

## **CXXI of 1999**

### **Act on Economic Chambers**

In order to reduce the States role in the economy, it is necessary to have certain associated public duties fulfilled by economic organizations in the form of self-governing public corporations. In order to promote and encourage the due observation of the rights and lawful interests of social organizations operating on the basis of the right of association; the improvement, development and overall advancement of the economy; integration with the European Union; and regional development projects, Parliament - in recognizing the right of economic associations to self-administration - has adopted this Act on chambers of economy:

#### ***Chapter I***

#### **INTRODUCTORY PROVISIONS**

##### *Section 1.*

This Act shall apply to economic organizations having a registered office or branch office in the Republic of Hungary; chambers of economy; and, in respect of exercising the rights to represent interests, economic interest representation organizations.

##### *Section 2.*

For the purposes of this Act,

a) „economic organization” means business associations, sole proprietorships, professional associations, companies of certain legal entities, corporate subsidiaries, Hungarian branch offices of foreign-registered companies, cooperatives (excluding housing cooperatives), private entrepreneurs and agricultural producers eligible for agricultural and regional development subsidies;

b) „member” means an economic organization that agrees to voluntarily assume the rights and obligations afforded by membership and has been granted membership and registered as such by a chamber of economy;

c) „activities of craftsmen” means the activities registered in the list of crafts and trades, including artistic crafts, in due consideration of the assets, turnover volume and size of an economic organization; the number and qualifications of its employees; the nature of production, commercial or service operations; and the participation of members of the economic organization in daily operations;

d) „agricultural and forestry activities” means agricultural and forestry activities, commercial fishing and hunting, including processing, trading and service activities directly related to the above-specified activities, and the activities of organizations established by agricultural operators for marketing their products;

e) „nationwide economic interest representation organization” means a social organization formed under the Right of Association Act for representing economic interests, including the union of such organizations, with members recruited from at least 10 counties or Budapest;

f) „natural person vested with powers of representation” means a member of a private entrepreneur (stockholder), executive officer or employee of an economic organization, furthermore, the employee and a contributing family member of a private entrepreneur;

g) „chamber of economy” means a regional chamber of economy or a national chamber of economy;

h) „regional chamber of economy” means a county (or metropolitan) chamber or a city chamber in cities with county-level rights, other than county seats.

## ***Chapter II***

### ***CHAMBERS OF ECONOMY***

#### **General Rules for Chambers of Economy**

##### *Section 3.*

(1) Chambers of economy are public corporations (Section 65 of the Civil Code) that are established by economic organizations under the provisions of this Act. As prescribed by another act, chambers of economy shall have the right to register as primary non-profit organizations.

(2) Chambers of economy are self-governing bodies operating - in accordance with the provisions of this Act, other legal regulations, and their charter - for the purpose of promoting the development and organization of the **country's** economy, fair market practices, and of enforcing the general and common interests of those engaged in business activities.

(3) Chambers of economy shall be of the following type:

a) chamber of commerce and industry, or

b) chamber of agriculture.

No other type of chamber of economy shall be allowed. Duties common to economic organizations engaged in agricultural and forestry activities and to economic organizations engaged in commerce, industrial activities, and crafts and trades shall be carried out by the chambers of agriculture and the chambers of commerce and industry, respectively.

(4) Carrying out the duties of a chamber of economy shall not affect the implementation of freedom of association and, in particular, shall not restrict the right of social organizations to freely determine the objective of their activities in accordance with the provisions of the Right of Association Act.

##### *Section 4.*

(1) Regional chambers of economy shall operate in the counties, in cities with county-level rights other than county seats, and in Budapest.

(2) The chambers of economy in the counties, in cities with county-level rights other than county seats, or in Budapest may merge; the new chamber's area of competence shall be the same as that of the merging chambers.

(3) Chambers of economy may be established in the counties, in cities with county-level rights other than county seats, and in Budapest through the division of a chamber of economy established as described in Subsection (2) above.

#### *Section 5.*

A chamber of economy shall be entitled to establish local branches, as stipulated in its charter.

#### *Section 6.*

(1) The chambers of commerce and industry and the chambers of agriculture must establish the Hungarian Chamber of Industry and Commerce and the Hungarian Chamber of Agriculture, respectively, with nationwide jurisdiction.

(2) The national chambers of economy shall be entitled to use the coat of arms of the Republic of Hungary.

#### *Section 6/A.*

Chambers of economy shall be registered by the competent county (Budapest) court responsible for the place where they are established in accordance with the regulations governing the registration of non-governmental organizations.

### **Termination of a Regional Chamber of Economy**

#### *Section 7.*

(1) A regional chamber of economy shall be terminated

*a)* upon merging with another chamber of economy;

*b)* by division into two or more chambers of economy,

*c)* when its active membership drops below the minimum defined in its charter. The minimum number of members stipulated in the charter shall not be less than ten members.

*d)* if declared dissolved by court order under Paragraph *d)* of Subsection (3) of Section 28.

(2) A chamber of economy created by merger shall be the general successor of the merging chambers.

(3) The decision on division shall also provide for the distribution of assets. The rights and obligations of the chamber of economy shall devolve to the constituent chambers as legal

successors in proportion to the distribution of assets. The successor chambers shall bear joint and several liability for a period of five years for any debts of the predecessor chamber that were unknown at the time assets were distributed and for the debts assumed by any successor chamber that cannot be collected.

(4) When a chamber of economy is terminated for the reason stipulated in Paragraph *c*) of Subsection (1) above, its general successor shall be the relevant national chamber of economy. This successor chamber of economy shall continue to provide chamber services, by appointing another chamber of economy if necessary.

## **Membership in Regional Chambers of Economy**

### *Section 8.*

(1) Membership in a chamber commences when the applying economic organization is registered as a member. Registration may be rejected solely on the grounds defined under Subsection (5).

