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## 성공적인 투자진출을 위한 TIP



### 법인설립 시 전문가 이용 필수

모든 제출서류가 헝가리어로 되어 있으며 법규에 명시되지 않은 부분이 있어 절차가 갑자기 중지되는 경우를 대비하여 반드시 헝가리인 변호사나 회계사를 이용하여 법인설립 절차를 진행해야 한다.



### 장기비자 취득에 장기간 소요됨을 감안

통상 1년 이상 체류가 가능한 장기 비자를 발급 받으려면 약 2개월 이상이 소요되며, 재외 헝가리 대사관을 통해서 발급을 받아야 한다. 우리 기업인 입장에서 보면 영어로 의사소통이 안 되기 때문에 많은 시간과 노력이 투입되며 투자를 하고서도 당장 한국인 직원을 투입할 수 없는 애로사항이 있다.



### 헝가리 행정관청의 행정조치 지연

투자관련 행정업무 시 서류보완 안내 불충분, 심사 지연 혹은 중앙 정부와 지방정부간 관할 모호로 투자자들이 불편을 겪는 경우가 많다. 헝가리 정부에서 무역투자진흥청(ITDH)에 원스톱 서비스 센터를 설치하여 개선되고는 있으나 아직까지는 미흡한 상황이다.



### 계약서는 확인, 또 확인

사무실, 공장, 주택 계약 시 구두 상으로 협의할 때는 문제가 없었으나 막상 계약서를 작성할 때 이상한 조항이 들어가 있는 경우가 많다. 외국인은 영어, 헝가리어 계약서를 동시에 작성하는데 분쟁이 있을 경우 헝가리어 계약서가 우선하므로 헝가리어 계약서에도 주의를 기울여야 한다.

## I. 투자 여건

### 1. 투자 환경

#### ■ 서구대비 낮은 임금의 우수한 인적자원

- EU 가입 등의 영향으로 임금이 상승하였으나 서유럽 국가 대비 임금이 저렴한 편임
  - 독일은 시간당 27유로, 헝가리는 시간당 4유로 수준
- 12명의 노벨상 수상자(이 중 10명이 물리, 화학, 의학 부문 수상)를 배출할 정도로 우수한 인적자원 보유

#### ■ 사통팔달의 지리적 이점

- 유럽 중부에 위치하면서 7개국과 국경을 접하고 있는 물류 입지로서의 강점을 지녔음
- 최근 EU가 불가리아, 루마니아 등 발칸 쪽으로 확대되면서 발칸진출의 교두보로서 부각되고 있음

#### ■ 다국적기업 제조업 투자 활발

- EU 가입으로 폴란드, 체코, 슬로바키아 등과 함께 유럽의 공장지로 자리매김
  - Fortune 500대 기업에 선정된 대부분의 다국적기업이 주로 제조업 분야에 진출
- 헝가리 정부는 서비스 분야 전략적 투자유치에 점차 큰 비중
  - 물류, 서비스 센터, R&D센터 유치 투자인센티브 강화 추세

■ 단기투자는 전자 및 자동차, 장기투자는 서비스 분야가 유망

- 전자 및 자동차 제조 다국적 기업들의 생산기지
  - 아우디, 스즈끼, 오펔 등 자동차 기업 및 주요 전자기업들이 진출해 있으며, 최근에는 R&D 기능 추가 추세
- 향후 서비스 분야 투자 유망
  - 지리적 환경을 이용한 물류센터, 풍부한 고급인력을 활용하는 다국적기업 콜센터, 공동서비스 센터, IT 서비스센터 등 분야 유망

## 2. 주요국별 대 헝가리 투자동향

■ 지역 기준으로는 유럽이 단연 압도적 비중

- 유럽국가들의 투자가 403억 8,800만 달러로 전체의 84.51% 점유율을 보이고 있는데 특히 독일의 비중이 30%에 육박할 정도로 막대함
- 유럽 다음으로는 최근 미국의 투자 증가세로 북미의 점유율이 높아졌으며, 아시아가 그 뒤를 잇고 있으나 점유율 5% 미만 수준

### <대헝가리 국별 외국인투자>

(단위: 백만 유로, %)

국 명	FDI 누계	
	금 액	점유율
독일	14,150	29.61
네덜란드	7,291	15.26
오스트리아	5,262	11.01
프랑스	2,168	4.55

국 명	FDI 누계	
	금 액	점유율
영국	2,122	4.54
미국	2,089	4.37
룩셈부르크	1,991	4.17
노르웨이	994	2.08
벨기에	942	1.97
일본	893	1.87
스페인	843	1.76
핀란드	816	1.71
이태리	791	1.66
스위스	765	1.60
스웨덴	743	1.55
리히텐슈타인	378	0.79
한국	310	0.55
<b>총 계</b>	<b>47,788</b>	<b>100</b>

주) 도착기준, 1990년 이후 누계치(2006년 국가별 통계는 잠정치 적용)

자료원: MNB(Hungarian Central Bank)

## ■ 서비스업, 제조업 투자 위주 외국인 투자 추세

- 산업별 통계를 보면 서비스업 비중이 누계 기준 52.9%, 제조업 비중이 41.2%에 달할 정도로 두 분야에 대한 투자가 절대적인 비중을 차지함
- 제조업 중에서는 자동차 관련 투자가 가장 많고 전기·전자 관련 분야가 다음 순위를 기록할 정도로 큰 비중
- 서비스업 중에서는 부동산 및 사무관련 서비스가 가장 높은 비중을 차지했으며 그 다음으로 금융, 유통, 물류 분야 순으로 높은 비중

# <주요 산업별 외국인 직접투자>

(단위 : 백만 유로, %)

산업	FDI 누계	
	금 액	비 중
총 계	48,246	100
농림수산	194	0.4
제조업	19,399	41.2
□□식품·음료·담배	2,270	4.7
□□섬유·직물	354	0.7
□□기계	1,214	2.5
□□전기·전자·광학	3,876	8.0
□□자동차	4,684	9.7
에너지	1,710	3.5
건축·건설	393	0.8
서비스	25,500	52.9
□□유통	4,641	9.6
□□숙박·요식	341	0.7
□□물류	4,594	9.5
□□금융	6,131	12.7
□□부동산·사무	9,515	19.7

주) 도착기준, 1990년 이후 누계치(2006년 통계는 잠정치 적용)

자료원: MNB(Hungarian Central Bank)

## II. 투자유치 제도

### 1. 투자유치 정책

#### ■ 투자유치 정책

- 외국인투자는 1990년 이후의 경제 재건에 중요한 역할을 하여 생산성 향상, 기술 발전, 고용 창출 등 경제적 인프라를 다지는 데 초석이 된 것으로 평가됨
- 1991년 외국인투자 지분에 관계없이 신고제로 전환하였으며, 1998년 외국인의 은행 및 보험회사 설립과 운영에 대한 규제를 대폭 완화하는 등 서비스 분야 외국인투자 유치에도 총력
- 역대 헝가리 정권들은 외국인투자 유치를 주요 정책으로 추진해 왔으며, 최근 중동부유럽 국가들 간 투자유치 경쟁이 심화됨에 따라 신규 투자유치는 물론 기존 외국인투자기업의 재투자 유치에도 중점을 두고 있음

#### ■ 투자유치 관련 법률

- 1988년에 공포된 법률 24호에 의거 외국인투자 유치 요건 및 절차를 구 동구권 국가 중 가장 먼저 제정, 시행
- 투자유치 인센티브 관련 내용은 정부시행령 85/2004와 EU 규범 및 가이드라인 준수
- 기타 외국인투자 유치 관련 주요 법규는 공정거래법(The Competition Law, 1990), 기업회계법(The Account Law, 1991), 노동법(Labor Code, 1992)과 관련 시행령 등이 있음

## ■ 투자유치 중점 분야

- 단순히 인건비만을 고려한다면 헝가리는 인근의 크로아티아, 루마니아, 불가리아 등과 경쟁 불가능
- 우수한 인력을 기반으로 한 IT, 전자, 자동차, R&D 등 고부가가치 제조업 관련 분야 투자유치에 중점
- 최근에는 주변국에 비해 고급인력이 풍부한 점을 이용한 다국적기업 콜 센터, 공동서비스 센터, IT 서비스 및 R&D 센터 설립도 추진

## 2. 투자 인센티브

### ■ 투자유치 인센티브 정책

- 헝가리 정부는 2000년부터 외국인투자에 대한 우대조치를 폐지하여 내국인과 외국인을 동등하게 대우함
- 그러나 외국인투자 유치가 제조업 중심에서 서비스업 중심으로 전환되고 민영화 과정이 완료됨에 따라 외국인투자자들이 폴란드, 체코, 슬로바키아 등으로 투자 지역을 전환하게 되자 기존 투자 인센티브의 강화 법안을 시행함
- 2004년 5월부터는 EU 가입으로 EU 규범을 따르게 됨에 따라 예외적인 투자 인센티브 제공이 어렵게 되었으나 규범 내 가능한 범위에서 인센티브 제도를 유지하고 있음

### ■ 투자 인센티브 주요 내용

- 법인세 16%로의 감면, 재투자 시 세전이익의 25%까지 감면, 직원연수 및 R&D에 대한 세금감면 등

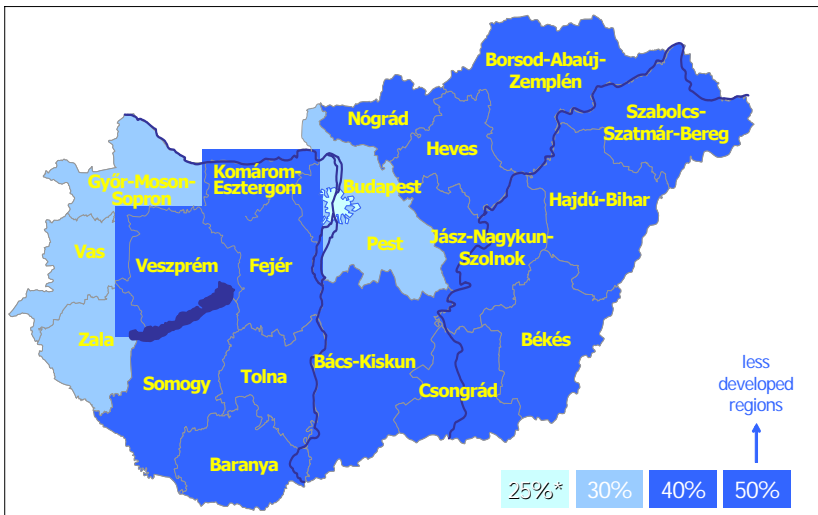


- 세금감면은 10년까지 가능(최대 14년까지 연장 가능), 세금 감면율은 법인세의 최대 80%까지, 정부지원금은 총 투자액의 50% 한도

## ■ 지역별 투자인센티브 상한제

- 헝가리는 지역별 집적도에 따라 차별적인 인센티브 상한선 설정
- 정부 시행령에서 별도로 정한 바에 따라 지역별로 투자 자본의 일정 비율까지만 인센티브 제공 가능
- 상한비율은 지역별 개발 정도에 따라 차별화되는데 낙후지역일 수록 높은 인센티브 지급가능 상한선 설정
- 다만 중소기업에 의한 투자, R&D 혹은 환경보호 관련 분야 투자는 지역별 상한 비율에 적용을 받지 않고 50% 이상 인센티브 수혜 가능

<지역별 인센티브 상한 비율>



주) 인센티브 상한 25% 지역은 2011년부터는 10% 상한선 적용 예정  
 자료원: 헝가리 무역투자청

## ■ 투자 금액대별 인센티브 상한선

- EU 규정을 준수하면서 지급 가능한 투자 금액대별 인센티브 상한선 및 투자금액은 아래와 같음

투자 금액 구간	인센티브 상한선 기준 지급가능 비율
~5,000만 유로	100%
5,000만~1억 유로	50%
1억 유로 이상	34%

- 예시) A기업이 부다페스트(25% 상한 지역)에 1억4천만 유로 투자 시

투자 금액 구간	해당 금액	인센티브 지급가능 상한선
~5,000만 유로	5,000만 유로	25%(25%의 100%)
5,000만~1억 유로	5,000만 유로	12.5%(25%의 50%)
1억 유로 이상	4,000만 유로	8.5%(25%의 34%)

