English) and by the Deadline specified in the Call.	

A negative result (i.e. a “No” answer) on any of the above criteria results in the exclusion of the Applicant and rejection of the Application.

Formal Compliance Criteria		Yes/No
1	The Application is duly signed by all persons who, pursuant to Annex 1, are required to sign the Application.	
2	The Application is formally prepared in accordance with Annex 1 of this Call Document.	
3	All necessary documents which, pursuant to Annex 1, are required to be prepared and/or attached to the Application, have been duly prepared and attached.	

If the Application does not comply with the Formal Compliance Criteria, the IB shall request the Eligible Applicant via email to submit a completion within 5 working days.

Annex 4 – Content-related Assessment Criteria

The Applications will be assessed on the basis of a professional assessment set out in Section 4.2. As part of the expected performance assessment, each Application will be assessed and scored by two independent external experts, based on the Assessment Criteria in the attached Excel file.

Annex 5 – Support Measure Proposal Template

See attached as a separate file

Annex 6 – Data protection and data processing policy

The purpose of the present data protection and data processing policy (hereinafter referred to as the Policy) is to define the data recorded in the Application, the Support Measure Proposal and the Investment Documents and therefore, the data subject will be provided with adequate information of data processed by the data controllers (listed in Section II) based on the General Data Protection Regulation.

Acts and their abbreviations used and considered in relation to the Policy

Act	Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)
197/2018 Gov. Decree	Government Decree 197/2018 (X. 24.) on Széchenyi Program Office Consulting and Service Nonprofit Limited Liability Company
507/2022 Gov. Decree	Government Decree 507/2022 (XII. 13.) on the announcement of the framework agreement between the Swiss Federal Council and the Government of Hungary on the implementation of the Second Swiss Contribution to selected member states of the European Union to reduce economic and social disparities within the European Union
563/2022 Gov. Decree	Government Decree 563/2022 (XII. 23.) on implementation of the Second Swiss-Hungarian Cooperation Programme

I. Definitions

Definitions in the present Policy meet definitions of Article 4 of GDPR:

personal data	any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person
processing	any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction

controller	the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data; where the purposes and means of such processing are determined by Union or Member State law, the controller or the specific criteria for its nomination may be provided for by Union or Member State law
processor	a natural person or legal entity, public authority, agency or other body which processes personal data by order of or on the instructions of the controller
third party	a natural person or legal entity, public authority, agency or body other than the data subject, controller, processor and persons who, under the direct authority of the controller or processor, are authorised to process personal data
recipient	a natural person or legal entity, public authority, agency or another body, to which the personal data are disclosed, whether a third party or not. However, public authorities which may receive personal data in the framework of a particular inquiry in accordance with Union or Member State law shall not be regarded as recipients; the processing of those data by those public authorities shall be in compliance with the applicable data protection rules according to the purposes of the processing
personal data breach	a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed
supervisory authority	means an independent public authority which is established by a Member State pursuant to Article 51

Where definitions of GDPR in force are different from the definitions of the present Policy, definitions of GDPR in force shall prevail.

II. Data controllers and contact details

name:	Széchenyi Programme Office Consulting and Service Nonprofit Limited Liability Company
registered office:	1053 Budapest, Szép street 2. 4. floor
company reg. no:	01 09 916308
represented by:	Áron Szakács (Managing Director)
e-mail:	info@szechenyiprogramiroda.hu
name:	Ministry for National Economy
registered office:	1011 Budapest, Vám street 5-7.
identification no:	848392
represented by:	Gábor Matula Dr. (Head of Department)

e-mail: gabor.matula@ngm.gov.hu

name: **Ministry of Public Administration and Regional Department**
registered office: 1054 Budapest, Akadémia street 3.
identification no.: 849278
represented by: Gergő Korponai Dr. (Head of Department)
e-mail: gergo.korponai@ktm.gov.hu

name: Swiss Contribution Office
registered office: 1143 Budapest, Stefánia road 107.
company reg. no.: N/A
represented by: Roland Python
e-mail: roland.python@eda.admin.ch

Acting in their responsibilities ruled in Gov. Decree 563/2022.