(2) Membership in a chamber of economy shall entail the right, to be exercised by way of a natural person vested with powers of representation:

*a*) to be elected as a delegate, member of the chamber's organs or chairman (deputy chairman) of the chamber;

*b*) to hold an office in the chamber;

*c*) to attend the congress of delegates of the national chamber of economy as a delegate, and to elect - by way of proxy - the organs and the chairman and the officers of the national chamber of economy from among the members of the chamber;

*d*) to obtain the free and other services of the regional chamber of economy and industry provided according to this Act and the charter of the national chamber of economy and industry.

(2a) The basic services the chamber is required to provide free of charge to economic operators registered in the chamber's records are as follows:

*a*) advice in economic, financial, taxation and credit matters;

*b*) finding new business partners;

*c*) monitoring tender announcements.

(3) Members of chambers of economy shall have the following duties

*a*) pay membership fees;

*b*) observe the provisions set forth in the chamber's charter and other self-administration rules.

(4) Membership in a chamber of economy shall be terminated

*a)* if the economic organization is dissolved without legal successor, or the private entrepreneur terminates his activities,

*b)* if the economic organization cancels its membership by the last day of the calendar year,

*c)* by expulsion for any repeated and/or serious violation of membership obligations,

and when removed from the register.

(5) The membership of an economic organization, if terminated under Paragraph *c)* of Subsection (4), shall not be renewed for a period of one year from the date of the official decision on termination or, if reviewed by court, from the definitive date of the court ruling.

### **Chamber Registration of Economic Operators**

#### *Section 8/A.*

(1) Economic operators whose registration in the register of companies is mandatory and private entrepreneurs shall - within five working days after admitted to the register of companies or after registration is carried out upon receipt of the notification under specific other legislation - apply, with the exception set out in Subsection (2), for registration in the regional chamber of economy of competence referred to in Subsection (2).

(2) Economic operators whose principle activity includes the business activity referred to in Paragraph *d)* of Section 2, and agricultural producers are not required to apply for registration as under Subsection (1), whereas economic operators engaged in the pursuit of other economic activities as their principal activity shall apply to the local chamber of economy and commerce for registration. Agricultural chambers shall not maintain the register referred to in Subsection (1); Subsection (2a) of Section 8, Paragraph *b)* of Subsection (1) of Section 34 and Section 34/A shall not apply to agricultural chambers.

(3) Chamber registers shall contain the following particulars or economic operators:

*a)* name;

*b)* registered office;

*c)* fixed establishment(s);

*d)* branch(es);

*e)* principal activity;

*f)* activities actually performed;

*g)* classification according to the Act on Small and Medium-sized Enterprises and the Support Provided to Such Enterprises.

(4) In the interest of chamber registration the economic operator is required to fill out the chamber data sheet, indicating the particulars referred to in Subsection (3), execute it and submit it to the regional chamber of economy specified in Subsection (2) by way of electronic means or on paper, and to pay the chamber contribution defined in Section 34/A.

(5) The regional chamber of economy, if it finds that the economic operator is not listed in the chamber register, shall advise the economic operator to fulfill such obligation within five working days. In the event of non-compliance with the notice, the regional chamber of economy of jurisdiction by reference to the economic operator's principal activity shall register the economic operator in question and shall take measures for the collection of the chamber contribution.

(6) In the event of termination of an economic operator, or upon any changes in its particulars shown in the chamber's records, the economic operator shall notify the competent regional chamber of economy within five working days for removal from the register or for updating the records. The above-specified procedures for removal from and updating the records are executed free of charge.

(7) The particulars of economic operators shown in the chamber records are considered public information. The detailed regulations on electronic registration, on maintaining the register and on the information supplied voluntarily in addition to those under Subsection (3) shall be laid down in the charter of the national chamber of economy.

### ***Chapter III***

#### ***DUTIES OF CHAMBERS OF ECONOMY***

##### **Duties of Regional Chambers of Economy in Connection with Economic Development**

###### ***Section 9.***

In connection with the development of the economy, the chambers of economy shall

a) promote the development of the infrastructure for economic activity, to which they shall devote a part of their revenues as defined in their charter and allocated for such purpose;

b) promote the realization of objectives that have a substantial effect on the development of the economy and are effective at the level of the national economy that lie outside of direct entrepreneurial interests, for which reason they shall take part in the preliminary stages of the decision-making process concerning economic growth and policies, and shall cooperate with agencies of the central and local governments, and with economic interest representation organizations;

c) provide information regarding Hungarian and foreign legal regulations concerning economic matters and information on the economic policy decisions and measures affecting the activities of economic organizations, and promote the development of economic cooperation;

*d)* participate in the preparation and execution of the chapters of regional development plans and programs concerned with the development and improvement of the economy;

*e)* discharge the duties conferred upon them under Act LXXVI of 1993 on Vocational Training and in its implementing decree in collaboration with nationwide economic interest representation organizations, and shall organize and execute the training and examination of master craftsmen.

*Section 9/A.*

(1) This Act provides facilities - in connection with the development of the economy - to chambers of economy

*a)* in order to improve the conditions of international trade, take part in disseminating economic information and publicity related to the development of commerce in foreign countries or from Hungary to foreign countries, and in Hungary for foreigners and coordinate the activities of economic organizations related thereto, notably by organizing fairs, exhibitions, conferences and other events of the like;

*b)* to participate in discharging the duties of providing information and training in connection with Hungary's accession to and membership in the European Union affecting economic organizations and certain sectors, excluding the types of training where the chambers are vested with powers of control, including to draw up methodological guides for filing applications, to provide information on funds available from the European Union and the pertaining conditions, on Community laws concerning certain trades and professions, on other acts of Community institutions and on the decisions of the European Commission;

*c)* to provide assistance to economic organizations in connection with their activities relating to standardization, quality control and industrial property rights, and to provide methodological aid and support for such activities and for training and further training on these fields;

*d)* to gather economic, technical, environmental and legal information from national, European Union and international sources, and to organize and make them available to economic organizations underlying their decisions.

