

# BYLAWS

## Updated text in consolidated structure with the amendments adopted on 9 May 2019 and 31 August 2019

On this day, we, undersigned natural and legal persons of full legal capacity and competency have firmly resolved after thorough consideration to establish the following organisation in accordance with Article 3:63 of Act V 2013 on Civil Code, and we determine the bylaws of the organisation as follows:

### 1. General Provisions

The Association's name: "**CSEH-MAGYAR ÜZLETI KLUB**" **Egyesület** (hereinafter: **Association**)

The Association's name in English: „**CZECH-HUNGARIAN BUSINESS CLUB**" **Association**

The Association's name in Czech: „**CESKO-MADARSKY OBCHODNÍ KLUB**" **Spolek**

**The Association's seat:** 1142 Budapest, Erzsébet Királyné útja 125.

The Association's operation extends to the entire territory of the country.

### 2. Purpose of the Association

2.1 The Association is a social organization operating on the principle of self-government, which was formed for the purpose defined in the bylaws and which organizes the members' activities in order to achieve this goal. The Association is a legal person.

2.2 The Association's mission –as expressed in its name – is to develop Czech-Hungarian bilateral trade and business relations and facilitate the cooperation of Czech and Hungarian businesses. The Association is an interest-representation organization, which carries out its tasks as a social organization and is not primarily engaged in economic-entrepreneurial activities.

2.3 Based on the above, the Association's scope of tasks is the following:

a./ Primary task:

- maintaining the most comprehensive register on the members and the companies seated in Hungary, which do not join the Association but have interest in the region, including their scope of activities. The objective of the register is providing information and assistance in finding partners, as two basic services,
- developing an information database of Czech and Hungarian businesses, by collecting information of the widest possible range and by continuously updating this database,
- providing information on the Czech-Hungarian bilateral trade and business

relations, monitoring the events affecting bilateral trade and business by providing regular information of those (fax, e-mail),

- providing trade and business related information and trade-technology consultancy services in the Czech and Hungarian context,
- providing information on the program of Czech and Hungarian fairs and exhibitions, primarily on various opportunities to participate in Hungarian trade exhibitions, in particular, the options of joint participation and the state subsidies provided in support of participation in the specific exhibitions,
- executing cooperation agreements signed with Czech, Hungarian and other interest representation organizations, inviting the concerned Hungarian or Czech companies (or other Hungarian representations or companies engaged in brand representation) to the related events and meetings and publishing general notices about such events,
- acting as advocacy organization vis-a-vis the Hungarian government and other Hungarian organizations in charge of managing the economy and developing trade policy targets, and the organs of the local governments performing similar functions,
- providing information (organization) on official and business delegations arriving from the Czech Republic and hosting receptions potentially held for businessmen,
- developing proposals for inter-government economic negotiations concerning bilateral trade stimulation, exploring the problems of the field and elaborating solutions for such problems.

b./ Secondary, ad-hoc tasks:

- organizing regular meetings providing information and professional and business knowledge,
- organizing meetings for businessmen in Hungary with the purpose of furtherancing trade development,
- preparing publications for specific occasions – as demand arises,
- preparing and ordering surveys and studies with advocacy purpose relevant to the development and evaluation of the trade and business relations with the concerned partner counties, addressing the potential problems and preparing and submitting proposals on how to handle and solve such problems.

The Association provides the services listed in point a/ to full and supporting members free of charge.

For the services listed in point b/ the members pay a discount fee, which is calculated by using a formula determined on a case-by-case basis.

The participants of events, which are held in the Czech Republic, contribute to such events according to a budget prepared on a case-by-case basis.

### **3. Establishing and terminating membership in the Association**

3.1. Based on the right of association, natural persons, legal persons and their organizations without legal personality may form and operate social organizations (Association) for purposes of their activities and in accordance with the intention of their founders.