III. Data processors

External advisors and experts will be included to provide assistance in legal, commercial and technical matters throughout the application period. These external advisors and experts are qualified as data processors, and the contracts with them will include their terms and conditions for data processing.

IV. Data protection officer and contact details

Data protection officer designated by the Széchenyi Programme Office Consulting and Service Nonprofit Limited Liability Company:

name: Orsolya Sefcsik dr.
postal address: 1053 Budapest, Szép street 2. 4. floor
e-mail: adatvedelmitisztviselo@szpi.hu

Data protection officer designated by the Ministry for National Economic:

name: Zsuzsa Róka dr.
postal address: 1011 Budapest, Vám street 5-7; Ministry for National Economy
e-mail: zsuzsa.roka@ngm.gov.hu

Data protection officer designated by Ministry of Public Administration and Regional Development:

name: Tibor Laki
postal address: 1055 Budapest, Kossuth Lajos square 2-4.
e-mail: tibor.laki@ktm.gov.hu

Data protection officer designated by the Swiss Contribution Office:

name: Zsuzsanna Tormássy
 postal address: 1143 Budapest, Stefánia road 107.
 e-mail: zsuzsanna.tormassy@eda.admin.ch

V. Personal data, purpose of processing, legal basis for processing, period of processing

personal data	purpose of processing	legal basis for processing	means of processing	period of processing
birth surname and first name of data subject	data necessary to identify the natural person included in the Application, in SMP, in the Investment Documents and in the curriculum vitae submitted with the Application	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
title of the data subject	data of the contact person during the implementation included in the Application, in SMP, in the Investment Documents and in the curriculum vitae submitted with the Application	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
permanent and/or temporary	data necessary to identify the natural person	GDPR Article 6 (1) (e)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules

address of the data subject	may be included in the Application and the Investment Documents	if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)		
place of birth, date of birth of the data subject	data necessary to identify the natural person may be included in the Application and the Investment Documents	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
nationality of the data subject	may be included in the Application and the Investment Documents	GDPR Article 6 (1) (e)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
e-mail address of the data subject	contact (the data subject can choose the most effective form of contact for her or him) included in the Application, in the curriculum vitae submitted with the Application, in the SMP and the Investment Documents	GDPR Article 6 (1) (e)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
tax identification number of the data subject	data necessary to identify the natural person may be included in the Application and the	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data	on paper, electronic	duration specified by the Hungarian and Swiss legal rules

	Investment Documents	processing is GDPR Article 6 (1) b)		
mother's full name of the data subject	data necessary to identify the natural person may be included in the Application and the Investment Documents	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
social security number of the data subject	data necessary to identify the natural person may be included in the Application and the Investment Documents	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
bank account number of the data subject	data necessary to identify the natural person may be included in the Application and the Investment Documents	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
phone number of the data subject	contact (the data subject can choose the most effective form of contact for her or him) included in the Application, the Investment documents and may be included in the	GDPR Article 6 (1) (e)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules

	curriculum vitae submitted with the Application and in the SMP			
personal identification number or identity card number or passport number of the data subject	data necessary to identify the natural person data necessary to identify the natural person to sign the Application Form, the submitted declarations of the Application, the SMP and the Investment Documents	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
the name of the school awarding the qualification of the data subject	may be included in the Application and in the curriculum vitae submitted with the Application	GDPR Article 6 (1) (e)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
data on language skills, field of interest of the data subject	may be included in the Application and in the curriculum vitae submitted with the Application	GDPR Article 6 (1) (e)	on paper, electronic	duration specified by the Hungarian and Swiss legal rules
previous jobs of the data subject	may be included in the Application and in the curriculum vitae submitted with the Application	GDPR Article 6 (1) (e)	on paper, electronic	Duration specified by the the Hungarian and Swiss legal rules
photos of the data subject	may be included in the curriculum	GDPR Article 6 (1) (e)	on paper, electronic	Duration specified by the the Hungarian and Swiss legal rules

	vitae submitted with the Application			
signature of the data subject	data necessary to identify the natural person included in Application and the Investment Documents and may be included in the curriculum vitae submitted with the application and the SMP	GDPR Article 6 (1) (e) if the data is necessary to fulfill a contract after the call, the legal basis for data processing is GDPR Article 6 (1) b)	on paper, electronic	Duration specified by the the Hungarian and Swiss legal rules

The personal data transfer to a third country based on GDPR Article 45 Section (3)¹³.