(2) In accordance with the provisions of other laws, chambers of economy shall participate in the preparation of decisions related to the utilization of government funds and budget subsidies allocated for the objectives related to the duties stipulated in Subsection (1) of this Section and in Section 9, furthermore, chambers of agriculture shall participate in the organization of agricultural consulting and in obtaining aid available by way of tender, furthermore, regional chambers of agriculture shall evaluate the work of counselors they have engaged by contract, and shall notify the minister in charge of the agricultural sector of the outcome of such evaluation as well as a summary report once a year.

(3) In addition to what is contained in Subsections (1) and (2), chambers of agriculture shall also have the duty of providing consulting services to economic organizations in connection

with subsidies available for agricultural and regional development objectives, including - if requested - to provide assistance in filling the necessary application forms.

## **Duties of Regional Chambers of Economy Related to the Security of Business Transactions**

### *Section 10.*

(1) In order to establish, preserve and improve the security of business transactions and the fairness of market practices, chambers of economy shall

*a)* issue and authenticate documents and certificates of origin pertaining to goods, as well as other documents required for commercial transactions;

*b)* compile and publish business practices;

*c)* develop a code of ethics regarding fair market practices and fair business-to-consumer commercial practices together with economic interest representation organizations, monitor enforcement of such rules, as well as the provisions pertaining to the prohibition of unfair market practices and unfair business-to-consumer commercial practices as set forth in the Act on Unfair Market Practices and in the Act on the Prohibition of Unfair Business-to-Consumer Commercial Practices; issue warnings to member economic organizations violating the chamber's code of ethics and publish such warnings in the cases and in the manner stipulated therein; while, in respect of conduct violating the regulations on the prohibition of unfair competition or unfair business-to-consumer commercial practices, they may initiate the appropriate measures to be taken by the competent body. In the event of any conduct violating the code of ethics, the chambers of economy may convey an indication and warning to persons outside the chamber;

*d)* issue a resolution of warning to member economic organizations violating any industrial property rights or copyrights and publish such warnings in the cases and manner stipulated in the code of ethics;

*e)* issue warnings to member economic organizations engaged in economic activities contrary to consumer interests and thereby violating or jeopardizing the reputation of a larger group of economic organizations, and publish such warnings in the cases and manner stipulated in the code of ethics; and, furthermore, for more serious cases or repeated offenses, chambers may initiate measures to suspend the activities of such offenders for a specific period; if an economic organization's activity also has a detrimental impact on a broad range of consumers or is of a substantial magnitude, legal action may be initiated against such member to enforce the civil law claims of consumers;

*f)* cooperate with the consumer protection authority and the Office of Economic Competition, which shall notify the relevant chambers of economy of the final and binding resolutions it passes;

*g)* operate qualification and certification systems;



*h)* initiate, at their discretion, oversight proceedings pursuant to Act CXLV of 1997 on the Registration of Companies, Public Company Information and Court Registration Proceedings (hereinafter referred to as “CRA”), and may request the tax authority to terminate the private entrepreneur’s activities;

*i)* operate the arbitration boards in accordance with Act CLV of 1997 on Consumer Protection;

*j)* take part in handling the damage claims of economic organizations relating to quality and shipping in international trade.

(2) If the court or the Hungarian Authority of Corporate Competition issues a non-appealable decision establishing a violation of the provisions pertaining to the prohibition of unfair competition as stipulated in the Act on Unfair Market Practices, the chamber of economy may publish the decision of the court or the market competition oversight committee.

(3) The court or registry and the notary contacted by a chamber of economy under Paragraph *h)* of Subsection (1) shall conduct the appropriate proceeding and shall notify the chamber in writing concerning the outcome.

## **Enforcement of the General Interests of the Economy**

### *Section 11.*

(1) In order to enforce the general and joint interests of those pursuing economic activities, chambers of economy shall

*a)* assist in drafting legal regulations pertaining to economic organizations by providing proposals, opinions and information and help to develop Government and local government programs and measures in concert with public interests related to the development and organization of the economy, the security of business transactions, and the fairness of market practices;

*b)* gather data in accordance with the provisions of the Act on Statistics in the interest of providing adequate background for the proposals, opinions and information described in Paragraph *a)*, and prepare and publish analyses of economic processes on the basis of such data.

(2) In the course of fulfilling the duties stipulated in Subsection (1), chambers of economy shall initiate the enforcement of the right of enterprise and the freedom of economic competition, the amendment or repeal of legal regulations and measures preventing or restricting the market economy from functioning, the enactment of the requisite legal regulations and measures required for changing such circumstances.

(3) The ministers designated by the Prime Minister and the national chambers of economy shall hold a conference at least twice a year concerned with laws and regulatory concepts affecting a broad spectrum of economic organizations.

(4) The company information and electronic company registration service and the registrar of private entrepreneurs shall provide online access to the national chambers of economy to the data treated as public information under the CRA and the Act on Private Entrepreneurs, upon payment of network use charges, in order to discharge their public duties and to maintain the chamber records referred to in Section 8/A and the register referred to in Subsection (1) of Section 31.

(5) Chambers of economy shall be entitled, upon payment of service charges, to obtain information from the official records on economic organizations to the extent necessary to fulfill their public duties and to prepare the analyses referred to in Paragraph *b)* of Subsection (1).

### **Duties of National Chambers of Economy**

#### *Section 12.*

(1) The national chambers of economy shall attend to the following duties:

*a)* evaluate and comment on economy-related propositions and legislative bills;

*b)* maintain contact with the national organizations of foreign chambers of economy, and international economic organizations;

*c)* coordinate the manner in which the chambers of commerce disseminate economic information and publicity in foreign countries, from Hungary to foreign countries, and in Hungary for foreigners;

*d)* organize events showcasing the Hungarian economy;

*e)* develop a uniform system for registering members in chambers of economy;

*f)* draft a code of ethics containing the rules of ethics governing unfair market practices;

*g)* participate, in accordance with the provisions of other laws, in the work of national councils and bodies.