## ■ Special Incentive Package 시행

- 투자유치 중점분야 대규모 투자에 대해 Special Incentive Package 로 탄력적 대응
- 헝가리 정부와의 Special Incentive Package 협상을 통해 맞춤형 인센티브 지원 수혜 가능
- 중점 분야별 Special Incentive Package 해당 요건은 아래와 같음

중점분야	금액기준	투자금액 구간	신규고용 창출 하한	
			개발지역	낙후지역
제조업	2,500만 유로 이상	5,000만 유로 이상	100명	50명
	1,000만 유로 이상*	1,000만~5,000만유로	50명	25명
서비스 센터	2,500만 유로 이상	5,000만 유로 이상	100명	50명
	1,000만 유로 이상*	1,000만~5,000만유로	50명	25명
	* 별도 조건 : 급여총액 2년간 1000만 유로 이상			
물류센터	2,000만 유로 이상 1,000만 유로 이상*	• 금액과 관계없이 10명 이상 • 급여총액 2년간 1000만 유로 이상		

주) \* 타 EU 보조금 미 수혜 시 해당 기준

자료원: 헝가리 무역투자청

- 해당 기업이 해당 양식을 기재, 증빙 첨부 후 헝가리 정부에 제출시 정부에서 이를 건별로 심사하여 인센티브 규모를 결정

## ■ R&D 분야 투자에 대해 금전적, 비금전적 인센티브 강화

- 헝가리 정부는 R&D 분야에 대한 인센티브 수혜 요건 완화 시행
- 헝가리 정부와의 협상을 통해 Special Incentive Package 수혜 가능한 기본 요건은 아래와 같음

금액기준	투자금액 구간	신규고용 창출 하한	
		개발지역	낙후지역
2,500만 유로 이상 1,000만 유로 이상*	5,000만 유로 이상	100명	50명
	1,000만~5,000만 유로	10명	10명

주) \* 타 EU보조금 미 수혜 시 해당 기준

자료원: 헝가리 무역투자청

- 'Research Center'에 1억 포린트(40만 유로) 이상 투자할 경우 조세 인센티브 수혜 가능

- R&D 활동 시 'National Office for Research and Technology' 지원

## ■ 기타 인센티브 관련 주요사항

- EU 보조금 활용 기회 부여

- 프로젝트를 개발할 경우 EU 보조금을 활용할 수 있는데, 해당 프로젝트는 'New Hungary Development Plan(국가개발계획)'과 연계된 것이어야 함

- 기타 세제 인센티브

- 이윤 재투자 시 세액 공제, R&D 비용에 대한 법인소득세 및 Solidarity Tax 공제 등 혜택 부여

- 고용 창출 및 종업원 교육 훈련에 대한 보조금 수혜 가능

- 인센티브 상한선(50%)을 적용받을 정도의 낙후 지역, 고등 교육기관 및 헝가리 과학원에 30억 포린트(1,200백만 유로) 이상을 투자하는 경우 개발 조세 인센티브(Development Tax Allowance) 수혜 가능

- 환경 보호나 브로드밴드 인터넷 서비스 분야 투자금액 1억 포린트(40만 유로) 이상 투자 시 인센티브 수혜 가능

- 식품위생, 영화 및 비디오 제작, 신규 고용창출 사업의 경우에도 인센티브 수혜 가능

- 기타 인센티브 수혜절차

- 개발 조세 인센티브(Development Tax Allowance), 환경보호 및 인터넷 사업 관련 인센티브는 재무부(Ministry of Finance)의 승인이 필요함
- R&D, 영화 산업 인센티브 등 일부 인센티브는 별도의 신청절차 없이 회계 결산 시 법인소득 과세표준에서 공제

### Ⅲ. 법인 설립

#### 1. 법인 형태

##### ■ 주요 법인형태

- 헝가리 회사법(Companies Act)에 의하면 법인 형태는 합명회사(Unlimited partnership/헝가리약어 kkt.), 합자회사(Limited partnership/Bt.), 합작기업(Joint enterprise), 유한회사(Limited liability company/kft.), 주식회사(Limited company/Rt.)로 구분
- 외국인의 경우에도 어떤 형태의 기업이든 설립이 가능하나 1인 소유가 가능하고 법인 등록, 운영절차가 간단하며 최소자본금 규모가 작은 유한회사(kft.)를 선택하는 경우가 일반적임

##### ■ 합명회사(Unlimited partnership/kkt.)

- 조합원들이 무한 공동책임을 지는데, 조합원들이 반드시 회사의 일원으로 등록되어 있지 않아도 됨
- 최소자본금이 별도로 정해져 있지 않으며, 별도로 명시하지 않으면 모든 조합원들이 회사를 대표할 수 있고 특정 조합원을 대표로 별도 명시할 경우 위임 권한은 엄격히 제한됨

##### ■ 합자회사(Limited partnership/Bt.)

- 조합원 중 적어도 1인은 무한책임을 지며, 유한 조합원은 자기 자본투입분에 해당하는 만큼의 책임을 짐
- 헝가리 회사법(Companies Act)에 의해 대표 조합원만이 경영이 가능함

## ■ 합작기업(Joint enterprise)

- 부분적 혹은 전체가 외국인에 의해 소유되어 있는 합작투자(Joint venture) 기업을 지칭
- 기업의 부채가 자본보다 많은 경우 조합원들은 자기 투자지분의 비율만큼의 책임을 지며 자본금 제한은 없음
- 이사회(Council of director)가 최고 결정기관이며, 1년에 한 번씩 회의를 개최할 의무가 있음. 이사들은 합작기업의 운영을 책임지며 대외적으로 대표로 활동할 수 있음

## ■ 유한회사(Limited liability company/kft.)

- 법인 설립 시 정해진 투입자본금으로 설립
- 개인 단독으로도 법인 설립이 가능하고, 조합원들은 균등한 책임을 지며 배당, 의결 시 우선권을 행사할 수 있음
- 조합원들은 법인 부채에 대한 변제 의무가 없으며 주식 공모(public offering)에 불응할 수 있음

## ■ 주식회사(Limited company/Rt.)

- 일반적인 주식회사의 형태로 주주들은 지분만큼 배당, 의결 등의 우선권 행사 가능
- 각 주당 액면가가 존재하며 각 주주들은 각자 지분만큼 책임을 짐

## ■ 유한회사와 주식회사 비교

<유한회사와 주식회사 비교>

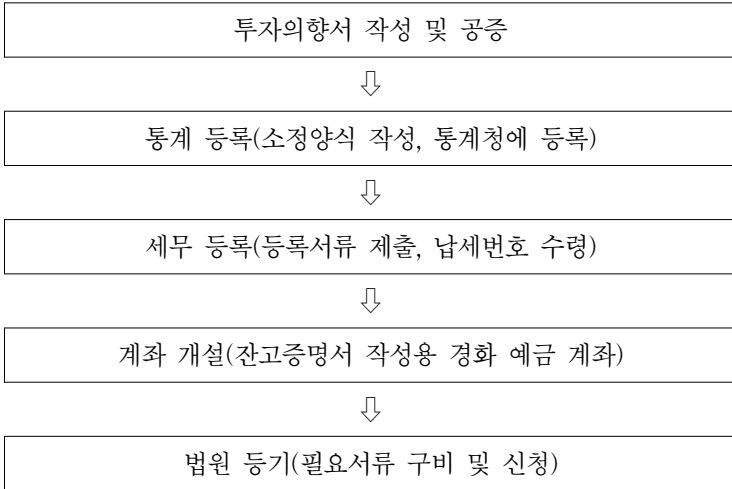
구 분	유한회사	주식회사
최고 의결기구	1인 혹은 다수의 대표	3~11인으로 구성된 이사회
최소 자본금	□□법정 자본금: 3백만 포린트 (1만2천 유로) □□납입자본금: 자본금의 30% 혹은 1백만 포린트(4천 유로) 중 큰 금액	□□법정 자본금: 2천만 포린트 (8만 유로) □□납입자본금: 자본금의 30% 혹은 1천만 포린트(4만 유로) 중 큰 금액
감독 기구	자본금이 5천만 포린트 이하이거나 상근 종업원 수 200인 이하 경우 불요	□□3~15인으로 구성 □□상근 종업원 수 200인 이상의 경우 감독기구 구성원의 1/3은 종업원이 선출
회계 감사	자본금이 5천만 포린트 이상이거나 지분소유자가 1인인 경우 선임 필수	필수

## 2. 법인 설립 절차

### ■ 설립절차 개요

- 헝가리에서는 별도의 투자 허가가 필요하지는 않으며 소유권에 관계없이 모든 사업체는 지방 법원(Country Court)에 등록해야 함
- 1996년 1월부터는 등록서류가 불충분할 경우 회사 등록이 거부될 뿐 아니라 변호사의 자문을 반드시 받도록 규정되고 있음
- 등록 서류는 필히 헝가리어로 작성해야 하며 외국어 작성은 불허
- 현지법인 설립 절차는 아래와 같음





#### ■ 투자의향서(Deed of Foundation) 작성

- 통일된 양식은 없고 회사설립의 기본골격을 기록하면 되나 반드시 공증 필요
- 특히 "견본서명(Specimen of Signature)" 3부를 별첨시켜야 함
- 일반적으로 기재해야 할 사항은 회사명 및 주소, 주주의 성명 및 주소, 회사 영업의 범위, 자본금 규모 및 납입방법, 기타 회사형태별 기재 필요사항 등

#### ■ 통계 등록

- 통계등록을 위해서는 통계청(KSH/Central Statistical Office)에서 소정양식을 수령, 필요사항을 기재하여 세무 등록 시 확인 도장을 받아 통계청에 제출
- 유한회사와 주식회사는 설립 자본금과 회사구조에 대해 각각 1부씩 작성

## ■ 세무 등록

- 투자 의향서 및 통계등록이 끝난 후 세무등록에 필요한 소정양식과 함께 제출함
- 접수시 바로 국세청(APEH/ Financial Audit Office National Directorate)에서 납세번호를 부여함
- 사회보장제 등록은 사회보장 담당기관(Social Security Directorate)에 별도 등록함

## ■ 잔고증명서 작성 관련 계좌 개설

- 계좌 개설 시에 외환 집중제를 실시하고 있으나 외국인투자 시 투자 자본의 예치를 위한 "Primary Stock Deposit Account" 허용
- 예치금의 매각 의무는 없으며, 설비수입 및 대외 경화 지불의 무용으로 사용 가능함
- 현지화(HUF) 및 외화 계좌 개설 가능

## ■ 법원등기

- 서류로는 등록신청서(소정양식) 1부, 설립의향서 1부, 견본서명(Specimen of Signatures) 3부, 파트너 명부, 회사 대표자 명부, 은행의 설립자본금 납입증명서 등 서류 필요
- 준비서류는 헝가리어로 매우 상세한 내용까지 작성해야 하며 설립의향서의 공증일로부터 38일 이내(유한회사), 68일 이내(주식회사)에 제출
- 금융업 등 일부 업종을 제외하고 투자에 대한 사전승인 불필요

### 3. 법인설립 시 참고 사항

#### ■ 법인설립 비용

- 비용은 등록비용과 변호사 수수료, 공시 비용, 공증 비용, 번역 비용 등 기타 비용으로 구분
- 법인형태별 등록비용
  - 상장 주식회사: 60만 포린트(2,400유로)
  - 비상장 주식회사: 8만 포린트(320유로)
  - 유한회사: 10만 포린트(400유로)
  - 합자회사, 합명회사: 5만 포린트(200유로)
- 변호사 수수료
  - 변호사 수수료는 법률회사에 따라 천차만별이며, 많게는 4,000~5,000유로까지 요구하므로 선임 시 각별히 주의 필요
  - 계약에 따라 상이하나 평균 2,000~3,000유로(부가세 포함) 지불
- 공시 비용
  - 공시 비용(Publication Fee)은 등록 시 등록비용 외에 지불
  - 초기 투자액과는 상관없이 유한회사와 주식회사 모두 균일하게 25,000포린트(100유로)
- 공증 비용
  - 공증비용(Notary Public Fee)은 회사 설립 서류 중 회사 대표자의 서명(Specimen of Signature)을 공증할 때 지불

- 각 서명 건당 1,500 포린트(6 유로)이며 3부를 공증해야 하는데, 대부분 변호사들이 추가로 2부를 더 요구하므로 5부 공증

※ 한국에서 공증(영문)이 필요한 서류는 사업자등록증, 등기부 등본, 법인인감증명(단 도장이 아닌 서명으로 대체)