VI. Principles

The Data controller processes personal data in accordance with principles of good faith and fair dealing and transparency and subject to law in force and provisions of the present Policy.

The Data controller processes personal data only on the basis of the present Policy and for a specific purpose(s) and does not go beyond them.

If the Data controller intends to use personal data for purpose(s) other than the original purpose(s), the Data controller informs the data subject of such a purpose and use and obtain the previous and express consent of the data subject (where there is no other legal basis determined by GDPR) and the Data controller allows the opportunity to defy the use of personal data.

The Data controller does not control personal data provided, person who provided the personal data, shall be liable for adequacy.

The Data controller does not transfer personal data, except that the Data controller is entitled and obliged to transfer or forward personal data available to and properly stored by the Data controller to competent authority where transfer and forward of personal data is determined by law or legally binding order of authority. Data controller shall not be liable for such a transfer or its consequences.

¹³ 2000/518/EC: Commission Decision of 26 July 2000 pursuant to Directive 95/46/EC of the European Parliament and of the Council on the adequate protection of personal data provided in Switzerland (notified under document number C(2000) 2304) (Text with EEA relevance.)

The Data controller ensures the security of personal data, takes all technical and organizational measures and establishes rules of procedure that guarantee protection of recorded, stored and processed personal data, and prevent accidental losses, destruction, unauthorised access, unauthorised use, unauthorised alteration and unauthorised dissemination.

VII. Rights of the data subject

The data subject may exercise right in the following ways:

- e-mail
- by post
- in person

➤ *Right of information and access personal data*

The data subject may at any time request the Data controller to provide information on data processed by the Data controller or the data processor involved by or according to the order of the Data controller, purpose of the processing, legal basis for the processing, period of processing, name and address of data processor, activity of data processor related to data processing, the circumstances, effect of a personal data breach, measures taken for averting personal data breach, furthermore, where personal data is transferred the legal basis for and recipient of transfer of personal data.

In relation to the above, the data subject may request a copy of his/her processed data. In case of an electronic request the Data controller executes the request first electronically (pdf format), except where the data subject requests expressly otherwise.

The Data controller already draws attention to the fact that if the above right of access affects adversely the rights or freedoms of others, including in particular trade secrets or intellectual property, the Data controller may refuse the execution of the request, to the extent it is necessary and proportionate.

➤ *Right to rectification and modification*

The data subject may request the rectification, modification and completion of personal data processed by the Data controller.

➤ *Right to data portability*

The data subject has the right to receive the personal data concerning him or her, which he or she has provided to the Data controller, in a structured, commonly used and machine-readable format and has the right to transmit those data to another controller without hindrance from the Data controller.

Furthermore, the data subject has the right to have the personal data transmitted directly from one controller to another, where technically feasible.

➤ *Right to erasure ('right to be forgotten')*

The data subject may request the erasure of one or all personal data concerning him or her.

In this case, the Data controller erases the personal data without undue delay and the controller shall have the obligation to erase personal data without undue delay where one of the following grounds applies:

- the personal data are no longer necessary in relation to the purposes for which they were collected or otherwise processed;
- the data subject withdraws consent on which the processing is based and where there is no other legal ground for the processing;
- data processing is based on legitimate interest of the Data controller or third person but the data subject objects to the processing and (except objection to processing related to direct marketing) there are no overriding legitimate grounds for the processing;
- the personal data have been unlawfully processed;
- the personal data have to be erased for compliance with a legal obligation.

The Data controller informs the data subject of the refusal to the request of erasure in any event (e.g. data processing is required for the establishment, exercise or defence of legal claims), indicating the reason of the refusal. Erasure of personal data is executed that after fulfilment of request of erasure personal data (erased) cannot be restored.