*h)* lay down the principles for dividing the central subsidies provided for the fulfillment of public duties among the regional chambers of economy;

*i)* draw up the self-administration rules providing a single platform for the fulfillment of public duties conferred upon the chambers;

*j)* convey an opinion on whether a standard term in a consumer contract should be treated unfair, unless the standard contract conditions in question is prescribed mandatory by law.

(2) National chambers of economy shall operate Permanent Arbitration Tribunals. The Hungarian Chamber of Commerce and Industry shall provide for the operating conditions of the Permanent Arbitration Tribunal that proceeds in matters concerning international commerce, and elect and dismiss the arbitrators.

(3) The charter of a national chamber of economy may confer additional duties upon the national chamber in question.

(4) Chambers of agriculture and the Agricultural Chamber of Hungary shall have the right to operate Mediation Councils in connection with agricultural, rural and regional development and fisheries subsidies provided under Community or national competence, concerning eligibility and the related rights and objects of property, and to assist the parties affected to reach an agreement. Proceedings in front of the Mediation Council are opened upon request. The Agricultural Chamber of Hungary shall establish the operating procedures, the rules of proceedings and the procedures for the payment of fees for the Mediation Council.

#### *Section 13.*

(1) The chambers of economy - including national chambers - shall perform the duties described under Sections 9-12 for all economic organizations subject to the exceptions stipulated in Paragraphs c)-e) of Subsection (1) of Section 10.

(2) National economic interest representation organizations shall cooperate with chambers of economy in carrying out the public duties described under Sections 9-10 and Section 12.

#### *Section 14.*

Chambers of commerce may not represent professional, employers' or employees' interests.

### ***Chapter IV***

## ***ORGANIZATIONAL STRUCTURE OF CHAMBERS OF ECONOMY***

### **Self-administration**

#### *Section 15.*

Chambers of economy shall exercise their right of self-administration as stipulated in their charter.

Charters of Chambers of Economy

#### *Section 16.*

(1) The charter of a chamber of economy shall, within the framework of this Act, specify the following:

a) the chambers name and registered office,

b) the principle rules pertaining to the chambers organization, the operation of its organs, and its officers;

c) the duties of the various divisions, sections, local and other branches, and any organizational units; and the manner in which they operate and associate with the chambers other organizations;

- d)* the manner of cooperation with national interest representation organizations, and the detailed regulations thereof;
- e)* without prejudice to the provisions of this Act, the minimum number of members, the rights and obligations of members, and the manner and detailed rules concerning the admission of new members;
- f)* the detailed regulations on maintaining the voting register and the list of members,
- g)* the amount of membership fees, the method of calculation and terms of payment,
- h)* the detailed rules for the election of delegates;
- i)* the detailed rules for the appointment of delegates to the congress of the national chamber of economy;
- j)* the number and types of chamber sections, the order in which they are convened and resolutions are adopted, as well as the manner for ascertaining their economic importance,
- k)* the number of congressional delegates and executive board, supervisory committee, and ethics committee members;
- l)* the procedure for electing and dismissing the chairman (deputy chairman) of the chamber; members of the board, the supervisory committee, and the ethics committee; and other elected officers;
- m)* the grounds, frequency and manner of mandatorily convening the congress,
- n)* the matters vested under the exclusive jurisdiction of the congress in addition to those specified by this Act;
- o)* the rules regarding the manner in which the executive board is convened and conducted and resolutions are adopted;
- p)* the matters to be decided by a two-thirds or more majority, in addition to those specified by this Act;
- q)* the powers of the chairman (deputy chairmen), and the rules concerning the transfer of such powers in specific cases;
- r)* the manner of approving the chamber's annual budget and annual report (balance sheet);
- s)* the definition of conflicts of interests as regards chamber officers, in addition to those stipulated by this Act.

## **Congress of Regional Chambers of Economy**

### *Section 17.*

(1) The supreme body of a chamber of economy is the Assembly of Deputies, elected by economic organizations listed in the voting register from among chamber members.

(2) The following shall fall within the exclusive jurisdiction of the congress:

*a)* drafting and amending the charter and other rules of self-administration of the chamber of economy;

*b)* determining the chamber's annual budget, and decisions on the approval of the annual report (balance sheet);

*c)* election and dismissal of the chairman (deputy chairmen) of the chamber as well as the board, supervisory committee, and ethics committee members (regular and substitute), and to determine the remuneration of officers;

*d)* decision to merge with, or demerge from, another regional chamber;

*e)* other matters referred to the exclusive jurisdiction of the congress by the charter.

#### Section 18.

(1) The congress shall convene at least once each year or as often as stipulated in the charter. The congress shall also convene if requested in writing by at least one fifth of the delegates, indicating the reason and purpose thereof.

(2) The congress shall be convened by the chairman of the chamber, unless otherwise provided in the charter.

(3) The congress shall have a quorum if more than one half of the delegates are present. If the congress fails to reach a quorum, the reconvened congress shall have a quorum regarding the original agenda items, regardless of the number of delegates present. The congress shall pass its resolutions by a simple majority vote.

(4) The following issues shall be decided by a two-thirds majority of the delegates present:

*a)* approval or amendment of the charter and other self-administration rules and regulations;

*b)* merger with or demerger from another chamber;

*c)* decisions that affect the autonomy of a division;

*d)* decisions on other matters as stipulated in the charter.

(5) In respect of specific matters, the size of the majority prescribed in Subsection (4) above may be increased by the charter.

### **Congress of National Chambers of Economy**

#### *Section 19.*

(1) The supreme organ of a national chamber of economy is the congress from the chambers of economy.