#### ● 번역 비용

- 모든 서류는 헝가리어로 작성
- 헝가리어 이외에 작성된 서류를 헝가리어로 번역시 지불

#### ■ 법인설립 소요기간

- 소요기간: 변호사 지정 후 약 50일 정도
- 각 절차별 소요기간은 아래와 같음
  - 투자의향서 작성: 3일
  - 통계 등록: 2일
  - 세무등록: 2일
  - 계좌개설: 1일
  - 법원등기: 30~39일

#### ■ 연락사무소 설립

- 법인 설립절차 동일
  - 유한회사 등 타 형태의 법인들과 마찬가지로 법원등록이 이루어져야 하는 법인 설립절차 동일
  - 현지 매출 미발생 조건으로 영업행위 수행 가능

## ● 타 형태 법인설립과 차이점

- 반드시 외국 회사에 의해 설립(내국인 설립 불가)
- 최소 자본금 규정 미적용
- 자본금은 외국회사에서만 조달
- 종업원도 대표가 가능
- 설립자가 부채에 대해 무한 책임
- 등록비용(25만 포린트)과 공시 비용(1만 4,000 포린트) 상이

## ■ 유한회사 설립 시 유의 사항

### ● 변호사 선임 시 사전조사 철저

- 헝가리에서 법인 설립 시 변호사 선임이 필수인데 주의 필요
- 비용이 천차만별인데 설립비용을 일정액으로 책정하는 경우가 있고, 변호사가 회사 설립에 필요한 서류의 준비 시간을 계산하여 시간당 비용을 곱해 청구하는 경우도 발생
- 시간당 비용청구는 변호사가 Associate, Junior, Senior Partner 등으로 나뉘므로 이 등급에 따라 차등가격이 제시됨(Associate는 시간당 100 유로, Senior Partner는 시간당 200 유로 이상 등으로 책정)
- 양질의 서비스와 적정한 변호사 비용을 지불하기 위해서는 몇몇 사무실을 접촉하여 부수적인 법률 서비스와 비용 조사 필요

### ● 회계감사 제도 유의

- 유한회사의 경우 초기 자본금이 5천만 포린트(20만 유로) 이상인 경우 회계감사 필수

- 그러나 회사의 대표자가 1인인 경우 자본금에 관계없이 회계 감사 필요

- 세무보고

- 회계사 또한 변호사와 마찬가지로 선임하여야 하며, 세무보고를 일정 기간 내에 하지 않을 경우 과태료 부과
- 회사 설립의향서와 그 외 서류 등을 변호사가 지방법원(Municipal court of Registry)에 제출 시 법인등록 번호가 부여. 마지막 설립 허가가 결정되기 전까지 기간 동안은 Pre-company로 활동 가능하므로 동기간에도 세무보고 필요 유의

## IV. 조세 제도

### 1. 법인세

■ 법인세는 1년마다 산정, 연간 소득신고서 제출과 동시에 법인세 납부

■ 법인 세율

- 의무적으로 16% 법인세율이 적용되고, 배당 소득에 대해서는 별도로 20%의 추가 법인세(Dividend Tax) 부과
- 2005년부터 은행 등 금융기관에 대해서도 24% 부과
- 헝가리 내에서 등록 없이 영업활동을 하는 외국 기업은 헝가리에서 얻은 소득 중 50%가 과세 대상소득으로 간주

■ 과세표준 산출 기준

- 과세표준은 기업 결산에 따른 이윤
- 헝가리에 등록된 사무소를 갖고 있는 외국인 기업에 대한 과세평가액은 현지 법인소득과 제반 영업활동 비용 간 차액으로 산정
- R&D에 직접적으로 사용된 비용 및 로열티 수입 50%에 대해서는 법인소득 공제 가능

■ 과세면제

- 비영리 법인이거나 법인이 당해 회계연도에 손실을 기록한 경우에 면제 가능
- 낙후지역 투자 시 조세 인센티브 부여 등 부분적 과세면제 가능

## ■ 손실처리

- 2년 연속 손실을 기록하거나 매출이 비용의 50%를 넘지 못할 경우 헝가리 세무당국의 허가를 득하여 법인 소득 공제 가능
- 신규 창업 시에는 별도 허가 없이 사업개시 4년차까지의 손실 분에 대해서 기간 제한 없이 법인소득 공제 가능

## ■ 지방사업세(Local Business Tax)

- 지방 자치단체에서 법인에 부과하는 특이한 형태의 지방 법인세
- 과세표준은 매출액을 기준으로 자재구입비 등을 공제하여 산출
- 최대 2%까지 부과가 가능하며 2006년부터는 납부액에 대해서 법인소득 공제가 가능하였으나 2008년부터 폐지될 예정

## ■ Solidarity tax

- 2006년 4분기부터 시행, 별도 조치 시까지 한시적으로 운용
- 법인의 세전이익(손익계산서 기준)에 대하여 별도의 세무조정 사항 없이 4%의 Solidarity tax 부과
- 면세기간(tax holiday)등 법인세 감면 적용 불가

## 2. 개인소득세

### ■ 소득세 개황

- 헝가리의 개인 소득세제는 누진세이며, 선진국 기준에 맞춰 매우 높은 세율 적용



- 헝가리 거주자 및 비거주자 공히 개인 소득세를 납부해야 하며, 거주자는 외국에서 벌어들인 소득에 대해서도 개인 소득세 납부
- 헝가리에서 직업을 갖고 있는 외국인은 헝가리에서 벌어들인 소득뿐만 아니라 헝가리에서 갖고 있는 직업과 연관되어 외국에서 벌어들인 소득도 과세 대상 소득으로 규정

#### ■ 소득세율: 3단계로 구분된 누진 세제 채택

구 분	세율(%)	비고
최저 임금 수준(월 65,500포린트) 이하	0	2007년 기준, 매년 최저임금 및 기준 금액 변경 고시
연봉 1,700,000포린트 이하	18	
연봉 1,700,000포린트 초과	36	

※ 630만 포린트 초과금액에 대하여는 상기 소득세 이외에 4%세율의 solidarity tax(2006년부터 한시적 운영) 부과

#### ■ 과표 산출기준

- 근로소득, 법인소득으로 간주되지 않은 개인사업 소득을 과세대상 소득으로 간주
- 연봉을 기준으로 각 구간에 해당하는 소득세율을 적용
- 주식처분 및 이자 소득에 대해서도 과세

#### ■ 소득 공제

- 연봉이 195만 포린트 이하인 경우 매월 9,540 포린트까지 세액공제
- 주택구입 시 공제혜택 등이 있었으나 폐지

### 3. 부가가치세

#### ■ 부가가치세 개황

- 헝가리는 1995년부터 부가가치세를 운영하고 있으며, 국내 판매, 수입재화 및 용역은 부가가치세 적용
- 법인이 물품 구입 혹은 서비스 이용 시 선납부한 금액에 대해서 환급이 가능
- 부가세 환급을 받기 위해서는 부가세 표기 영수증(AFA SZAMLA) 수령 필수

#### ■ 부가가치세 세율

- 품목별로 20%, 5%의 2단계 세율이 적용
- 공산품을 포함, 일반적으로 20%의 세율이 적용
- 5% 적용: 서적, 특정 의약품(장애인용 등), 유아용 기저귀 등

#### ■ 부가가치세 면제 대상

- 수출재화 및 용역
- 토지의 매매 및 임대, 택지개발 후 최초 분양
- 교육기자재 및 교육기관 매매, 기숙사
- 우편서비스, 송금 등 금융서비스, 중개수입, 소유권 이전 서비스
- 교육, 의료, 방송 서비스 및 도박 등

## V.노무 관리

### 1. 임금

#### ■ 최저 임금

- 최저임금제를 실시하고 있으며 매년 최저임금 금액 조정
  - 2007년 최저 임금은 세전 총액 기준 65,500 포린트/월
- 최저임금의 2배(131,000포린트/월) 이하 지불시 헝가리 국세청에 별도 소명 의무가 있어 실제 최저임금은 법적최저 임금 2배 수준
- 한국 업체를 비롯한 외국계 기업들은 최저 임금 2배 이상을 실제로 지급 중

#### ■ 임금 수준

- 평균 임금
  - 헝가리 전체적으로는 160,000포린트/월 수준이나 지역별로 편차
  - 부다페스트는 211,000포린트/월, 최고 저임 지역은 127,000포린트/월

#### <직종별 임금 수준>

구분	기준	월 급여
사무직(일반, 대졸 초임)	월급여(학력불문 초임)	200,000 포린트 (800 유로)
사무직(비서, 학력불문초임)	월급여(학력불문 초임)	200,000 포린트 (800 유로)

사무직(중간관리자)	월급여, 한국기준 과장급	500,000 포린트 (2,000 유로)
생산직(일반, 초임)	월급여(초임)	120,000 포린트 (480 유로)
생산직(중견)	월급여, 엔지니어급	250,000 포린트 (1,000 유로)

### ● 기타 임금

- 연간 상여금은 강제성은 없으나 통상 1~2개월분 지급
- 시간외 근무수당은 평일에는 120~140%, 휴일에는 200% 지급

### ■ 퇴직금

- 근무연수에 따라 1~6개월분 급여 지급

근무 기간	퇴직금
3년 미만	없음
3년 이상~5년 미만	1개월분 급여
5년 이상~10년 미만	2개월분 급여
10년 이상~15년 미만	3개월분 급여
15년 이상~20년 미만	4개월분 급여
20년 이상~25년 미만	5개월분 급여
25년 이상	6개월분 급여

- 사용자 측의 사유로 인한 해고 시는 퇴직금 최저액이 2개월 이상

## 2. 노동 조건

### ■ 노동 시간

- 주 40시간으로 규정되어 있으나 업무성격에 따라 고용관련 규정이나 양자 합의에 의해 조정 가능
- 1일 단위로 근무시간이 책정되지 않은 경우에는 하루 최대 12시간을 초과할 수 없으며 평균 8시간 유지
- 고용주는 피고용자에게 1주간 2일 휴일 제공 의무

### ■ 휴가

- 기본적인 유급 휴가 기간은 20일이며, 근로자의 근속년수가 아닌 근로자 연령에 따라 휴가일수가 증가하는 것이 특징

<연령별 기본휴가 일수>

연령	휴가일수
25세 이상	21일
28세 이상	22일
31세 이상	23일
33세 이상	24일
35세 이상	25일
37세 이상	26일
39세 이상	27일
41세 이상	28일
43세 이상	29일
45세 이상	30일

- 기본 휴가 외에 하기 사유로 인한 업무 불가능 시에도 휴가 허용
  - 질병으로 인한 휴가 및 임신기간 중 출산 휴가

- 10세 미만 아동에 대한 무급 육아휴직: 최장 1년
- 30일 미만의 무급휴가
- 병가는 의사 처방 없이도 3일간 병가 사용이 가능하여 현지 투자 기업들은 무분별한 병가 사용을 막기 위해 병가 미사용 만근 인센티브 제공을 명시하는 등 병가사용 자제 유도

## ■ 해고

- 해고의 종류
  - 일반 해고통보(Ordinary Notice)에 의한 해고와 즉시해고(Extraordinary Notice)로 분류
  - 즉시해고는 근로자가 고의 또는 부주의로 인해 회사에 막대한 물질적 피해를 입혔거나, 고용상태를 유지하지 못할 정도로 심각한 행위를 하였을 때 가능
- 일반해고 절차
  - 절차는 ①해고 통지, ②퇴직 준비기간 부여, ③퇴직의 3단계
- 해고 통지
  - 사용자는 해고 사유를 명시하여 해고 통지 시행
  - 논란이 있을 경우에는 의무적으로 해고 사유 및 회사에 미친 피해 정도를 정확하게 통지
  - 해고 사유는 능력상의 문제나 사용자에게 대한 태도가 주 내용이어야 하며, 해고 통지 이전에 사전 주의를 주어야 하며 항변 기회 부여

- 해고 통지는 일반적으로 30일 이전에 시행되어야 하며, 근속 기간에 따라 사전 통지기한 증가

<근속기간별 사전 통지기한>

근무 기간	사전통보 기한
3년 이하	30일 이전
3년 초과~5년 이하	35일 이전
5년 초과~8년 이하	45일 이전
8년 초과~10년 이하	50일 이전
10년 초과~15년 이하	55일 이전
15년 초과~18년 이하	60일 이전
18년 초과~20년 이하	70일 이전
20년 초과	90일 이전