In addition to the exercise of right to erasure, the Data controller erases personal data if the data processing is unlawfully, the purpose of data processing is no longer exists, data storage period determined by law is already expired, it is ordered by court or authority.

➤ *Right to restriction of processing*

The data subject shall have the right to obtain from the controller restriction of processing where one of the following applies:

- the accuracy of the personal data is contested by the data subject, for a period enabling the Data controller to verify the accuracy of the personal data;
- the processing is unlawful and the data subject opposes the erasure of the personal data and requests the restriction of their use instead;
- the Data controller no longer needs the personal data for the purposes of the processing, but they are required by the data subject for the establishment, exercise or defence of legal claims;
- the data subject has objected to processing pending the verification whether the legitimate grounds of the Data controller override those of the data subject.

Where processing has been restricted, such personal data will not be processed or will, with the exception of storage, only be processed with the data subject's consent or for the establishment, exercise or defence of legal claims or for the protection of the rights of another natural or legal person or for reasons of important public interest of the Union or of a Member State.

A data subject will be informed by the Data controller before the restriction of processing is lifted.

➤ *Right to object*

Where the legal basis for processing is legitimate interest of the Data controller or third person (except compulsory data processing) or data is processed for direct marketing, scientific or historical research purposes or statistical purposes, the data subject has the

right to object to processing of personal data concerning him or her. Objection may be rejected if the Data controller demonstrates

- compelling legitimate grounds for the processing which override the interests, rights and freedoms of the data subject; or
- that data processing is related to the establishment, exercise or defence of legal claims of the Data controller.

The Data controller examines the lawfulness of the objection of the data subject and where the objection is grounded, the Data controller stops data processing.

➤ *Right to legal remedy*

See section VIII.

VIII. Modification of the Policy

The Data controller reserves the right to modify the present Policy through an unilateral decision at any time. The controller must also inform the data subjects of the unilateral modification

If the data subject does not agree with the modification, he or she may request the erasure of his or her personal data as determined above.

➤ *Legal remedies and enforcement*

The Data controller may be contacted for the purpose of any question or comments related to data processing using contact details above.

In case of any violation related to data processing, the data subject may make a complaint to the competent data protection supervisory authority of the Member State of residence, workplace or the place of the alleged violation.

In Hungary, complaint shall be made to Hungarian National Authority for Data Protection and Freedom of Information ('NAIH', address: 1055 Budapest, Falk Miksa utca 9-11.; 1363 Budapest, Pf. 9.; phone: +36-1-391-1400; e-mail: ugyfelszolgalat@naih.hu; website: www.naih.hu).

The data subject may bring the following cases before Hungarian court applying the relevant Hungarian law:

- violation of rights,
- against the legally binding decision of the supervisory authority,
- if the supervisory authority does not deal with the filed complaint or does not inform the data subject of aspects or result of the procedure related to the filed complaint within 3 months.

Annex 7 – List of basic legislation, regulations relevant to the Second Swiss-Hungarian Cooperation Programme

Regulations	on the implementation of the Second Swiss Contribution to selected member states of the European Union to reduce economic and social disparities within the European Union
368/2011 Gov. Decree	Government Decree 368/2011 (XII. 31.) on the Implementation of the Public Finances Act
507/2022 Gov. Decree	Government Decree 507/2022 (XII. 13.) on the announcement of the framework agreement between the Swiss Federal Council and the Government of Hungary on the implementation of the Second Swiss Contribution to selected member states of the European Union to reduce economic and social disparities within the European Union
563/2022 Gov. Decree	Government Decree 563/2022 (XII. 23.) on the implementation of the Second Swiss-Hungarian Cooperation Programme
Act XXXIV of 2004	on Small and Medium-sized Enterprises and Supporting their Development
Act CLXXXI of 2007	on the Transparency of Public Funding
Act CXCIV of 2011	on Public Finances
Act XVI of 2014	on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations
Act CXLIII of 2015	on Public Procurement
Act IX of 2021	on Public Trust Funds Performing a Public Function