(2) The following shall fall within the exclusive jurisdiction of the congress of the national chambers of economy:

*a)* drafting and amending the charter, other self-administration rules, and the code of ethics of the national chamber of economy;

*b)* to lay down the general rules concerning membership dues, determining the part of the revenues of the chambers of economy to go to the national chamber of commerce;

*c)* election and dismissal of the chairman (deputy chairmen) of the chamber as well as the board, supervisory committee, and ethics committee members;

*d)* initiating the collection of statistical data pursuant to the disclosure requirement at the agency competent for the specific type of data;

*e)* election and dismissal of arbitrators on the Permanent Arbitration Tribunal;

*f)* other matters referred to the exclusive jurisdiction of the national chamber of economy by the chambers of economy.

(3) The provisions of Section 18 shall apply to the decision-making of the congress of a national chamber of economy.

### **The Executive Board**

#### *Section 20.*

(1) The executive board is responsible for overseeing the operations of the chamber of economy in periods between congresses in accordance with the resolutions of such congresses. The executive board is a chamber organ.

(2)

### **The Chairman**

#### *Section 21.*

(1) The chairman shall independently represent the chamber of economy. As defined in the charter, the chairman can, in specific instances or with respect to specific categories of affairs, transfer his authority in writing to the Deputy Chairman or Secretary General.

(2) The number of deputy chairmen in a chamber of economy shall be determined in its charter.

(3) The charter may grant authority to the deputy chairmen to represent the chamber of economy in general or in specific matters.

## **The Supervisory Committee**

### *Section 22.*

- (1) The General Assembly shall elect a supervisory committee with at least three members. The supervisory committee shall function as a body of the chamber and shall have its chairman elected from among its members.
- (2) The supervisory committee shall examine whether the activities and financial management of the chamber of economy comply with legal regulations and the chambers charter and other self-administration rules. The supervisory committee shall also examine the proficiency of financial management.
- (3) The supervisory committee may request the chambers officers and administrative organization to provide all of the data and information, and it may have access to all of the documents necessary for fulfilling its duties.
- (4) The supervisory committee shall have the chambers finances audited by an independent auditor at least once each year.
- (5) The congress may decide on the annual budget of the chamber of economy and the annual report (balance sheet) only after consulting with the supervisory committee.
- (6) The supervisory committee shall report to the congress; no instructions may be given to its members in respect of fulfilling their duties.

### *Section 23.*

- (1) The supervisory committee shall notify the executive board to take proper measures in order to bring the activities and financial management of the chamber of economy into compliance with legal regulation, the chambers charter and other self-administration rules, and the principles of good business.
- (2) If the executive board fails to comply with such notice, the supervisory committee shall move to convene the congress.
- (3) The chairman of the supervisory committee shall convene the congress, if the chairman fails to meet this obligation.

## **The Ethics Committee**

### *Section 24.*

- (1) The ethics committee shall fulfill the chamber of economy's duties as defined in Paragraphs *c)-f)* of Subsection (1) of Section 10, with the exception of determining the code of ethics. The officers of a chamber of economy shall take part in the activities of the ethics committee when necessary. The ethics committee shall function as a body of the chamber and shall have its chairman elected from among its members.

(2) The chairman of the ethics committee shall represent the chamber of economy within the scope of the committees duties. The chairman may, in specific instances or with respect to specific categories of affairs, transfer his authority in writing to committee members.

The Secretary and Administrative Organization of the Chamber.

*Section 25.*

(1) The secretary and the general secretary shall be the director of the administrative unit of the chamber of economy and the national chamber of economy, respectively, and shall be employed by the chamber. No other designation can be used for the directors of the administrative units.

(2) The secretary (general secretary) shall exercise employer's rights in respect of the employees working in the administrative organization of the chamber of economy.

(3) The executive board shall exercise employer's rights concerning the establishment and termination of employment and the amendment of labor contracts in respect of the secretary (general secretary), while the chairman shall exercise other employer's rights.

**Other Organs and Organizational Divisions**

*Section 26.*

(1) The regional chambers of commerce and industry shall, within the framework of this Act, consist of divisions for commerce, industry, and handicrafts and trades. The chambers of agriculture shall consist of separate divisions according to sector and trade requirements. In order to fulfill its duties, a chamber of economy may set up additional organizational units. In this case, the duties of such organizational units and the manner in which they associate with other working units of the chamber shall be specified. The charter of a chamber of commerce and industry may contain provisions - in due observation of the election periods - for creating other divisions in addition to what is required under this Act.

(2) Chambers of agriculture shall consist of a minimum of 3 and a maximum of 12 sections each.

**Requirements for Chamber Delegates, Members of Chamber Organs and Officers, Conflict of Interest**

*Section 27.*

(1) The officers of a chamber of economy are:

a) the chairman and deputy chairmen;

b) chairman of the supervisory committee;

c) chairman of the ethics committee.

d) the general secretary and the secretary.



(2) Unless otherwise provided for by this Act, the elected delegates, members of chamber organs, and chamber chairman (vice-chairman) shall

*a)* be of legal age;

*b)* be Hungarian citizens, person having the right of free movement and residence in accordance with specific other legislation, or foreign citizens holding a work permit or those allowed to work in Hungary without a permit; and

*c)* be a member (stockholder), executive officer or employee of an economic organization that is a member of the chamber;

*d)* have satisfied the obligations entailed by membership;

*e)*

(3) The following persons may not be elected members of the supervisory committee:

*a)* members of the executive board;

*b)* the secretary of the chamber of economy,

*c)* persons working in the administrative organization of the chamber of economy who are employed by the chamber or have another work-related legal relationship with it;

*d)* close relatives and spouses (Paragraph *b)* of Section 685 of the Civil Code) of the persons specified under Paragraphs *a)*-*c)*.

(4) Persons with appropriate qualifications - other than members of the chamber - may be elected supervisory committee members. Persons with appropriate qualifications - other than delegates of chambers of economy - may also be elected members of the supervisory committee of a national chamber of economy.