● 퇴직 준비기간 부여

- 해고 통지 이후 퇴직 시까지 구직 활동을 위한 퇴직준비 기간 허여
- 구직활동 기간은 퇴직 준비기간의 50% 정도에 해당 시간만큼 가능

### 3. 사회보장제도

■ 사회보장제도 개황

- 헝가리 사회보장제도는 우리나라 의료보험, 고용보험 및 연금 개념을 혼합한 의미의 제도
- 2004년 EU에 가입 후 기본적으로 EU 시스템을 준용하고 있으며, 근로자들은 사회보장 제도에 의무적으로 가입
- 서구식 제도를 도입, 고용주 및 근로자가 지불하는 비용이 다대 하여 대부분의 근로자들은 명목상 임금에서 근로소득세와 사회 보장세를 지불하고 나면 가처분 소득은 50% 이하로 감소

- 사회보장제도 가입 혜택

- 질병으로 인한 휴직 시 보상금, 퇴직 연금, 가족 수당, 보험(의료보험 포함) 혜택 등

- 한국과의 사회보장제도 상호인정 협정

- 한국에서 파견된 직원(국민연금 납부자)에 대해서는 사회보장세 이중부과 방지 협약으로 지불의무 면제

- 사회보장 항목별 분담 비중

- 고용주 부담

- Social insurance: 급여의 29%  
(Pension 18% + Health Contribution 11%)
- Unemployment contribution: 급여의 3%
- Health contribution: 고용인 일인당 1,950포린트

- 종업원 부담

- Health Contribution: 급여의 7%
- Private pension: 급여의 8%
- Pension contribution: 급여의 0.5%
- Unemployment contribution: 급여의 1.5%

- 사회보장세 신고 및 납부 절차

- 신고 절차

- 기본적으로 회계사를 통해 시행



- 고용주는 직원 신규 고용 시 Social Insurance Form을 작성, 관계당국(Social Insurance Institute)에 제출함으로써 신고 완료
  - Social Insurance Form에는 고용주 현황 및 피고용자의 인적 사항이 기재되며 최종적으로 고용주가 서명
- 사회보장세 납부
- 관련 서류를 제출한 후에 추후 매월 법정 비율에 해당하는 자금이체 등 방법으로 납부

## VI. 기타 정보

### 1. 법무법인 및 회계법인

#### 가. 주요 법무법인

##### ■ Ormai s Trsai CMS Cameron McKenna

- 주소: 1053 Budapest, Krolyi Mihly u. 12
- 전화: (361) 483-4800
- 팩스: (361) 483-4801
- 홈페이지: [www.law-now.com](http://www.law-now.com)
- 담당자: ORMAI Gabriella, executive director

##### ■ Kves s Trsai gyvdi Iroda Clifford Chance

- 주 소: 1075 Budapest, Madch Imre t 14
- 전화: (361) 429-1300
- 팩스: (361) 429-1390
- 홈페이지: [www.cliffordchance.com](http://www.cliffordchance.com)
- 담당자: KVES Pter, executive director

##### ■ Rczicza White & Case LLP

- 주소: 1061 Budapest, Andrssy t 11
- 전화: (361) 488-5200
- 팩스: (361) 488-5299
- 홈페이지: [www.whitecase.com](http://www.whitecase.com)
- 담당자: RCZICZA Istvn, Robert R. IRVING, Directors

■ Oppenheims Trsai Freshfields Bruckhaus Deringer gyvdi Iroda

- 주소: 1053 Budapest, Krolyi Mihly u. 12
- 전화: (361) 486-2200
- 팩스: (361) 486-2201
- 이메일: enquiries@freshfields.com
- 홈페이지: www.freshfieldsbruckhausderinger.com
- 담당자: Ulrike REIN, director

■ Rti, Antall s Madl Landwell gyvdi Iroda

- 주소: 1077 Budapest, Wesselnyi u. 16/a
- 전화: (361) 461-9888
- 팩스: (361) 461-9898
- 홈페이지: www.landwell.com/hu
- 담당자: RTI Lszl, executive director

■ Komromi s Ers gyvdi Iroda – Squire, Sandres & Dempsey L.L.P.

- 주소: 1062 Budapest, Andrssy t 64.
- 전화: (361) 428-7111
- 팩스: (361) 428-7100
- 이메일: sbrelus@ssd.com
- 홈페이지: www.ssd.com
- 담당자: Kevin T. CONNOR, executive director

■ Rozgonyi Nyalka Gomda Nrr Stiefenhofer Lutz gyvdi Iroda

- 주소: 1015 Budapest, Batthyiny u. 49
- 전화: (361) 224-0900
- 팩스: (361) 224-0495

- 홈페이지: [www.noerr.de](http://www.noerr.de)
- 담당자: RADNCZY Zsolt, executive director

■ Martonyi s Kajtr Baker & McKenzie gyvdi Iroda

- 주소: 1062 Budapest, Andrssy t 102
- 전화: (361) 302-3330
- 팩스: (361) 302-3331
- 이메일: [info@bakernet.com](mailto:info@bakernet.com)
- 홈페이지: [www.bakernet.com](http://www.bakernet.com)
- 담당자: MARTONYI Janos, executive director

■ Siegler gyvdi Iroda Weil, Gotshal and Manges

- 주소: 1054 Budapest, Szabadsg tr 7
- 전화: (361) 302-9100
- 팩스: (361) 302-9110
- 이메일: [postmaster@weil.com](mailto:postmaster@weil.com)
- 홈페이지: [www.weil.com](http://www.weil.com)
- 담당자: David DEDERICK, executive director

■ Szecskay gyvdi Iroda

- 주소: 1055 Budapest, Kossuth tr 16-17
- 전화: (361) 472-3000
- 팩스: (361) 472-3001
- 이메일: [info@szecskay.com](mailto:info@szecskay.com)
- 홈페이지: [www.szecskay.hu](http://www.szecskay.hu)
- 담당자: Szecskay Andrs, executive director

## 나. 주요 회계법인 및 컨설팅 업체

### ■ Pricewaterhouse-Coopers Knyvvitsgl Kft

- 주소: 1077 Budapest, Wesselnyi u. 16
- 전화: (361) 461-9100
- 팩스: (361) 641-9101
- 홈페이지: [www.pwc.com/hu](http://www.pwc.com/hu)
- 담당자: Malcolm BEST, executive director
- 한국기업 담당: 정훈 회계사(이메일: [hun.z.jeong@hu.pwc.com](mailto:hun.z.jeong@hu.pwc.com))

### ■ Deloitte Knyvvizsgaló Társaság Kft

- 주소: 1051 Budapest, Nádor u. 21
- 전화: (361) 428-6800
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- 주소: H-1081 Budapest, Fiumei ut 19/a
- 전화: (361) 323-6000
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## 국가 개요

- 국 명: 헝가리 공화국(Republic of Hungary)
- 면 적: 93,030<sup>km²</sup> (남한의 0.94배)
- 수 도: 부다페스트(Budapest, 180만명)
- 인 구: 1,012만명
- 민족구성: 마자르족(98.5%), 기타 독일(17만),  
슬로바키아(12만), 세르비아인(5만)
- 언 어: 헝가리어 (독어 및 영어 구사가능자 다수)
- 종 교: 가톨릭(55%), 칼빈교(16%), 루터교(3%)  
기타 그리스 정교 등
- 정부형태: 대통령제를 가미한 내각책임제(실권자는 수상)
- 화폐단위: 포린트(Forint, Ft 또는 HUF로 표기)
- 환 율: HUF 179 / US\$ 1 (2007.7월 기준)
- 기 후: 동유럽의 대륙성 기후 및 서유럽의 해양성 기후  
지중해 아열대성 기후의 영향을 받음(연평균 기온: 10.5°C)
- 시 차: GMT + 1 (부다페스트 기준, 한국보다 8시간 늦음)  
※ 3월말~9월 중 서머타임 실시

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## <부록> 투자 법령 및 관련 자료

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## **Hungary**

### **Hungarian Rules of Law in Force**

#### **Act XXIV of 1988 On the investments of Foreigners in Hungary**

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In the interest of the development of international economic co-operation, with special regard to the facilitation of the direct appearance in our economy of foreign working capital, and the promotion of technological development in the Hungarian economy, providing national treatment, free from discrimination, for foreign investors, Parliament passes the following Act:

#### **Chapter 1**

##### **General Provisions**

##### **Section 1**

- (1) The investments of foreigners in Hungary shall enjoy full protection and security.
- (2) Any damage incurred by foreign investors in respect of their property, as a result of nationalization, expropriation or other measures with similar legal consequences, shall be indemnified at the actual value, without delay.
- (3) The state shall provide for indemnification through the administration organ that has taken the measure referred to above. In the case of the violation of legal rules, the court may be requested to revise the administrative decision concerning indemnification.
- (4) The amount of indemnification shall be paid to the beneficiary in the currency of the investment.

##### **Section 2**

For the purposes of this Act:

- (a) persons declared to be foreigners by the foreign exchange rules shall qualify as foreigners;
- (b) investments of foreigners in Hungary: economic associations operating with foreign participation, economic associations founded by foreigners and acquisition of share in economic associations by foreigners (hereinafter together: "companies operating with foreign participation").

##### **Section 3**

Companies operating with foreign participation may be formed in the manner and forms regulated in Act VI of 1988 on Economic Associations (hereinafter: Companies Act. "CA"). The rules of CA shall apply to the above companies, with regard to any differences and complementing provisions contained in this Act.

#### Section 4

(1) Companies operating with foreign participation may take part in the foundation of other economic associations, may found companies themselves, and may acquire share in companies already in operation, with regard to the restriction defined in subsection (2). The provisions of this Act shall not apply to these companies, with regard to the exception contained in Chapter IV.

#### Section 5

Legal supervision shall be exercised over the companies operating with foreign participation by the court keeping the companies register (hereinafter: "court of registration").

#### Section 6

If the provisions of an international agreement differ from those of this Act, the international agreement shall apply.

### **Chapter II**

Foundation of Companies Operating with Foreign Participation, Acquisition of Share in Companies Already in Operation

#### Section 7

#### Section 8

The state, legal entities, unincorporated economic associations and natural persons are all free to take part, as domestic founders, or members, in companies operating with foreign participation, in accordance with the provisions of CA.

#### Section 9

(1) Economic associations operating with foreign participation may be founded for the performance of any economic activity, except if precluded or restricted by law.

(2) The permit of the foreign exchange authority is not required for the foundation of companies operating with foreign participation, or participation in such companies.

## Sections 10-11

### Section 12

(1) Foreigners shall pay their own cash contributions in convertible currency, in the absence of the provision of an international agreement to the contrary, except if, based on subsection (1), Section 16, foreign members use the dividends (profit sharings) due to them for increasing the assets of the founders, or if they invest them in companies already in operation or to be newly founded in Hungary, or if, in the case of the alienation of share they acquired in a company already formed in Hungary, as foreigners, the countervalue received is invested in a new company, or in a company already in operation.

(2) Only such enforceable objects, intellectual property of right may be taken into account as non-cash contributions, which may be subsequently transferred by the economic association without the consent (permit) of third parties.

### Section 13

(1) If more shares are subscribed than issued by a company limited by shares, and as a result, subscriptions are to be refused (Section 255 of CA), companies operating with foreign participation may also refuse share subscriptions effected by the organs of the state budget, or by state-owned financial institutions.

(2) Foreigners may only acquire registered shares. On transfer of bearer shares to foreigners, the shares shall be transformed into registered shares. In the case of inheritance, the bearer shares of heirs shall be transformed into registered shares within one year of delivery of the legacy.

## **Chapter III.**

### Conditions of the Operation of Companies

#### Section 14

(1) Companies operating with foreign participation (hereinafter: "companies") shall pay corporate tax in the manner defined by law. The profits of companies shall not be burdened by other payment obligations for the benefit of the central budget.

(2) If the conditions defined specifically in respect of these companies and other conditions prevail, companies are entitled to all the tax benefits that are enjoyed by other domestic economic associations. Tax benefits may be taken advantage of through withholding tax from the amount of tax calculated, to the extent thereof, at the most.