Any business organizations established in Hungary – whether in Czech or Slovakian (partial)ownership, or Hungarian (partial)ownership- organizations established in a third country, but also operating in Hungary, or engaged in importing from the Czech Republic, as well as natural or legal persons<sup>2</sup> supporting the objectives of the Association, may be members of the Association, provided that they acknowledge the Bylaws as binding and pay the membership fee.

No recommendation is necessary to acquire membership, but recommendations support the positive evaluation of the application for membership.

Applicants join the Association by sending written declaration to the Presidential Board; the Presidential Board is empowered to decide whether to accept the applicant.

The membership of the applicant commences after paying the annual membership fee -with retroactive effect- as of the day when the Presidential Board approves the member.

3.2 Membership shall terminate

- a) upon the member's withdrawal;
- b) if membership is cancelled by the association;
- c) upon the member's exclusion;
- d) upon death or dissolution of the member without succession.

Members shall be able to terminate their membership at any time, by means of written notice addressed to the association's representative, without giving any reason.

If membership is rendered subject to certain conditions set out in the statutes, and the member fails to meet such conditions, the association shall have the right to cancel the membership in writing subject to a thirty-day notice period. Cancellation of membership shall be decided by the association's general meeting.

3.3. The intention to withdraw from the Association must be notified in writing to the President of the Association, who subsequently will delete the member from the register.

3.4. By a resolution adopted by qualified majority, the General Meeting may exclude the member of the Association, who gravely violates the provisions of the Bylaws, in particular, if the member fails to fulfill his obligations defined in the Bylaws, despite the written demand of the Presidential Board, or if he fails to pay the membership fee despite the written demand of the Presidential Board within 3 months. The Association may not apply legal consequences to the member of the Association other than the exclusion.

3.5. The procedure of disqualification for a member's behaviour that violates the law, the articles of association or the resolution of the association or is incompatible with the tasks of the Association shall be ordered by the general meeting on the proposal of the president or member of the presidential board. In proceedings for the application of legal consequences, the member of the Association concerned shall be heard by the President or a member of the Presidential Board or by another person designated by the General Meeting for this task (hereinafter: investigator). In addition to recording the investigation report, the investigator will also hear persons who are aware of the facts to be proved in the case. The investigator obtains documents, clarifies the facts and, on the basis of the evidence available, prepares a proposal for a resolution to the General Meeting within 30 days.

3.6. Within 15 days of the date of the preparation of the draft resolution, the President or the member of the Presidential board shall convene the general meeting. The General Meeting shall discuss the proposal for a resolution on the imposition of legal consequences by the investigator. In the light of the findings of the investigation, any member of the association may propose the amendment of the proposed resolution or the adoption of a modified proposal for a resolution.

3.7. The convened General Meeting shall take a decision on the discussed or amended proposal for resolution immediately after the consideration of the matter.

3.8. The resolution of the general meeting on the application of the penalty shall include information on the right of appeal. Reasons shall be given for the decision of the general meeting which applies the legal consequence. The decision shall be communicated to the member in writing. The affected member may apply for a review of the decision of the general meeting from the court competent at the seat of the Association.

#### **4. Members` rights and obligations**

- 4.1. The full member of the Association is entitled to,
- participate in the General Meeting with voting right,
  - hold office in the Association, if elected,
  - make proposals in connection with the operation of the Association,
  - use the services of the Association,
  - make recommendations on accepting members.

All members of the Associations shall have equal voting rights. The members shall exercise their voting right personally or by proxy provided they have paid up the annual membership fee by the annual General Meeting.

- 4.2. The full member of the Association shall be obligated to,
- support the goals of the Association and participate in its work,
  - comply with the Association`s Bylaws and resolutions,
  - provide the information necessary for the operation of the Association –which do not infringe business secrets and
  - pay the membership fee.

Legal person members and the members without legal personality shall exercise their rights and perform their obligations through their statutory representatives.

He shall not be a member of the Association against whom criminal proceedings have been instituted in respect of a serious suspicion of committing an offense until the criminal proceedings have been terminated definitively or who have been sentenced to a final term of imprisonment for the commission of the offense. The legal person against whom the court or the prosecutor's office initiated a legality review procedure pending the final termination of the proceedings may not be a member of the Association.