(5) A person

*a)* under guardianship restricting or precluding legal competency;

*b)* who is precluded from participating in public affairs by a final court verdict;

*c)* who is incarcerated;

*d)* undergoing mandatory institutional medical treatment ordered by verdict in a criminal proceeding, and

*e)* who has a conflict of interests, as stipulated in another law

may not be elected as a delegate or a member of a chamber organ.

(6) No office may be held in a chamber of economy by persons who

*a)* cannot be elected as delegates in accordance with Subsection (5);

- b)* have no permanent or customary residence in Hungary, and
- c)* are in public service;
- d)*

## **Oversight**

### *Section 28.*

(1) The competent district attorneys' office shall oversee the chambers of commerce in accordance with the provisions of specific other legislation governing district attorneys, subject to the exceptions laid down in this Act. Oversight shall not extend to the Permanent Arbitration Tribunal or to matters subject to court proceedings or falling under the administrative jurisdiction of the relevant bodies.

(2) The competent district attorneys' office exercising oversight shall oversee as to whether the chamber of economy's

*a)* charter, other self-administration rules and regulations, or any amendment thereof are in compliance with legal regulation;

*b)* operation and decisions violate any legal regulation, the charter or other self-administration rules and regulations.

(3) The district attorneys' office shall be entitled to file for court action if the legitimacy of a chamber of economy's activities cannot be otherwise ensured. The court

*a)* shall nullify the chamber's unlawful resolution and, if necessary, order that a new resolution be passed;

*b)* shall convene the chamber's General Assembly in order to restore legality of operations;

*c)* shall, in the event of repeated or serious infringement, suspend the operating rights of certain bodies of the chamber, and shall appoint a supervising commissioner for the time required. The court shall specify the duties of the supervisory commissioner and shall prescribe a time limit to restore legitimacy, and may appoint a new supervisory commissioner replacing the previous one. The supervisory commissioner shall be subject to civil liability for any damages he may have caused in this capacity;

*d)* shall declare the chamber, exclusive of the national chamber of commerce, dissolved if lawful operations cannot otherwise be ensured.

(4) The supervisory commissioner shall, in order to restore the legality of operations, forthwith convene the chamber's General Assembly. If the court has suspended the chairman or the executive board from office, the supervisory commissioner shall take over matters requiring urgent attention, which otherwise fall within the competence of the chairman or the executive board.

(5) Upon the initiative of the district attorneys' office, the court shall declare a chamber terminated when its active membership drops below the minimum defined in its charter.

(6) In the event the chamber is declared dissolved or terminated, it shall cease to exist on the operative date of the court decision ordering the chamber to be removed from the register. The court shall designate a general successor for a chamber it has declared terminated.

*Section 29.*

## **Election Rules**

*Section 30.*

(1) The economic organizations listed in the voting register shall elect the chamber delegates (regular and substitute) in divisions and sections in chambers of commerce and industry and chambers of agriculture, respectively. The economic organizations shall exercise their voting rights through the persons listed in the voting register. Each economic organization is entitled to one vote in each chamber election.

(2)

(3) All economic organizations shall be assigned

*a)* to a division in chambers of commerce and industry;

*b)* to a section in chambers of agriculture according to sectoral and trade requirements.

(4) The economic organizations assigned to a division or section according to Subsection (3) shall elect a number of delegates (regular and substitute) corresponding to the economic importance of their respective division and section. The number of delegates (regular and substitute) elected by individual divisions and sections shall be governed in the charter of the regional chamber of economy.

*Section 31.*

(1) All chambers of economy shall compile and maintain a voting and membership register of economic organizations arranged by division in chambers of commerce and industry and by section in chambers of agriculture. The register shall specify the registration number, name, address and scope of activities of the economic organizations, along with the name(s) of the person(s) authorized to vote on behalf of each economic organization. The register of members shall indicate the name, address and scope of activities of the member, the original date of membership and the name(s) of person(s) authorized to represent the economic organization in matters related to membership. The register of members shall comprise an integral part of the voting register.

(2)

(3) Chamber members shall be entitled to request their transfer, effective the last day of the calendar year, to another division in chambers of commerce and industry or to another section in chambers of agriculture as of the first day of the following calendar year.

(4) If an economic organization does not wish to exercise its voting rights, or if it is engaged in commercial and industrial activities or agricultural and forestry activities and would like to exercise voting rights in another type of chamber of economy as of the first day of the coming calendar year, such economic organization shall be entitled to request termination of its voting rights and be removed from the voting register as of the last day of the current calendar year.

(5)

#### *Section 32.*

(1) The chamber of economy cannot refuse registration when an economic organization applies to be included in the voting register.

(2) The chamber of economy shall specify in its charter the organ appointed to make available the electoral and membership registers to all persons concerned in the central offices or customer service department of the chamber.

(3)

(4) Any objection concerning the voting register and/or the register of members shall be communicated to the organ of the respective chamber of economy while on display. If the chamber organ in question finds the objection unsubstantiated, it shall, within 3 days of receiving the objection, convey the matter to the municipal court of the county, or, if in Budapest, to the Central District Court of Pest.

(5) The court shall resolve the objection without litigation within 3 days of receiving it. If the court finds the objection substantiated, it shall order the voting register and/or the register of members to be corrected, or it shall reject the motion if it is found to be unsubstantiated. The decision of the court may not be appealed.

(6) The court shall communicate its decision to the designated organ of the chamber of economy and the economic organization that filed the objection on the day the decision is made.

#### *Section 33.*

(1) Delegates of a chamber of economy, members of chamber organs, and the chairman and other officers shall be elected for a term of four years and may be re-elected.

(2) Delegates of a chamber of economy, members of chamber organs, and the chairman and other elected officers may be removed by the organ that elected them.