## Section 15-16

## Section 17

In the case of investments effected by the company, hundred per cent of the value added tax incurred in the subject year, and charged in advance may be reclaimed (in accordance with the provisions of the Act on Value Added Tax).

## Section 18

The means of production that have been made available by a foreign member of a company to the company as a non-cash contribution (contribution in kind) may be imported to the country free from customs duties. For the purposes of this Act, the following shall qualify as means of production: machines, equipment, fittings, building structure elements, building materials, building engineering elements to be installed, and vehicles which are directly required for the manufacture of goods (including the acquisition of materials and transport of finished goods), or for the performance of services provided against countervalue. If the company alienates, transfers the use of, or rents out such means of production within three years of the means of production having been made available, the customs duty prevailing at the time they were made available shall be paid subsequently.

## Section 19

### Companies

(a) may acquire ownership and the rights in respect of real property necessary for the performance of the economic activities defined in the articles of association (statutes);

(b) are free to manage their items of property in compliance with the Hungarian legal rules, and the articles of association (statutes).

## Section 20

The conditions of the market shall govern conduct and price formation on the domestic market, with regard to the Acts on the Prohibition of Unfair Market Practices and the Establishment of Prices. If a legal rule establishes a price set by the authorities, that price shall be applied.

## Section 21

The company may perform foreign trading, wholesale and retail trade activities in accordance with the rules applying to other domestic economic organizations.

## Section 22

The rules regarding the protection of the quality of products and services shall apply to the company as well.

#### Section 23

The company may raise credit and manage its money circulation in accordance with the rules applying to other domestic economic organizations.

#### Section 24

Those legal rules shall apply to the company's accounting, balance-sheet and the obligation of the provision of information of the provision of information for statistical purposes, as well as to the supervision of the company by the state, which apply to other domestic economic organizations.

#### Section 25

In the case of permanent insolvency, the provisions concerning liquidation shall apply.

#### Section 26

(1) The company shall pay the same rate of social security contribution on the payments to personnel as other domestic economic organizations.

(2) The company shall pay social security contribution only in respect of those foreign employees who wish to take advantage of the free health care provision and social security services. The provision shall also be appropriately applied to pension contributions.

#### Section 27

Foreigners, too, may be senior officers, managers, supervisory board members and employees of the company.

#### Section 28

(1) The Labor Code, and the articles of association (statutes) and the labor contract made in accordance therewith, shall apply to the labor law status of employees, while the CA and the Labor Code shall apply to the liability of employees.

(2) The Labor Code, and the legal rules issued on the basis thereof shall apply to trade union rights.

#### Section 29

#### Section 30

The assets of the company, with the exception of off-shore companies, shall be expressed in forints, and the books of the company shall be kept in forints. The value of contributions in kind provided by foreign investors shall be registered in forints, on the basis of the currency of the country when such foreign investors' registered offices are.

### Section 31

(1) The foreign currency and foreign exchange transactions, as well as the settlements of the company shall be effected in accordance with the rules applying to other domestic economic organizations

(2) The conversion of forints into foreign currencies, and of foreign currencies into forints, in connection with the foundation, operation and termination of the company, include the transfer of amounts made available by foreigners for the company under any title, and any transfer by the company for foreign members, shall be effected, using the currently prevailing official exchange rate, as established by the National Bank of Hungary.

(3) Cash contributions provided by foreign members of the company in convertible currency may be kept by the company on its own account in the currency of the investment, and may be freely used for the acquisition of the means of production, parts, fittings and durable goods necessary for operation, as well as for conveying any costs necessary for the operation of the company and incurred in convertible currency. Any means of production acquired to the debit of this account may be imported free of customs duties. If the company alienates, transfers the use of, or rents out the above means of production within three years of acquisition, the customs duty prevailing at the time of importation shall be paid subsequently.

### Section 32

(1) The portion foreigners are entitled to from the profits of the company, and any amounts due to foreigners on termination of the company, or as a result of the alienation of the foreign share in part or in full, or as a result of the reduction of the primary capital (registered capital), may be, based on the foreigners' instructions, transferred abroad in the currency of the investment in the above mentioned cases, provided the company has sufficient forint funds. If a foreigner has provided his contribution exclusively by contribution in kind, or has invested the dividends (profit-sharing) due to him in accordance with subsection (1), Section 16, the legal tender of the country of the foreigner's registered office (permanent residence) shall be taken into account as the currency of the investment.

(2) In the case of the termination of the company, prior to transfer, the obligations burdening the foreigner shall first be met.

### Section 33



Foreign senior officers, members appointed to manage the business, supervisory board members and foreign employees may transfer abroad fifty per cent of their after-tax incomes received from the company and paid to the account-keeping bank of the company in the currency of the country of their permanent residence.

#### Section 34

If a legal rule requires the permit of the authorities to be obtained by Hungarian economic organizations in respect of an activity, such a permit shall be obtained by the company, too.

#### Section 35

Unless otherwise provided by this Act, those non-civil law provisions relating to the economic activity of the company which apply only to state-owned economic organizations and co-operatives, in their capacity as such, shall not apply to the company.

#### Section 36

Banks may, under the usual conditions of banking transactions, assume a guarantee for the obligations of the company in respect of foreign members, arising from membership relations.

### **Chapter IV**

#### Off-Shore Companies

#### Section 37

(1) Companies may be founded by foreigners, or with foreign participation also in customs free zones (off-shore companies), and foreigners may acquire share in such companies. Unions may not be founded in customs free zones.

(2) The provisions of this Act shall govern the foundation of off-shore companies, the acquisition of share in such companies, and the operation of such companies, with regard to any differences and complementing provisions contained in this Chapter.

(3) The conditions of the technical separation of customs free zones, the conditions for the establishment of objects, and performance of activities in customs free zones, as well as the traffic of passengers and goods with customs free zones are contained in the legal rules regarding customs law and customs procedures.

#### Section 38

For the purpose of the application of the legal rules concerning customs, foreign exchange, and, with regard to the differences regulated in Section 39, foreign trade, customs free zones shall qualify as abroad, while for the purposes of the application of the above-mentioned legal rules, off-shore companies shall qualify as foreigners. Accordingly, the legal rules concerning price regulation, and supervision by the state shall not apply to off-shore companies.

#### Section 39

(1) The provisions of international agreements binding on the Republic of Hungary, concerning foreign trade, as well as the exports and imports rules established in respect of certain relations and goods shall extend to off-shore companies.

(2) Off-shore companies may perform foreign trading activities with the permission of the Minister of International Economic Relations in the goods and with the countries, in respect of which the Republic of Hungary has international agreements with regard to the types or quantities of the goods to be exported or imported.

#### Section 40

On registration in the companies register of an off-shore company, the resolution of the Ministry of Finance shall be attached, whereby the piece of real estate where the company is planned to be operating has been declared a customs free zone.

#### Section 41

(1) The books of off-shore companies shall be kept in the convertible currency defined in the articles of association (statutes), with the exception of the case regulated in subsection 2.

(2) The Minister of Finance may order that certain accounts be kept in forints, and that the balance-sheet be prepared in such a way that the amounts are expressed in forints.

(3) The transactions of the company shall be concluded in convertible currency, with the exception of the cases regulated in Section 42, and any exemptions that may be granted by the Minister of Finance on a case-to-case basis.

(4) Off-shore companies:

(a) may keep their stocks of foreign currency and foreign exchange with a domestic financial institution up to the amount of their initial assets (primary capital, registered capital), while any stocks of foreign currency and foreign exchange over the above may be kept with both domestic and foreign financial institutions;

(b) are free to raise credit both in Hungary and abroad;

(c) are free to dispose of their assets placed in convertible currencies both in Hungary and abroad.

#### Section 42

(1) Off-shore companies shall purchase the forint amounts necessary for establishment and operation from Hungarian financial institutions, against convertible currency. The forint amount shall be kept on the account open with a Hungarian financial institution.

(2) The following shall be paid to the debit of the account mentioned in subsection (1):

(a) rates and taxes;

(b) wages, salaries and any other payments to personnel, as well as any contribution payable thereon;

(c) fees payable for use of space (rent) and public utilities; and

(d) the countervalue of retail acquisitions and construction, installation and construction, repair and similar works to be performed in the custom free zone, as well as of other acquisitions and services belonging not to the scope of activities of the off-shore company, necessary for the foundation and operation of the company, payable to domestic natural persons and economic organizations not holding a foreign trade license.

#### Section 43

The Minister of Finance may grant the benefits off-shore companies are entitled to also in respect of non-off-shore companies operating fully or in part with foreign participation, provided that such companies do not perform activities that involve transport of products across the border of the country. Such companies shall qualify as foreigners as defined in Section 38.

### **Chapter V**

#### Closing Provisions

#### Section 44

In any legal disputes related to the articles of association, of a company operating with foreign participation, a domestic or foreign, ordinary or arbitration court shall be competent to proceed if the founders or members of the company have so stipulated in writing.

#### Section 45

This Act comes into force on 1 January 1989; simultaneously, paragraph c), Section 11 of Resolution No. 1016/1985 (III.20) MT shall be amended in accordance with Section 5 of this act.

#### Section 46

(1) The provisions of this Act

(a) shall also apply to companies already operating with foreign participation at the date of the coming into force of this Act, with the exception of the rules concerning licensing (Sections 10-11);

(b) shall apply to any pending matters with the proviso that the ninety-day time limit set in respect of the dispatch of applications for license [subsection (2), Section 9] shall commence on 1 January 1989.

(2) Any licensing documents issued prior to the coming into force of this Act shall remain valid.

(3) Any tax benefits allowed, prior to the coming into force of this Act, for companies operating with foreign participation, may be withheld from the tax calculated, up to the amount thereof, until the expiry of such tax benefits.

#### Section 47

This Act shall not affect the provisions which apply to the foundation of financial institutions with foreign participation, or the acquisition of share by foreigners in domestic financial institutions.

# **Act CXLIV of 1997**

## **on Business Associations**

PAGE ONE

Through the provision of a modern legal framework, the purpose of this Act is to facilitate the consolidation of the market economy in Hungary, to enhance the income earning capacity of the national economy, to strengthen enterprises, to provide for the legal harmonization of this field of law with the directives of the European Community, as well as to ensure that the operation of business associations will neither restrict competition, create monopolies, nor interfere with the equitable interests of creditors, and that such operation is in harmony with public interests.

In the interest of the above, the Parliament hereby passes the following Act.

### ***PART ONE***

#### ***JOINT REGULATIONS ON BUSINESS ASSOCIATIONS***

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

##### **General Provisions**

###### *Section 1.*

(1) This Act shall regulate the foundation, organization and operation of business associations with a registered office in Hungary, the rights, obligations and responsibility of the founders and members (shareholders) of business associations, as well as the transformation, merger and demerger (hereinafter referred to jointly as "transformation") of business associations and the termination of such associations without legal successor.

(2) This Act shall apply to professional associations with legal personality (Chapter XIII), furthermore, this Act shall regulate the acquisition of an influencing interest in business associations (Chapter XIV).

###### *Section 2.*

(1) Business associations may only be founded in the forms regulated in this Act.

(2) Business associations without legal personality are: unlimited partnerships and limited partnerships. Business associations with legal personality are: joint enterprises, limited liability companies and companies limited by shares.

(3) Under its company name, a business association has legal capacity, may acquire rights and undertake obligations, in particular, may acquire property, conclude contracts, and may sue and be sued.

(4) Only a company limited by shares may issue securities representing ownership in the company.

### *Section 3.*

(1) Business associations may be founded by foreign and domestic natural persons, legal persons or business associations without legal personality for the purpose of pursuing business-like economic activity and such persons may join these business associations as a member, or acquire participation (shares) therein.

(2) With the exception of limited liability companies and companies limited by shares, at least two members are required for the foundation of a business association.

(3) Business associations may also be founded by the members (shareholders) of the business association resolving the termination of such association and the simultaneous foundation of a legal successor business association, or by some of the members of the business association resolving to found a legal successor business association.

(4) The law may prescribe or render possible the foundation of business associations for public interest activities not aimed at profit, or for the discharge of other public duties.

### *Section 4.*

(1) A natural person may be a member with unlimited liability in only one business association at a given point in time.

(2) A minor may not be a member with unlimited liability in a business association.

(3) An unlimited partnership or limited partnership may not be a member with unlimited liability in a business association.