#### **5. Membership fee scheme**

Members have different rights and obligations to pay the membership fee as follows.

The members shall pay the annual membership fee, the minimal amount of which is determined below.

For business organizations:

If the annual net price income does not exceed HUF 100,000,000: minimum HUF 40,000/year; if it is between HUF 100,000,000 and HUF 1,000,000,000: minimum HUF 80,000/year; and if the annual net price income is above HUF 1,000,000,000: minimum HUF 160,000/year.

For natural persons, the annual minimum membership fee is HUF 20,000/year.

The membership fee is due on 15 March in each year, in one lump sum amount.

The minimum amount of the membership fee is determined annually by the General Meeting based on the proposal of the Presidential Board. Members who join during the year are subject to a quarterly fee.

The membership fee can be paid by transfer or in cash. Otherwise, members have the same rights and obligations.

## **6. Supreme organ of the Association: General Meeting**

6.1. The supreme organ of the Association is the General Meeting. The General Meeting consists of all members and may decide in all issues concerning the Association. The General Meeting is convened by the Presidential Board to the seat of the Association or to a location specified by prior approval of the majority of the members and is chaired by the President or an appointed member of the Presidential Board (hereafter: "Chairman"). Members shall be invited to the General Meeting by sending the agenda of the meeting, so that the invitation shall be sent at least fifteen days prior to the date of the General Meeting.

The invitation shall contain the Association's name and registered address, the date and place of the meeting, the agenda. The agenda shall be indicated in the invitation in sufficient detail to enable the persons entitled to vote to formulate an opinion on the subjects to be discussed.

The Presidential Board shall further send to the members the proposals pertaining to the points of the agenda, at least eight days prior to the date of the General Meeting.

Regular General Meeting shall be held once a year on or before 31 May, and extraordinary General Meeting shall be held if requested by one-third of the members by indicating the objective and the reason of the meeting.

The Presidential Board shall call the general meeting in order to provide for the necessary measures if:

- a) the association's assets are insufficient to cover its outstanding debts;
- b) it is presumed that the association will not be able to meet its liabilities when due; or
- c) achieving the association's goals no longer appears feasible.

The General Meeting shall have quorum to pass resolutions, if at least half of the members plus one person are present. If the General Meeting did not have quorum, the reconvened General Meeting shall have quorum to pass resolutions on the issues of the original agenda, irrespective of the number of members present, provided that the members received prior information of this fact in the original invitation. The General Meeting reconvened due to lack of quorum shall be convened within eight days following the original meeting, which date may be specified in the invitation for the original General Meeting.

The General Meeting shall be opened by the Chairman, who shall propose the person of the Registrar, and of the Minutes of the Minutes, who shall be elected by a simple majority of those present.

6.2. Unless otherwise provided, the resolutions of the General Meeting shall be adopted by a simple majority of the votes casted by open voting; this rule applies relevant to voting on the managerial and representative organs.

Amendments to the articles of association of the association shall require a three-quarters majority of the members present. Modification of the purpose of the Association and the decision of the General Meeting to terminate the Association shall require a three-quarters majority of the voting members.

Valid decisions can only be taken on issues that are on the agenda.

The vote will take place after each item on the agenda has been discussed. Each member has one vote. Members of the Association shall have equal voting rights. Members may vote in favor or against and abstain from the agenda item. After the vote on each item on the agenda, the count shall count the votes and record the result of the vote, which shall be recorded in the minutes. Decisions taken as a result of the vote shall be announced by the Chairman.

The following decisions shall be subject to the exclusive jurisdiction of the General Meeting:

- adopting and amending the bylaws,
- electing the members of the Presidential Board and the Supervisory Board,
- determining the minimum amount of the membership fee,
- approving the annual budget and the report on its execution,
- approving the annual report and annual work schedule of the Presidential Board,
- making decisions relevant to cooperating with other social organizations, forming association, merging or declaring the Association dissolved,
- making decisions in all matters which are assigned to the jurisdiction of the General Meeting by the bylaws.