### ***Chapter V***

### ***FINANCIAL RESOURCES OF CHAMBERS OF ECONOMY***

#### *Section 34.*

(1) Chambers of economy shall cover their operating expenses, including what is required to fulfill their public duties, from the following resources:

- a)* membership dues;
- b)* chamber contributions;
- c)* fees received for services provided;
- d)* revenues generated by their business associations;
- e)* other revenues, including voluntary contributions;
- f)* aid received as designated in the act on the annual budget.

(2) The budgetary subsidies received under Paragraph *f)* of Subsection (1) for the fulfillment of the public duties of chambers of commerce shall be appropriated by decision of the Congress of Delegates of the Hungarian Chamber of Commerce and Industry, the objective, method and control shall be fixed in an agreement between the minister in charge of economic policies and the Hungarian Chamber of Commerce and Industry.

(3) The chambers shall give account annually concerning the appropriation of budgetary subsidies to the body vested with powers to control the respective chapter, who shall be obligated to check the appropriation and efficiency of the budgetary subsidies.

(4) Public duties may be transferred to chambers of economy if they are able to achieve better results in terms of cost efficiency than chambers of other organizations.

#### **Chamber Contribution**

##### *Section 34/A.*

(1) Economic operators are required to pay chamber contribution so as to enable the chambers to discharge their public functions.

(2) The amount payable as chamber contribution shall be 5,000 forints per year.

(3) The chamber contribution shall be paid by 31 March of the year to the regional chamber maintaining the relevant chamber records. Chamber members shall be entitled to deduct the amount of chamber contribution from their membership dues.

(4) The detailed regulations for the payment of chamber contributions shall be laid down in the charter of the national chamber of economy.

(5) Unpaid chamber contributions shall be treated as outstanding public dues. The state tax authority shall enforce unpaid chamber contributions as taxes.

(6) Of the amount referred to in Subsection (2), 10 per cent shall be retained by the national chamber of economy, and the remaining 90 percent by the competent regional chamber. The regional chamber shall transfer the sum due to the national chamber of economy by 30 April of the year.

## **Formation of Companies**

### *Section 35.*

(1) With the exceptions set out in Subsection (2), chambers of economy shall not engage in gainful, for-profit production, commercial or service activities, nor shall it be a member of or acquire shares in, any business associations that do.

(2) In order to fulfill the public duties that require business activities, a chamber of economy may establish a business association, and shall use all after-tax profits from business operations only for the fulfillment of public duties.

(3) A chamber of economy may participate or acquire shares in a business association only if its liability is limited to its financial contribution. The chamber of economy and its business association referred to in Subsection (2) may not obtain a loan that is large enough to jeopardize its ability to fulfill the public duties, may not issue bills and other forms of debt securities, may not use the subsidies received from any subsystem of the central budget as collateral for a loan or to pay off a loan, and must invest its free funds only in securities guaranteed by the State.

## **Judicial Review of Resolutions of Chambers of Economy**

### *Section 36.*

(1) Members of a chamber of economy may request judicial review of resolutions adopted by any organ of the chamber that violate the provisions of this Act, other legal regulations, or the chambers charter or other self-administration rules. Chambers of economy shall be entitled to request judicial review of any unlawful resolutions passed by an organ of a national chamber of economy.

(2) Prior to filing for legal action, a member of the chamber or a chamber of economy must notify the supervisory committee of any violation of the law within thirty days of becoming cognizant of an unlawful resolution or within six months of the date on which such resolution was passed. Failure to comply with the latter deadline shall result in forfeiture of right.

(3) The supervisory committee shall state its position in writing within thirty days of being notified.

(4) A member of the chamber or a chamber of economy shall file a lawsuit against the chamber or the national chamber, respectively, within thirty days of the announcement of the supervisory committee's position or within thirty days of the deadline described in Subsection (3), if such deadline passes without result. Filing a lawsuit shall have no delaying force, although the court may suspend execution of the resolution.

(5) There is no excuse for failure to comply with the deadline specified in Subsection (4). The general provisions of the Civil Procedure Act shall apply to all other matters related to court proceedings.

## ***Chapter VI***

### ***RULES GOVERNING RIGHTS TO REPRESENT ECONOMIC INTERESTS***

#### **Consultation on Proposals Dealing With Economic Issues**

##### *Section 37.*

(1) The national chambers of economy and the national economic interest representation organizations concerned shall be consulted prior to submission to the Government of proposals concerning economic organizations and their economic activities that are for legislation, program approval, and taking comprehensive measures or that are otherwise important (hereinafter referred to as „economic proposals”).

(2) The member of the Government submitting the proposal or, if the proposal is submitted by another organ or person entitled thereto, the latter shall provide for the implementation of the provisions stipulated in Subsection (1).

(3) If the decision on an economic proposal falls within the Minister’s jurisdiction, the provisions on economic proposals submitted to the Government shall be duly applied.

(4) The economic interest representation organizations and chambers of economy located in the territory of a local government must be consulted before an economic proposal is submitted to the representative body of that local government.

(5) Chambers of economy need not be consulted on proposals that affect only the interests of those in a particular trade or the interests of employers or employees.

(6) The mayor, the chairman of the representative body’s committee, or another organ or person entitled to submit a proposal shall provide for the implementation of the provisions stipulated in Subsection (4).

(7) If an association composed of economic interest representation organizations expects to be consulted, the party submitting the proposal is not obliged to consult the members of the association.

(8) If the opinion of an economic interest representation organization or a chamber of economy differs substantially from that of the party submitting the proposal, the proposal shall include a provision to notify the Government, the Minister or the representative body regarding such difference of opinions. The national chamber of economy and the national economic interest representation organization concerned shall be informed on the refusal of opinions submitted in connection with an economic proposal, with the reasons also indicated.