(4) Unless otherwise provided by law, a single-member business association may not be the sole member or shareholder of a business association.

#### *Section 5.*

(1) International treaties may establish regulations departing from the provisions of this Act in respect of the participation of foreigners in business associations.

(2) Special securities or benefits for business associations operating with the participation of foreigners may be established by other laws.

#### *Section 6.*

(1) The law may prescribe that certain economic activities may only be pursued by certain forms of business associations.

(2) The law may make the foundation of a business association subject to an official license (hereinafter referred to as "license for foundation").

(3) If a legal regulation, not including local government resolutions, requires an official license (hereinafter referred to as "business license") for the pursuit of certain economic activities, the business association may only pursue the activity in question when in possession of such license.

(4) Unless otherwise provided by legal regulations, not including local government resolutions, activities subject to qualification may be pursued by business associations only if there is at least one person among its personally active members, its employees or parties acting for the benefit of the business association, on the basis of a permanent civil law contract concluded with the business association, who satisfies the qualification requirements set forth by law.

#### *Section 7.*

(1) Legal declarations and resolutions prescribed by this Act shall be communicated to addressees in writing or in some other verifiable manner. If this Act does not establish a deadline for a declaration or the performance of an act, such declaration or act shall be performed without delay, or shall be communicated to the addressee without delay.

(2) If a document has been sent by mail, such shall be considered to have been received at the point in time indicated on the notice of receipt, for registered mail on the fifth working day following dispatch, unless there is evidence to the contrary.

#### *Section 8.*

(1) The provisions of the Labor Code shall be applied in respect of the rights and obligations of employees employed at a business association, as well as to labor relations.

(2) Participation of a business association's employees in the supervision of its operations is regulated under Sections 36-37.

#### *Section 9.*

(1) Members (shareholders) may depart from the provisions of this Act, if so provided for by law. Within the framework of this Act and other legal regulations, members (shareholders) may freely establish the contents of the articles of association (deed of foundation, statutes).

(2) The provisions of the Civil Code shall be applied in respect of the property and personal relations of business associations and their members (shareholders) not regulated by this Act.

### ***Chapter II.***

#### ***Foundation of Business Associations***

##### ***Title 1.***

#### **Articles of Association (Deed of Foundation, Statutes)**

##### *Section 10.*

(1) The foundation of business associations is subject to the conclusion of the articles of association; for single-member business associations and close companies limited by shares to the approval of the deed of foundation, and for public companies limited by shares, to the approval of the statutes.

(2) The articles of association and the deed of foundation shall be signed by all



members (founders). The articles of association (deed of foundation) may be signed on behalf of a member by a representative of such member having an authorization in a notarial document or private document representing conclusive evidence. The statutes of a company limited by shares shall be adopted by the statutory general meeting.

(3) The articles of association (deed of foundation, statutes) shall be drawn up in a notarial document prepared by a notary public, or shall be countersigned by a lawyer or the legal advisor of the founder.

(4) If the articles of association (deed of foundation, statutes) do not provide for the duration of the business association, such business association shall be considered to have been established for an unlimited duration.

### *Section 11.*

The following shall be set forth in the articles of association (deed of foundation, statutes):

- a) the company name and registered office of the business association;
- b) the members of the business association, indicating their names (company names) and domicile (registered office), with the exception of shareholders in the statutes;
- c) the scope of activities of the business association;
- d) the subscribed capital of the business association, as well as how and when the subscribed capital (contribution of the members) is made available;
- e) the method of signing for the company;
- f) the name and domicile of executive officers;
- g) the duration of the business association, if founded for a limited period of time; and
- h) any other information required by this Act for the individual forms of business associations.

## ***Title 2.***

### **Contribution of Members (Shareholders)**

## *Section 12.*

(1) The contribution of all members (shareholders) shall be required for the foundation of a business association. The contribution of the members (shareholders) shall consist of contributions in cash (contributions in cash) and contributions in kind (contributions in kind) transferred to the property of the business association by the members (shareholders).

(2) The law may determine the proportion of contributions in cash and contributions in kind for the individual forms of business associations, and may establish the minimum amount of subscribed capital for business associations operating with the limited liability of members (shareholders).

(3) If the value of the contribution in kind is established by an auditor, the members of the business association, unless otherwise provided by law, may establish the value of the contribution in kind at an amount lower than the value established by the auditor.

(4) A member (shareholder) providing a contribution in kind shall accept responsibility towards the business association for a period of five years from the provision of the contribution in kind, to the effect that the value indicated in the articles of association (deed of foundation, statutes) does not exceed the value of the contribution in kind valid at the time of its provision.

## *Section 13.*

(1) If a member (shareholder) fails to provide his contribution undertaken in the articles of association (deed of foundation, statutes) by the point in time set forth therein, the management of the business association shall order such member (shareholder) to provide the contribution within a period of thirty days. Such order shall also note that failure to perform will result in the termination of membership.

(2) In the event the period of thirty days elapses without performance, the membership shall be terminated on the day following the expiration of such period. The management of the business association shall inform the member thereof in writing.

(3) A member whose membership has been terminated with respect to the provisions of Subsection (2) shall be liable in accordance with the general rules of civil law for damages caused to the business association by virtue of his failure to provide the contribution.

### ***Title 3.***

## **Pre-Company**

### *Section 14.*

(1) As of the date of the countersignature of the articles of association (deed of foundation, statutes), or such being drawn up in a public document, the business association may operate as the pre-company of the business association.

(2) The executive officers of the business association to be established, as appointed in the articles of association (deed of foundation, statutes) shall act on behalf and for the benefit of the business association to be established until the registration of such. However, during the registration proceedings of the company, the character of the pre-company shall be indicated with the affix "registration in progress" on the business association's documents and in the course of its legal transactions.

(3) A pre-company may pursue business-like economic activities only after submitting the application for the registration of the business association, whereby it may not pursue activities subject to official license until registration.

### *Section 15.*

(1) The rules applicable for the business association to be established shall apply to the pre-company, with the following deviations:

a) with the exception of the cases required by the Act, no changes may take place in the person of the members of the pre-company;

b) with the exception of fulfilling insufficient information orders by the court of registration, the articles of association (deed of foundation, statutes) may not be altered;

c) legal proceedings for the exclusion of a member may not be initiated;

d) no resolution may be made on termination without legal successor, or transformation into any other business association or into a non-profit company.

(2) If the application for registration of the business association is refused, the business association may not acquire further rights or assume new obligations, and shall be obliged to terminate its operation. The members (shareholders) shall accept liability for debts arising from the undertakings of the executive officers

according to the rules applicable to the termination of business associations. This provision shall also apply to settlement of the members (shareholders) inter se.

(3) If, as a consequence of the form of the business association to be established, the liability of the members for the obligations of the business association is limited, and outstanding claims remain despite the members (shareholders) accepting liability, the executive officers of the business association to be established shall bear unlimited, joint and several liability towards third parties.

#### ***Title 4.***

### **Court Registration of the Foundation of Business Associations**

#### *Section 16.*

(1) Unless otherwise provided by the Act on Company Registration, Public Company Information and Court Registration Proceedings, the foundation of a business association shall be reported to the county courts (Municipal Court of Budapest) maintaining the register of companies (hereinafter referred to as "court of registration"), for registration and publication, within a maximum of thirty days after conclusion of the articles of association (deed of foundation, statutes). If a license for foundation is required for the establishment of the business association, such report to the court of registration shall be effected within thirty days after receipt of the license.

(2) Business associations shall be established upon entry into the register of companies as of the date of such entry. Rules governing the registration of business associations are set forth in the Act on Company Registration, Public Company Information and Court Registration Proceedings.

(3) Following registration, the Act on Company Registration, Public Company Information and Court Registration Proceedings shall apply to the avoidance of the articles of association (deed of foundation, statutes) and the alteration thereof.

#### *Section 17.*

The rights, facts and data constituting a part of the company registration records which relate to business associations, and the members, executive officers and supervisory board members thereof are public information, and shall be published in the official publication entitled Company Gazette, pursuant to the provisions of the Act on Company Registration, Public Company Information and Court Registration Proceedings.

### ***Chapter III.***

## ***Joint Regulations on the Bodies and Executive Officers of Business Associations***

### ***Title 1.***

## **Supreme Body of Business Associations**

### *Section 18.*

(1) For unlimited partnerships and limited partnerships the business association's supreme body is the meeting of members; for joint enterprises the council of directors; for limited liability companies the members' meeting; and for companies limited by shares the general meeting. Issues falling within the exclusive competence of the supreme body of business associations are regulated by the provisions on the individual forms of business associations.

(2) All members (shareholders) of a business association are entitled to take part in the activity of the business association's supreme body.

(3) Unless otherwise provided by this Act, the supreme body of a business association may discuss any issue not contained in the invitation to (announcement of) the meeting only if all members (shareholders) are present at the meeting, and unanimously agree to discuss such issue on the agenda.

(4) If, by law or pursuant to the provisions of the articles of association (deed of foundation, statutes), a member (shareholder) may not vote on a particular subject, the member concerned shall be disregarded when stating whether there is a quorum for passing a resolution on such subject.

(5) When passing a resolution, a member (shareholder) who is relieved from an obligation or responsibility through the resolution, or is granted some other benefit to the detriment of the business association, as well as a member (shareholder) with whom an agreement is to be concluded, or against whom legal proceedings are to be initiated as per the resolution, may not cast a vote.

### *Section 19.*

(1) Unless otherwise provided by law or the articles of association (deed of foundation, statutes), the supreme body of business associations shall pass resolutions by a simple majority of votes.

(2) Members (shareholders) who have passed a resolution, in respect of which

they knew, or should have known given reasonable care that such resolution was obviously contrary to the significant interests of the business association, shall bear unlimited, joint and several liability for resulting damages.

(3) Upon the foundation of the business association, the executive officers and the supervisory board members, as well as the auditor shall be appointed by the founders (members, shareholders) in the articles of association (deed of foundation, statutes). Thereafter, the executive officers, supervisory board members and the auditor of the business association shall be elected by the business association's supreme body, with the exception of the case contained in Section 33.

(4) No members' meeting (general meeting) shall function in the case of single-member business associations. The sole member or shareholder shall decide on the issues falling within the competence of the business association's supreme body.

#### *Section 20.*

(1) Unless otherwise provided by this Act, the business association's supreme body shall decide on the alteration of the articles of association (deed of foundation, statutes), whereby signature of the members is not required. The articles of association (deed of foundation, statutes) altered on the basis of a resolution of the supreme body may also be countersigned by the legal advisor of the business association.

(2) When altering the registered office (business premises) and branch office, or the scope of activities of the business association, the provisions of Subsection (1) shall apply whereby such alteration shall be entered in the minutes drawn up at the meeting of the business association's supreme body, and the decision shall be passed by the business association's supreme body by a simple majority of votes.

(3) Unless otherwise provided by the Act on Company Registration, Public Company Information and Court Registration Proceedings, alteration of the articles of association (deed of foundation, statutes) shall be reported to the court of registration within thirty days after the change taking place.

### ***Title 2.***

## **Management of Business Associations**

#### *Section 21.*

(1) The executive officers shall conduct the management of the business association pursuant to the provisions governing the individual forms of business associations.

(2) Executive officers shall be understood as the member(s) entitled to management at unlimited partnerships and limited partnerships, the director at joint enterprises, and the managing director (managing directors) at limited liability companies.

(3) Unless otherwise provided by the deed of foundation of a close company limited by shares, management of a company limited by shares shall be carried out by the board of directors, and the members of the board of directors shall qualify as executive officers.

## *Section 22.*

(1) The same person may be elected as an executive officer in three business associations at the most. The person elected shall inform in writing the business associations, at which he is already an executive officer, within fifteen days after his acceptance of the new position.

(2) In his capacity as such, an executive officer may not be instructed by the members (shareholders) or the employer of the business association.

(3) Unless otherwise provided by this Act, an executive officer may only be a natural person. The duties of an executive officer may only be carried out in person, no representation is admissible.

(4) The supreme body of a business association may deprive an executive officer (the board of directors) of his competence falling within the scope of management only in the cases and to the extent rendered possible in the articles of association (deed of foundation, statutes).

(5) The provisions of Subsection (2) and (4) may not be applied in the case of single-member business associations. In respect of single-member business associations, the member (shareholder) may deprive an executive officer of his competence and may instruct him in writing. In such cases, the executive officer shall be exempted from the obligation set forth in Section 29 by the decision of the member (shareholder).