Decisions on amending the bylaws, setting the membership fee, electing the members of the Presidential Board and the Supervisory Board and excluding the member require a two-third majority of the votes of the present members.

6.3. With regard to the national scope of the Association, the members of the Associations may also conduct negotiations and vote -without holding General Meeting- electronically (e-mail), or by fax or mail. The Presidential Board of the Association shall send the draft resolution to the full members of the Association electronically (e-mail) or by fax or mail. The Presidential Board will request the members to exercise their voting rights by setting a reasonable deadline (at least 8 days). The members may cast their votes within the indicated time-limit electronically (e-mail) or by fax or mail. The members shall be obligated to ensure -in their own competence and at their own responsibility- that only the authorized person can exercise the voting right. The Presidential Board will aggregate the results of the votes received electronically (e-mail), or by fax or mail and communicate -in a provable manner- the decision adopted accordingly to the voters and other concerned persons. The Presidential Board shall keep record of the voting process and the announcement of the result. The printed text of the e-mails sent electronically and the documents sent by fax or mail must be attached to the records.

The resolution shall be deemed adopted if half of all members with full membership rights

(50%+1 person) casted `yes` votes.

The members are obligated to notify the Association of their phone number, fax number, e-mail or mailing address as well as of their changes.

Regular General Meeting shall be held at least once a year with personal attendance.

## **7. Representative organ of the Association: Presidential Board**

7.1. The Association is represented by the Presidential Board, which consists of 4 members elected by the General Meeting.

The General Meeting elects the members of the Presidential Board for 3 years.

The members of the Presidential Board:

László Vajányi (mother's maiden name: Margit Kuzma, address: 3866 Szemere; Arany János utca 4/c) president

György Kelemen (mother's maiden name: Berta Edit, address: 2120 Dunakeszi, Csillag utca 12. 3.) vice-president

Túri István (mother's maiden name: Julianna Rück, address: 2112 Veresegyház, Erkel Ferenc utca 24.) vice-president

dr. Illés Ádám (mother's maiden name: Marietta Éva Horváth, address: 2089 Telki, Harangvirág utca 37.) member of the presidential board

In the period between two general meetings, the Presidential Board decides in all matters that are not assigned to the exclusive jurisdiction of the General Meeting. The Presidential Board shall be obligated to report its decisions and measures at the next General Meeting.

The Presidential Board shall be entitled to assume obligations (contracts) and rights, which are borne or exercised by the Association, by reporting to and provide information to the General Meeting and the members.

The Presidential Board shall have quorum to pass resolutions if at least three members are present at the meeting. The Presidential Board will hold meetings as necessary, but at least once in every half-year. The meeting shall be convened by the President and chaired by the President or a member of the Presidential Board requested to do so. The members shall be invited to the meeting of the Presidential Board by sending the agenda of the meeting, so that the invitation shall be sent at least fifteen days prior to the date of the meeting. Other persons or entities, who/which have an interest in the decision of the Presidential Board shall be invited to the meeting separately as well, if possible.

The Presidential Board shall determine its own rules of procedure. The Presidential Board shall pass decisions by a simple majority of the votes, by open voting. If the number of votes is equal, the vote the chairman shall prevail.

7.2. The President's rights and obligations:

If the Presidential Board agrees, the President may invite persons, other than the members of the Presidential Board, to discuss with consultation right certain points of the agenda of the Presidential Board meeting.

The President shall:

- implement the resolutions adopted by the General Meeting and the Presidential Board, organize manage and control the implementation, exercise the employer`s right over the employees of the Association,
- discuss with the Presidential Board and -if necessary- submit to the General Meeting for
- decision making the Association`s Annual Report on the work performed between the annual general meetings, the assets and financial situation of the Association and the plan made for the upcoming period which sets out the tasks determined by the President and the Presidential Board and the budget,
- keep the register of the members of the Association in an up-to-date form.

