

**ORGANIZATIONAL AND OPERATING REGULATION OF  
“CZECH-HUNGARIAN BUSINESS CLUB” (hereinafter as CHBC)**

The mission of CHBC is to support the development of 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.

**I. Based on the above, the Association`s scope of tasks is the following:**

1. Primary tasks:
  - 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, the main technical tool of which is the Website of the Association: www.....
  - 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 (CHBC Website, fax, e-mail),
2. providing trade and business related information and trade-technology consultancy services in the Czech and Hungarian context,
3. 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,
4. 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,
5. 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,
6. providing information (organization) on official and business delegations arriving from the Czech Republic and hosting receptions potentially held for businessmen,

7. developing proposals for inter-government economic negotiations concerning bilateral trade stimulation, exploring the problems of the field and elaborating solutions for such problems.

## II. Organization of the business club

The organization of CHBC (hereinafter as the Association) is made up of the following organs and officers:

1. **General Meeting** -the supreme organ of the Association. 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 and chaired by the President or a member of the Presidential Board, requested to do so.

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

- adopting and amending the bylaws and the OOR,
- electing the members of the Presidential Board and the Supervisory Board,
- determining the 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,
- 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. The decision on dissolving the Association (merger, termination) requires a two-third majority of the votes of all members.

Written minutes are taken at the General Meeting. The Minutes are kept by the Keeper of the minutes, who is recommended by the Chairman of the meeting and elected by the open voting process of the General Meeting.

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 if their phone number, fax number, e-mail or mailing address or price income changes.

Regular General Meeting shall be held at least once a year (on or before 31 May) with personal attendance.

### **Rules of voting in writing**

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.

- a. The voting shall be conducted and the full content of the proposal shall be communicated on written ballots.
- b. The written ballot must indicate:
  - the points of the agenda,
  - the full proposed resolution,
  - the answers that can be given to the proposed resolution (yes, no, I abstain),
  - the method, place and time of casting votes,
  - on the written ballot the Presidential Board requests the members to exercise their voting right by setting a reasonable deadline (at least 8 days).
- c. 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.
- d. The completed and submitted ballot is valid, if contains, in addition to the above, the following:
  - the unequivocal answer by circling, underlying or checking,
  - the time of completion,
  - the name of the person entitled to vote.
- e. Upon the expiry of the time-limit, the Presidential Board will aggregate the results of the votes received electronically (e-mail), or by fax or mail. Only the votes, which contain unequivocally `yes` or unequivocally `no` answers may be considered; in all other cases the casted votes shall be deemed invalid.
- f. The Presidential Board communicates -in a provable manner- the decision adopted as the result of the voting.
- g. Within 3 days following the deadline, President will repeatedly request in writing the member, who has not exercised the voting right until the indicated deadline, to vote.  
If the member fails to exercise his voting right at the repeated request of the President, his vote shall be forfeited.
- h. 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.

- i. The resolution is considered accepted if at least the half of the members with full membership rights (50% + 1 person) votes 'yes'.
  - j. The written votes must be kept for five years from the date of announcing the result of the voting.
  - k. Two appointed members of the Supervisory Board shall check whether the written voting had quorum, and whether it was authentic and numerically correct.
2. **Presidential Board** – The Association is represented by the Presidential Board, which consists of 5 members elected by the General Meeting. The General Meeting elects the members of the Presidential Board for 3 years.

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 chairman shall prevail.

**The President:** shall implement the resolutions adopted by the General Meeting and the Presidential Board, organize, manage and control the implementation.

The President shall exercise the employer's right over the employees of the Association. He will 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. He shall keep the register of the members of the Association in an up-to-date form.

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 Association is represented independently by the President. Two full members of the Presidential Board –elected as Vice Presidents- are also entitled to represent the Association collectively.

Disposing over the Association's bank account requires the joint signature of the President and one of the Vice Presidents or the joint signatures of the two Vice Presidents.

3. **Secretariat** (Secretary) - the work of the Presidential Board is assisted by an administrative assistant (Secretary).

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.

4. **Supervisory Board** – The bylaws provide that the Association shall have a Supervisory Board of three members. The Supervisory Board is the general controlling body of the association, which supervises the legality of the Organization's operation and asset management. The Supervisory Board is elected for three years.

The tasks and competence of the Supervisory Board:

The Supervisory Board will 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.

The Supervisory Board shall be obligated to 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.

The Supervisory Board shall prepare written memorandum on the report prepared in accordance with Act C. of 2000 on accounting (hereinafter as Accounting Act) for the supreme organ of the Association.

The Supervisory Board shall control the operation and the asset management of the Association, the drafts of the balance sheet and the drafts of the asset inventory. It may request report from the executive officers and information or notification from the employees of the Association. It may access and inspect the books and documents of the Association.

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

- 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,
- 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 passing the relevant time-limit.

The supervisory board may entrust any of its members to fulfill 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.

#### Operation of the Supervisory Board:

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

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

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 persons 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.

Supporting members of the Association may be Hungarian or foreign natural or legal persons, or their organizations without legal personality, who help the work of the Association by paying the membership fee or providing gifts, but do not want to participate in the Association as full members. Supporting members shall not have voting right at the General Meeting.

Membership in the Association terminates by the death of the member, withdrawing or exclusion.

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.

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.

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

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.

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,
- pay the membership fee.

The **supporting member** of the Association is entitled to

- attend the General Meeting with consultation right,
- make proposals in connection with the operation of the Association,
- use the services of the Association,

The supporting member of the Association is obligated to

- comply with the Association`s Bylaws and resolutions,
- support the goals of the Association,
- 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.

The amount of the **membership fee** is determined by the General Meeting on an annual basis, on the basis of the proposal of the Presidential Board.

The membership fee is due on 15 March in each year, in one lump sum amount. Subsequently, the membership fee is determined annually by the General Meeting based on the proposal of the Presidential Board. The membership fee can be paid by transfer or in cash.

## **V. Conflict of interest**

The person who

- is a member of the Association`s Presidential Board,
- 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 – or
- is the relative of the persons described in points above.

shall not be president or member of the supervisory organization.

## **VI. Miscellaneous provisions**



- a. The expression “in written form” appearing in the Regulation means the classic form of written documents and does not include electronic documents. Written documents (memoranda, reports, program plans, recommendations, proposals etc.) can be sent to the competent person by mail, fax or in person. All documents must be sent to the competent person via e-mail.
- b. 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.
- d. Issues not regulated in this Regulation shall be governed by the Bylaws and the legal regulations in effect.
- e. The Presidential Board is entitled to amend this Regulation under the provisions of the Bylaws.

Budapest, 20 February, 2009

..... the president of the organization

..... member of presidential board

..... member of presidential board

..... member of presidential board

..... member of presidential board