(6) The provisions of Subsection (4) may not be applied to the executive officers of business associations, in which a member (shareholder) holds a majority of three-quarters or more of the votes.

### *Section 23.*

(1) A person who has been sentenced to imprisonment by a final judgment due to the commission of a crime may not be an executive officer of a business association until such person is relieved from the detrimental legal consequences related to his criminal record.

(2) A person who has been barred from a certain profession by a final judgment may not be an executive officer in a business association pursuing the activity indicated in such judgment during the force of such sentence.

(3) For a period of three years after the establishment of the insolvency (order of liquidation) of a business association by final judgment, a person who acted as an executive officer at the business association to be liquidated for one year or more during the period of two years prior to the date of the final judgment ordering such liquidation may not be an executive officer of another business association, unless he was specifically appointed as executive officer for the purpose of avoiding the liquidation.

(4) For a period of two years after cancellation of a business association from the register of companies based on cancellation proceedings ex officio, a person who, during the year preceding such cancellation, acted as an executive officer of the terminated business association by the cancellation may not be an executive officer of another business association.

### *Section 24.*

(1) Executive officers shall be elected, or appointed by the articles of association (deed of foundation, statutes), for a definite period of time, but for a period of no more than five years. If no provisions are made in the articles of association (deed of foundation, statutes) on the duration of the mandate of the executive officers by the members (shareholders), the executive officers shall be considered to have been elected for a period of five years, unless the business association is established for a shorter period of time.

(2) The mandate of an executive officer shall take effect by its acceptance by the person concerned. Executive officers may be re-elected, and may be removed by the business association's supreme body.

(3) Unless forbidden by law, performance of the duties of an executive officer may be subject to remuneration. No remuneration may be granted to executive officers during the period of the liquidation proceedings following the establishment of the insolvency of the business association by a final judgment.



### *Section 25.*

(1) With the exception of acquiring shares in a public company limited by shares, an executive officer may not acquire interest in another business association pursuing an activity identical to that of the business association, furthermore, may not be an executive officer in another economic organization pursuing an activity identical to that of the business association, unless rendered possible in the business association's articles of association (deed of foundation, statutes), or the business association's supreme body grants its consent.

(2) An executive officer and his close relatives [Paragraph *b*) of Section 685 of the Civil Code] may not conclude transactions falling within the scope of activities of the business association in his own name or to his own benefit, unless specifically permitted in the articles of association (deed of foundation, statutes).

(3) An executive officer and his close relatives [Paragraph *b*) of Section 685 of the Civil Code] may not be elected as a member of the supervisory board at the same business association.

(4) Indemnification claims for damages caused to the business association by violation of the rules set forth in Subsections (1)-(3) may be enforced for a period of one year from the occurrence of such damage.

### *Section 26.*

(1) The executive officers shall be responsible for reporting to the court of registration the foundation of the business association, alteration of the articles of association (deed of foundation, statutes), the rights, facts and data entered in the register of companies and changes therein, as well as any other data required by law.

(2) Executive officers shall bear joint and several liability for any damage resulting from the incorrectness of the data, rights or facts reported, or from the delay in filing or failure to file the report.

### *Section 27.*

(1) Executive officers shall safeguard as business secrets any information obtained regarding the affairs of the business association.

(2) Upon request by the members (shareholders), executive officers shall provide information on the affairs of the business association, and allow inspection of its books and documents. In the event that executive officers do not comply with

such request, upon request of the member concerned, the court of registration shall oblige the business association to provide information or to provide for inspection.

(3) Exercise of the right pursuant to Subsection (2) by the members (shareholders) may not infringe upon the business interests or business secrets of the business association.

#### *Section 28.*

(1) Unless otherwise provided by the articles of association (deed of foundation, statutes), executive officers shall exercise employer's rights over the employees of the business association. For companies limited by shares, employer's rights shall be exercised by the board of directors within the framework set forth in the deed of foundation (statutes).

(2) The articles of association (deed of foundation) or a resolution by the business association's supreme body may, if there are several executive officers, transfer exercise of the employer's rights to a single executive officer, or to another person employed by the business association.

#### *Section 29.*

(1) Executive officers shall conduct the management of the business association with the increased care generally expected from persons occupying such positions, and give priority to the interests of the business association. Executive officers shall be liable to the business association in accordance with the general rules of civil law for damages caused to such by violation of the law, or breach of the articles of association (deed of foundation, statutes), the resolutions of the business association's supreme body, or their management obligations.

(2) In respect of executive officers with joint authorization to sign for the company, and the board of directors of companies limited by shares, the liability for damages caused according to Subsection (1) shall be joint and several. If such damage is caused by a resolution of the board of directors of a company limited by shares, no liability shall lie with a member of the board of directors who did not take part in the decision or voted against the resolution, and informed the supervisory board thereof in writing within fifteen days after passage of such resolution.

(3) The business association shall be liable for damages caused to third parties by its executive officer acting within his sphere of competence as such.

(4) Following termination of the business association without legal successor,

indemnification claims may be brought against the executive officers by the members (shareholders) with membership at the time of the cancellation of the business association by the court of registration, for a period of one year following such cancellation by a final judgment. If, during the existence of the business association, the liability of the member (shareholder) for the obligations of the business association was limited, the member (shareholder) may exercise such indemnification claim up to the proportion due to him from the assets distributed upon termination of the business association.

### *Section 30.*

(1) The mandate of the executive officer shall terminate

- a) upon expiration of the mandate,
- b) upon removal of the executive officer,
- c) upon occurrence of statutory grounds for disqualification,
- d) upon resignation,
- e) upon death of the executive officer.

(2) Executive officers may resign their mandate at any time. However, if so required by the operation of the business association, such resignation shall only take effect on the sixtieth day after the announcement thereof, unless the business association's supreme body has already provided for the election of a new executive officer beforehand. Until the resignation takes effect, the executive officer shall participate in making any urgent decisions and taking any urgent measures.

(3) If the executive office is carried out within the framework of a labor relationship, the rules of the Civil Code on contracts of agency (Sections 474-483 of the Civil Code) shall apply correspondingly in respect of the legal relationship of the executive officer.

## ***Title 3.***

### **Supervision of the Operation of Business Associations**

#### *Section 31.*

(1) If so justified by the number of the members of a business association, or the importance or nature of its activity, or the founders, members (shareholders) deem it otherwise necessary, a supervisory board consisting of no less than three, but no more than fifteen members may be established in the articles of association (deed of foundation).

(2) Establishment of a supervisory board shall be obligatory:

a) for companies limited by shares;

b) for limited liability companies, if the initial capital of the company exceeds fifty million HUF;

c) for any business association, if the annual average of the number of full-time employees employed by the business association exceeds two-hundred.

(3) For a single-man limited liability company, establishment of a supervisory board shall be obligatory only on the basis of Paragraph c) of Subsection (2).

### *Section 32.*

(1) A person elected as a member of the supervisory board shall inform in writing the business associations, at which he is already a supervisory board member, within fifteen days after his acceptance of the new position.

(2) The supervisory board supervises the management of the business association for the business association's supreme body. The supervisory board may request information from the executive officers or the managerial employees of the business association, and may inspect the books and documents of the business association.

(3) The supervisory board shall examine all substantial business policy reports on the agenda of the meeting of the business association's supreme body, as well as any proposals relating to issues falling within the exclusive competence of the business association's supreme body. The business association's supreme body may pass resolution on the report prepared according to Act XVIII of 1991 on Accounting (hereinafter referred to as the "Accounting Act"), and on the appropriation of after-tax profits only in possession of the written report of the supervisory board.

(4) If, in the judgment of the supervisory board, the activity of the management is contrary to the law, the articles of association (deed of foundation, statutes) or the resolutions of the business association's supreme body, or otherwise infringes on the interests of the business association or its members

(shareholders), the supervisory board shall call an extraordinary meeting of the business association's supreme body and shall propose its agenda.

(5) Members of the supervisory board shall take part in the meeting of the business association's supreme body with a right of consultation.

### *Section 33.*

(1) The deed of foundation (statutes) of a company limited by shares, or the articles of association of a limited liability company may transfer to the competence of the supervisory board the election and removal of the members of the board of directors (managing director), the establishment of their remuneration, as well as the approval of the legal transactions set forth in the deed of foundation (statutes, articles of association).

(2) The supervisory board shall report at the next meeting of the business association's supreme body on the measures it has taken within the competence transferred to it.

(3) If, within its competence pursuant to Subsection (1), the supervisory board has refused to approve a legal transaction, the executive officers of the business association or the board of directors are entitled to convene the business association's supreme body. In such cases, the members' meeting (general meeting) of the business association may approve the legal transaction by a majority of three-quarters or more of the votes.

### *Section 34.*

(1) The supervisory board shall act as an independent body. The supervisory board shall elect a chairman (if necessary, deputy chairman or deputy chairmen) from among its members. The supervisory board shall have quorum if two-thirds of its members, but at least three members are present. The supervisory board shall pass resolutions by simple majority.

(2) The members of the supervisory board shall act in person, representation is not admissible. A member of the supervisory board may not be instructed in his capacity as such by the members (shareholders) or the employer of the business association.

(3) Meetings of the supervisory board shall be convened and chaired by the chairman. Any member of the supervisory board may request the chairman in writing to convene such meeting, indicating the reason and the purpose thereof. The chairman shall, within a period of eight days after receipt of such request, call a meeting of the supervisory board at a date within a period of thirty days. If

the chairman fails to comply with such request, the member shall have the right to convene the meeting himself.

(4) In other respects, the supervisory board shall establish its rules of procedure itself, which shall be approved by the business association's supreme body.

(5) If the number of supervisory board members falls below the number set forth in the articles of association (deed of foundation, statutes), or there is no person to convene the meeting of the supervisory board, the management of the business association shall convene the business association's supreme body in the interest of restoring proper operation of the supervisory board.

#### *Section 35.*

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. Such division of supervisory duties shall not concern the responsibility of the supervisory board member, nor his right to extend his supervision to other activities falling within the supervisory duties of the supervisory board.

#### *Section 36.*

(1) In the case set forth in Paragraph c) of Subsection (2) of Section 31, the employees of the business association shall take part in the supervision of the operation of the business association by way of the supervisory board. In such cases, one-third of the members of the supervisory board shall be comprised of employees' representatives. In the event of an uneven number, such one-third shall be calculated in such a manner which is more favorable for the employees.

(2) If the business association is established through transformation from an organization, at which employees were not represented in the supervisory board, but the conditions set forth in Paragraph c) of Subsection (2) of Section 31 were fulfilled, it shall be ensured in the articles of association (deed of foundation, statutes) that employees take part in the operation of the supervisory board immediately following transformation.

(3) Employees' representatives taking part in the supervisory board shall, with the exception of business secrets, inform the company's employees by way of the works council.

#### *Section 37.*

(1) Following a statement of opinion of the trade unions operating at the business association, the employees' representatives in the supervisory board shall be nominated by the works council from among the employees.

(2) Persons nominated by the works council shall be elected as members of the supervisory board by the business association's supreme body at its first meeting following such nomination, unless statutory grounds for disqualification exist in respect of the nominees. In this case, a new nomination shall be requested.

(3) In the supervisory board, employees' representatives shall have the same rights and same obligations as all other members. If the opinion of the employees' representatives unanimously differs from the majority standpoint of the supervisory board, the minority standpoint of the employees shall be stated at the meeting of the business association's supreme body.

(4) Membership of an employees' representative in the supervisory board shall terminate together with the termination of his labor relationship. Employee representatives may only be dismissed by the business association's supreme body upon the proposal of the works council, unless the works council fails to meet its obligation to make such proposal despite statutory grounds for disqualification.

#### *Section 38.*

(1) The period of the mandate of supervisory board members may differ from the period with regard to which the business association's supreme body has elected the executive officers.

(2) With the exception of employee representation, employees of a business association may not become supervisory board members.

(3) In other respects, Subsections (1)-(2) of Section 23, Section 24 and Section 30 shall apply correspondingly with regard to the formation and termination of supervisory board membership, and Section 25 and Subsection (1) of Section 27 with regard to the contents of the legal relationship.

(4) Supervisory board members shall bear unlimited, joint and several liability for damages caused to the business association through the violation of their supervisory obligation.