### **8. Conflict of interest rules**

- No person may be the President or member of the Presidential Board
- (a) member of the Association's Supervisory Board,
- (b) receive the purpose allowance of the Association, with the exception of non-monetary services which may be made available to anyone without limitation, and of the purpose of the articles of association provided by the social organization to its members on the basis of their membership status;
- (c) a relative of the persons defined in (a) to (b).

### **9. The Association`s representation**

The Association is represented independently by the President. Two members of the Presidential Board are also entitled to represent the Association collectively. Disposing over the Association`s bank account requires the signature of the President –or if he is prevented from acting- the joint signatures of two members of the Presidential Board.

### **10. Assets of the Association, asset management**

10.1. The membership fees paid by the members and all payments made in the interest of the common goal shall constitute the assets of the Association. The assets of the Association are undividable. If membership in the Association terminates in any manner, the member shall not be entitled to any payment from the assets of the Association.

The Association shall manage its assets by using the membership fees paid by the members, other contributions made voluntarily by the members and the sums paid by external supporters. During the management of its assets the Association shall not endeavour to make profit or pursue business activities as principal activity.

The Association shall primarily use the membership fees to cover the maintenance and administrative expenses and pay the dues and taxes imposed on the Association.

10.2. The Association manages its assets based on an annual budget. The Association is responsible for its debts with its own assets; the members are only responsible for paying the due amount of the membership fee.

If the Association ceases to exist, its assets –remaining after the satisfaction of the creditors

shall be disposed over in accordance with the provisions of the bylaws or the decision of the General Meeting. The related measures shall be taken by the liquidators. If the Association was terminated by dissolution or its termination has been declared, and no provisions were made for the disposal of its assets, the assets shall be transferred into state ownership and used for public interest purposes. The method of using the assets must be published.

10.3. The Association`s operations shall be documented by keeping books pursuant to the provisions of the relevant legal regulations and closed at the end of the business year. At the end of the business year, the representative will prepare for the general meeting the balance sheet and the profit and loss report on the results of the asset management of the Association.

10.4. The Association may also engage in economic-entrepreneurial activities within the framework permitted by the legal regulations, in particular, Government Decree no. 114/1992., in order to realize and more successfully furtherance its purpose.

## **11. Other administrative and managerial organs**

### **11.1. The Secretariat, the Secretary**

If necessary, the work of the Presidential Board may be assisted by an administrative organization (Secretariat).

If a Secretariat is set up, the organizational, professional activities and the asset management of the Association will be managed by the Secretariat in line with the decisions of the General Meeting and the Presidential Board.

The Secretariat is headed by the Secretary, who is employed in full or part time. The Secretary shall report to the Presidential Board on the activities performed by him.

If a Secretariat is created, the Secretary of the Association shall be elected by the Presidential Board.

## **12. The Supervisory board**

12.1. The bylaws provide that the Association shall have a Supervisory Board of three members. The Supervisor Board is elected for three years, its members are:

Tibor Dr. Longauer (mother`s maiden name: Ilona Simon, address: 1137 Budapest, Radnóti M. u. 38.)

József Orosz (mother`s maiden name: Ilona Franczel, address: 4400 Nyíregyháza, Gém u. 43.)

Imre Held (mother`s maiden name: Mária Nehr, address: 1188 Budapest, Saláta u. 43.)

12.2. The Supervisory Board shall carry out its activities according to the applicable legal regulations in force, and determine its own rules of procedure.

As part of its tasks and responsibilities the Supervisory Board shall in particular:

- call the extraordinary meeting of the Association`s supreme body and propose its agenda, if in its opinion, the activity of the officers (management) is contrary to the law, the bylaws or the resolutions of the supreme organ, or otherwise infringes upon the interests of the Association or its members,

- review all important business-policy reports placed on the agenda of the supreme body and all proposals that concern matters assigned to the exclusive jurisdiction of the supreme body,
- prepare written memorandum on the report prepared in accordance with Act C. of 2000 on accounting (hereinafter as Accounting Act) and on the use of the after-tax profit for the supreme organ of the Association,
- control the operation and the asset management of the Association,
- check the draft balance sheet and the draft of the asset inventory,
- may request report from the executive officers and information or notification from the employees of the Association,
- may access and inspect the books and documents of the Association.

