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REGISTERING AND USING E-SIGNATURE IN THE TIME OF THE CORONAVIRUS

Further information to follow

FAQ: REPRESENTATIVES OF HUNGARIAN COMPANIES MAY REGISTER AUTHORISED E-SIGNATURES WITH THE COURT OF REGISTRATION

As a result of the COVID19 outbreak businesses have taken sweeping preventative measures to restrict or eliminate in-person meetings and gatherings and instead have elected to work remotely. However, even during the time of the crisis 'the show must go on', contracts are to be signed. Placing an authentic signature on a contract, however, requires significant technological preparation when someone works from home (e.g. printer and scanner must be available) and the delivery of the original to the counterparty may also present complications and/or be subject to certain restrictive measures.

WHAT IS THE SOLUTION?

Although it is not widely known and even less widely applied, it is possible in Hungary to register with the court of registration the official electronic signature of the managing director of a company. In order to do this, the managing director must obtain a qualified electronic signature from one of the official trust service providers. The certificate issued by the service provider can be registered with the court of registration, following which any signature made with it would be considered as the authentic signature made by the managing director on the company's behalf. Therefore once an electronic signature is obtained and registered, the managing director can sign any document from home with his/her electronic signature and forward it to any business partners electronically. A document signed in this way would be deemed to be duly signed on behalf of the company and should be accepted as such in every jurisdiction (in case of doubt, it is best practice to consult local counsel before relying on this).

HOW TO REGISTER MY ELECTRONIC SIGNATURE?

As a first step to register an electronic signature a registered trust service provider needs to be approached. As of today Microsec Zrt, Netlock Kft. and NISZ Zrt. are the entities which are registered with the National Media and Telecommunication Authority as local trust service providers. In addition to this, there are some European market player who are also active in the Hungarian market (e.g. Evtrotrust).

Once an electronic signature is obtained, the electronic signature must be registered with the court of registration. The registration itself is not automatic, it requires a lawyer's assistance (preparation of the corporate documents needed for the registration and conducting the registration process – legal representation is mandatory under Hungarian law for the registration of any corporate changes, including the registration of an electronic signature).

HOW MUCH DOES IT COST?

The fees of the electronic signature depends on the trust service provider and the package requested. In general it can be stated that the fees usually fall within the range of EUR 100-1000 / annum. In addition to this HUF 15,000 and HUF 3,000 (altogether less than EUR 50) is also payable as stamp duty for the registration. Accordingly, the fees are relatively low.

HOW FAST CAN THIS BE REGISTERED?

In our experience the obtaining of the electronic signature takes not more than 1-2 business days (depending on the availability of the service provider). Most of the trust service providers have switched to online identification and authentication, therefore, the obtaining of the electronic signature does not necessarily require in-person meeting. Once the certificate is obtained, the registration itself requires an additional 5-10 business days (however, once the request for registration is submitted, the electronic signature could be used and relied upon as due signature of documents)

WHAT HAPPENS IF THE COUNTERSIGNATURE OF A LAWYER IS ALSO NEEDED?

In-person meeting with the lawyer is not a must have even if the document itself requires the lawyer's countersignature. Hungarian law enables a lawyer to countersign a document prepared by him/her even if the party signing the document is not present in-person. The requirement in such case is that the lawyer and the person signing the document must connect through any program or application enabling the lawyer to record voice and picture at the same time (e.g. Skype, Zoom, etc.) and the lawyer must conduct the identification of the person through such program or application. Following that the person can proceed and sign the document (either with his hand or through the electronic signature device detailed above) and the lawyer can countersign that. Accordingly, in the time of the COVID19 crisis, and generally, face-to-face meetings may be avoided even when a document must be countersigned by a lawyer to have the required legal effects (e.g. real estate transactions, corporate resolutions, etc.).

WHO TO CONTACT?

If your business is listed or otherwise affected by the state of emergency, please do not hesitate to contact any member of our team:

Péter Köves	peter.koves@lakatoskoves.hu	+36 20 931 4578
Péter Lakatos	peter.lakatos@lakatoskoves.hu	+36 20 952 8799
Iván Sólyom	ivan.solyom@lakatoskoves.hu	+36 20 344 8089
Balázs Fazakas	balazs.fazakas@lakatoskoves.hu	+36 20 482 4133



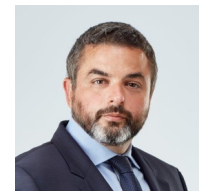
Péter Köves
Senior Partner

peter.koves@lakatoskoves.hu



Péter Lakatos
Managing Partner

peter.lakatos@lakatoskoves.hu



Iván Sólyom
Partner

ivan.solyom@lakatoskoves.hu



Balázs Fazakas
Lawyer

balazs.fazakas@lakatoskoves.hu

Lakatos, Köves and Partners

1075 Budapest
Madách Imre út 14.
Tel: +36 (1) 429 1300
Fax: +36 (1) 429 1390
www.lakatoskoves.hu

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