## ***Chapter VII***

## ***POWERS OF CONTROL GRANTED TO THE STATE AUDIT OFFICE***

*Section 38.*

### ***Chapter VIII***

## ***TRANSITIONAL PROVISIONS***

*Section 39.*

(1) The Hungarian Chamber of Crafts and Trades and the chambers of crafts and trades shall merge into the Hungarian Chamber of Commerce and Industry and into the chambers of commerce and industry, respectively, as of 31 March 2000; the chambers of crafts and trades - including the national chamber - shall be dissolved, and the successors of such chambers shall be the chambers of commerce and industry and the Hungarian Chamber of Commerce and Industry.

(2) The duties of the Hungarian Chamber of Crafts and Trades and of the regional chambers of crafts and trades, as defined by Act XVI of 1994 On Chambers of Economy and the government decrees issued as authorized by this Act, shall be assumed by the Hungarian Chamber of Commerce and Industry and by the chambers of commerce and industry, respectively, as of 31 March 2000.

(3) The rights and obligations of the Hungarian Chamber of Crafts and Trades, in connection with chamber duties, as defined in international conventions and in contracts concluded by the Hungarian Chamber of Crafts and Trades with foreign chambers of economy (commerce), shall be transferred to the Hungarian Chamber of Commerce and Industry as of 31 March 2000.

(4) As of 31 March 2000, in order to provide for the proper representation of economic organizations engaged in crafts and trades in the congress of chambers of commerce and industry and in the Hungarian Chamber of Commerce and Industry, and in the various organs of such, the crafts and trades division shall be entitled to 33 per cent voting rights until the first charter following the entry of this Act into force has been approved.

(5) The delegates exercising the voting rights stipulated in Subsection (4) above shall be chosen from among the delegates elected in the chambers of crafts and trades in elections held in the crafts and trades division.

*Sections 40-41.*

*Section 42.*

Unpaid annual membership fees levied by regional chambers of economy for the period ending 31 October 2000 shall be deemed public debts, which the chamber of economy shall collect in the manner of taxes - in compliance with the relevant provisions of the Act on the Rules of Taxation - pursuant to a definitive resolution fixing the payment obligation that serves as the basis for attachment. The unpaid membership fees, which were originally



payable to chambers of crafts and trades, shall be collected by the chambers of commerce and industry after 31 March 2000.

## ***Chapter IX***

### ***MISCELLANEOUS AND CLOSING PROVISIONS***

#### ***Section 43.***

(1) Only the chambers of economy regulated in this Act, and the trade chambers regulated in separate acts are entitled to use the word „chamber” in their names.

(2) The designation “chamber” may be used by non-governmental organizations

*a)* established by a national chamber of economy referred to in Subsection (1) alone or jointly with one or more foreign chambers, or

*b)* established alone by a foreign chamber, with the approval of the national chamber of economy consistent with the type of activities in which the non-governmental organization is engaged,

in order to perform activities related to chamber duties. Entitlement to use the above-specified designation in their names shall be verified by the founding chamber. In the case of foreign founders, it must be proved that the founder is entitled - in accordance with its own law - to use the word “chamber.

#### ***Section 44.***

(1) This Act, with the exceptions stipulated in Subsection (2), shall enter into force on 1 November 2000.

(2) Sections 26-33 and 39-47 shall enter into force on 31 March 2000. Sections 48-54 shall enter into force on the day this Act is promulgated.

(3)-(4)

#### ***Section 45.***

(1) The economic operator existing at the time of the entry into force of Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations (hereinafter referred to as “Act CLVI/2011”) shall apply for chamber registration within sixty days from 1 January 2012 in accordance with Subsections (1)-(3) of Section 8/A.

(2) Chambers of economy shall provide for the public availability of the particulars contained in the chamber records of economic operators as of 1 June 2012.

#### ***Section 46.***

Any reference in legal regulations to regional chambers of commerce and economy, regional chambers of crafts and trades, the Hungarian Chamber of Commerce and Industry or the

Hungarian Chamber of Crafts and Trades shall be construed, as of 31 March 2000, as chambers of commerce and industry and the Hungarian Chamber of Commerce and Industry.

*Section 47.*

The Arbitration Tribunal that operates in conjunction with the Hungarian Chamber of Commerce and Industry and proceeds in matters concerning international commerce shall subsequently be referred to as the Arbitration Tribunal of the Hungarian Chamber of Commerce and Industry without any changes in its organizational and procedural structure. In contracts in which the Arbitration Tribunal of the Hungarian Chamber of Crafts and Trades is granted jurisdiction, it shall be transferred to the Arbitration Tribunal of the Hungarian Chamber of Commerce and Industry once this Act enters into force. Cases handled by the Arbitration Tribunal of the Hungarian Chamber of Crafts and Trades that are pending when this Act enters into force shall be concluded according to the procedural order in effect at the time they were initiated.

*Section 48.*

(1) Chambers of economy shall not transfer ownership of real estate, vehicles or business shares prior to 31 October 2000; nor shall they encumber such assets or allow their non-profit companies to do so. Furthermore, chambers of economy shall not establish any non-profit company prior to 31 October 2000; nor shall they acquire any business shares in such; increase the subscribed capital of such unless expressly prescribed by law, or approve any increase of capital when holding majority interest or majority voting rights.

(2) This prohibition shall not apply to

a) transfer-of-ownership contracts that have already been concluded and submitted to the competent authority;

b) any transfer of ownership for the purpose of satisfying a lien.

(3) Chambers of economy shall remain under obligation until 31 October 2000 to fulfill all public duties and administrative duties referred to their authority by legal regulation.

*Section 49.*

The implementation of this Act shall be supervised by an appointed government official until the special chamber elections have been held. The Government is hereby „authorized to decree the authority and jurisdiction of such official.

*Section 50.*

The Government is hereby authorized to decree continuance in matters of public administration that are now handled by chambers of economy without legal mandate.

*Section 51.*

*Section 52.*

Once this Act has been „promulgated, agricultural „smallholders and small-scale „producers may apply to be „admitted and listed in the voting register and/or in the register of voluntary members.

*Sections 53-54.*