12.3. The Supervisory Board shall be obligated to notify the managerial body which is empowered to take measures and initiate its convention, if becomes aware

a) that during the operation of the Association such a legal violation occurred or an act (omission) was committed that otherwise gravely infringes the interests of the Association, the cessation of which or the elimination or mitigation of its consequences require the decision of the managerial body empowered to take measures,

b) of a fact substantiating the responsibility of the executive officers arose.

If the General Meeting is not convened at the motion of the Supervisory Board –within thirty days of making the motion- the Supervisory Board shall be entitled to convene the meeting after the passing of relevant the time-limit.

The Supervisory Board shall immediately notify the authority performing legal review, if the body in charge fails to take the measures necessary to restore lawful operation.

12.4. The supervisory board may entrust any of its members to fulfil certain supervisory tasks, or may divide supervisory duties among its members on a permanent basis. Dividing the supervisory duties does not impact the responsibility of the member of the Supervisory Board or his right to extend the supervision to other activities subject to the Supervisory Board's scope of supervision.

### **13. Operation of the Supervisory Board**

13.1. The Supervisory Board shall act as a body. The Supervisory Board shall elect a chairman (if necessary, a deputy chairman) from its members.

13.2. The Supervisory Board shall have quorum to pass resolutions if all three members are present. The Supervisory Board shall pass resolutions with a simple majority of the votes.

The members of the Supervisory Board shall act in person; representation on the supervisory board is not allowed. The member of the Supervisory Board may not be instructed in this capacity by the Association's members or by the employer.

The meetings of the Supervisory Board shall be convened and chaired by the chairman. Any member of the Supervisory Board may request in writing –by providing his reasons and objective- that the chairman convene the meeting. The chairman must arrange -within eight days of receiving the request- for convening the meeting of the Supervisory Board within a

period of thirty days. If the chairman fails to perform the request, the member will be entitled to convene the meeting.

Otherwise, the Supervisory Board shall adopt its own rules of procedure.

13.3. If the number of Supervisory Board members falls below the number set forth in the bylaws, or if nobody can convene the meeting of the Supervisory Board, then the President of the Association shall be obligated to convene supreme organ of the Association, in the interest of restoring proper operation of the Supervisory Board.

Upon the establishment of the Association the founders appoint the members of the Supervisory Board in the bylaws. Subsequently, the members of the Supervisory Board shall be elected by the supreme organ of the Association.

#### **14. Conflict of interest**

Members of the supervisory board must be of legal age and must have full legal capacity in the scope required for discharging their functions. A person who is subject to any grounds for exclusion applicable to executive officers may not hold a seat on the supervisory board, nor any person who himself or whose family member holds an executive office in the legal person.

The person who

- a) is a member of the Association`s Presidential Board,
- b) receives target related contribution from the Association, with the exceptions of non-monetary services available for anybody without strings attached and the target related contribution provided by the social organization to its members, based on the membership relationship in accordance with the bylaws – and
- c) is a relative of the persons described in points a)-b) above

shall not be president or member of the supervisory organization.

#### **15. Miscellaneous provisions**

15.1. The Association is established by court registration.

15.2. The Association does not pursue political activities. The Association is independent from political parties, does not accept contribution from political parties and does not support political parties in any form. Furthermore, the Association did not nominate or support candidates in parliamentary elections, and will not do so in the upcoming elections.

15.3. Issues not regulated in these bylaws shall be governed by the provisions of the Act V 2013 on Civil Code, and Act CLXXV 2011 on the right of association, the status of non-profit organizations and the functioning and support of civil organizations and the resolutions of the general meeting to be passed in the future.

These bylaws were adopted at the general meeting of the Association convened for 09 May 2019 and by virtue of the resolutions passed in writing on 31 August 2019

Date: Budapest, 31 August 2019

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László Vajányi in person  
President