### ***Chapter IV.***

## **Legal Representation of Business Associations; Authorization to Sign for the Company**

### *Section 39.*

(1) Business associations are represented by their executive officers vis- -vis third parties and before the court and other authorities. The right of representation of executive officers may be restricted in the articles of association (deed of foundation, statutes), or may be distributed among several executive officers. Any restriction of the right of representation shall be void vis- ....-vis third parties.

(2) The business association's supreme body may confer the right of general representation upon an employee appointed by it (hereinafter referred to as "company secretary"). Employees who otherwise satisfy the requirements of executive officers may be appointed as company secretary. If the business association pursues activities at business premises or branch offices other than its registered office, more than one company secretary may be appointed.

(3) The company secretary shall carry out his duties independently, on the basis of the instructions of the executive officers. If the company secretary questions the legality or expediency of an instruction given to him by an executive officer, he may refer to the supervisory board.

(4) In respect of particular groups of issues, executive officers may invest employees of the business association with the right of representation.

(5) The company secretary and employees entitled to representation may not transfer the right of representation to any other party.

### *Section 40.*

(1) Unless otherwise provided by the articles of association (deed of foundation, statutes), the right of the executive officers of the business association and the company secretary to sign for the company, including disposal over the bank account, shall be exclusive, whereas the joint signature of two persons having the right of representation shall be required for the validity of other representatives signing for the company.

(2) The articles of association (deed of foundation, statutes) may stipulate that an executive officer with joint authorization to sign for the company may jointly sign for the company together with an employee entitled to representation.

(3) Signature for the business association shall be effected on the documents of the business association by the persons entitled to represent the business



association signing such documents under the company name of the business association, in accordance with their certified specimen signature.

## ***Chapter V.***

### ***Guarantees for the Lawful Operation of Business Associations***

#### ***Title 1.***

#### **The Auditor**

##### *Section 41.*

(1) Election of an auditor shall be obligatory

a) for companies limited by shares,

b) for limited liability companies, the initial capital of which exceeds fifty million HUF, furthermore, in the case of single-man limited liability companies, and

c) if so prescribed by law.

(2) The business association's supreme body may decide on the election of an auditor even if this is not obligatory.

(3) Persons included in the register of auditors in accordance with the relevant legal regulations may be elected as an auditor.

(4) The auditor shall be elected, or appointed in the articles of association (deed of foundation, statutes) for a definite period, such period not to exceed five years. Following election (appointment) of the auditor, the management of the business association shall conclude a contract in accordance with the general rules of civil law.

(5) If the auditor is an economic organization, it shall indicate the member, executive officer or employee thereof who is personally responsible for auditing. Such person may be appointed only with the consent of the business association's supreme body.

##### *Section 42.*

(1) In the case set forth in Section 41, the business association shall have the authenticity and legal compliance of the report prepared pursuant to the Accounting Act examined by the auditor. Without a statement of opinion by the

auditor, the business association's supreme body may not decide on the report prepared pursuant to the Accounting Act. Furthermore, the auditor shall examine all substantial business reports proposed to the business association's supreme body from the point of view of whether such contain true data and comply with all legal regulations.

(2) The auditor may inspect the books of the business association, may request information from the executive officers, supervisory board members and employees, and may examine the bank account, the petty cash, the stocks of securities and goods, and the contracts of the business association.

(3) The auditor shall safeguard the information obtained about the affairs of the business association as business secrets.

#### *Section 43.*

(1) A founder or member (shareholder) of the business association may not be an auditor. Neither executive officers, supervisory board members, close relatives of such [Paragraph *b*) of Section 685 of the Civil Code] nor employees of the business association for a period of three years after termination of such capacity, may be elected as auditors.

(2) If the auditor is an economic organization, in addition to the person pursuing the activity of the auditor, the regulations related to personal conflict of interest shall also be applied to all members (shareholders), executive officers and managerial employees of the economic organization.

(3) The person responsible for the audit may not be commissioned to carry out any other work for the business association. Similarly, an auditor economic organization may carry out other duties only if the subject of such commission does not concern the duties of the auditor set forth in the contract indicated under Subsection (4) of Section 41.

(4) Other laws may establish other regulations pertaining to conflicts of interest in respect of auditors.

#### *Section 44.*

(1) The auditor shall take part in meetings of the business association's supreme body. If so required, the auditor may be invited to attend the meeting of the management body or the supervisory board with a right of consultation, or the auditor himself may initiate his attendance at such meetings. In this latter case, the request of the auditor may be refused only in exceptionally justified cases.

(2) If the auditor ascertains or otherwise learns that a considerable decrease in assets of the business association is probable, or perceives any other issue which entails the liability of the executive officers or the supervisory board members as set forth in this Act, he shall request that the business association's supreme body be convened.

(3) If the business association's supreme body is not convened, or the supreme body fails to take the decisions required by legal regulations, the auditor shall inform the court of registration exercising legal supervision.

#### *Section 45.*

(1) The mandate of the auditor shall terminate upon the removal of the auditor based on the decision by the business association's supreme body, upon expiration of the period of the contract concluded with the auditor, upon the occurrence of statutory grounds for disqualification, or upon termination of the contract by the auditor. The auditor may be re-elected.

(2) In respect of the liability of the auditor, the rules on liability set forth in legal regulations pertaining to auditors, and in the Civil Code shall be authoritative.

### ***Title 2.***

## **Legal Supervision by the Court of Registration**

#### *Section 46.*

Pursuant to the provisions of the Act on Company Registration, Public Company Information and Court Registration Proceedings, legal supervision of business associations shall be carried out by the court of registration competent for the registered office of the business association.

### ***Title 3.***

## **Court Review of Resolutions of Business Associations**

#### *Section 47.*

(1) Any member (shareholder) of a business association may request a court review of resolutions passed by the organs of the business association with

reference to the point that such resolution conflicts with this Act, other legal regulations, or the articles of association (deed of foundation, statutes).

(2) With reference to the violation set forth in Subsection (1), any executive officer or supervisory board member may also initiate court review of a resolution passed by the business association's supreme body.

(3) The claim for court review of a resolution of the business association violating the law shall be lodged against the business association within thirty days after learning of such resolution. Following expiration of a ninety day non-appealable deadline from the date of passing the resolution, the resolution may not be contested even if it has not been communicated to the person entitled to lodge a claim or he has not learned thereof.

(4) The right to lodge claims may not be validly excluded, but shall not be granted to persons who contributed with their votes to the passage of the resolution, except for cases of mistake, misrepresentation or duress.

(5) Lodging a claim shall have no delaying force on the implementation of the resolution, but the implementation of the resolution may be suspended by the court, against which there shall be no appeal.

#### *Section 48.*

(1) If a review is initiated by an executive officer of the business association, and the business association remains without an executive officer who can represent the business association, a supervisory board member appointed by the supervisory board shall represent the business association in the proceedings. If the business association does not have a supervisory board, or all the supervisory board members are involved in the proceedings as plaintiffs, the court shall order a curator ad litem to represent the business association.

(2) Resolutions in violation of the law shall be repealed by the court.

(3) The court judgment passed in the course of the review of a resolution of the business association in violation of the law shall also extend to those members (shareholders) who were not involved in the proceedings.

### ***Title 4.***

## **Exclusion of Members by Court Judgment**

#### *Section 49.*

(1) A member of a business association shall be excluded from the business association by the court based on a claim initiated by the business association against such member, if the continued membership of the person in question would seriously endanger achievement of the business association's purpose.

(2) No claims may be lodged for the exclusion of shareholders. A member may not be excluded from a business association, if the business association has only two members. A member holding three-quarters or more of the votes may not be excluded.

(3) The supreme body of a business association shall pass a resolution to lodge a claim, for which a majority of three-quarters of the votes shall be required. Such resolution shall be made in writing. The person concerned may not vote on the issue of lodging the claim. The claim may be submitted to the county courts (Municipal Court of Budapest) competent for the registered office of the business association within a fifteen day non-appealable deadline from the date of passing the resolution.

(4) A separate claim may not be lodged for court review of the business association's resolution on lodging a claim, however, the defendant may refer to the illegality thereof in the exclusion proceedings.

#### *Section 50.*

(1) Both in the first and second instances, the court shall act in extraordinary proceedings for the exclusion of a member. If no other arrangements are required, the hearing shall be set for no later than the fifteenth day after receipt of the statement of claim by the court, or for arbitration proceedings, after formation of the council.

(2) Claims for the exclusion of a member may not be joined with any other claim, and no amendment of the claim or counterclaim is admissible. As compared to the originally submitted statement of facts, the plaintiff may not turn to other factual arguments in exclusion proceedings.

(3) During exclusion proceedings, stay or suspension is not admissible, and court injunctions may not be issued. The plaintiff may withdraw his claim at any stage of the proceedings without the consent of the defendant.

(4) Upon request, the court may suspend the defendant from exercising his membership rights until the end of the proceedings by a final judgment. Such suspension shall not affect the right of the member to the share of after-tax profits due to him. There shall be no appeal against a judgment ordering suspension, however, the court itself may amend such judgment upon request.

(5) With the exception of the cases set forth as obligatory in the Act, during the period of suspension of membership rights, the business association may not alter the articles of association, may not initiate the exclusion of another member, may not resolve the transformation of the business association, and may not resolve termination without legal successor.

(6) The deadline for submitting an appeal against the judgment passed in the exclusion proceedings shall be eight days. Re-opening of the proceedings may not be initiated against a final judgment.

## ***Title 5.***

### **Minority Rights in the Interest of Lawful Operation**

#### *Section 51.*

(1) Members (shareholders) representing one-tenth or more of the votes may at any point in time request that the business association's supreme body be convened, indicating the reason and the purpose thereof. The articles of association (deed of foundation, statutes) may also grant this right to members (shareholders) representing a smaller proportion of the votes. If the management does not comply with this request within a period of thirty days, upon the request of the members making the proposal, the court of registration shall convene the meeting of the business association's supreme body within a period of thirty days after the submission of a request to this effect. There shall be no appeal against a judgment of the court of registration admitting such a request.

(2) The court of registration shall be obliged to convene the business association's supreme body pursuant to Subsection (1) only if the members (shareholders) making the proposal advance the necessary costs, and provide for all other conditions for the meeting to be held. The business association's supreme body shall decide whether the costs incurred by convening the business association's supreme body be borne by the business association or the persons convening such meeting.

(3) If the business association's supreme body has refused a proposal that the last report prepared pursuant to the Accounting Act, or any event which has occurred in the management during the last two years be examined by an auditor, or, if the decision on a regularly announced proposal to this effect has been ignored by the supreme body, such examination shall be ordered by the court of registration upon a request by members (shareholders) representing one-tenth or more of the eligible votes.

(4) Under penalty of forfeiture of rights, the request set forth in Subsection (3)

shall be submitted within a period of thirty days after the date of the meeting of the business association's supreme body. In the event of a judgment admitting such request, an auditor shall be appointed by the court of registration, and the costs thereof shall be advanced by the business association. The business association's supreme body shall decide whether the costs incurred through the activity of the auditor be borne by the business association or the persons proposing the examination.

(5) If the supreme body of a business association has refused the proposal to enforce a claim against the members, executive officers, supervisory board members or against the auditor of the business association, or, if no decision on a regularly announced proposal to this effect has been reached by the business association's supreme body, members (shareholders) representing one-tenth or more of the eligible votes may, under penalty of forfeiture of rights, enforce such claim on behalf of the business association in court proceedings within a period of thirty days after the meeting of the business association's supreme body. The costs of lodging the claim shall be advanced by the business association. However, in the event that the action fails, the costs thereof shall be jointly and severally reimbursed to the business association by the members (shareholders) lodging such claim.

## ***Title 6.***

### **Arbitration Proceedings**

#### *Section 52.*

(1) In accordance with the provisions of Act LXXI of 1994 on Arbitration, permanent or contingent arbitration may be stipulated in the articles of association (deed of foundation, statutes) with regard to corporate legal disputes.

(2) Legal disputes arising in relation to the articles of association or the operation of the business association in the legal relationship between the business association and its members (shareholders), including former members excluded from, or otherwise withdrawing from the business association, or among the members (shareholders) inter se shall qualify as corporate legal disputes.

## ***Chapter VI.***

### **Termination of Business Associations**

#### *Section 53.*

(1) The business association shall terminate,

- a) if the period of time set forth in the articles of association (deed of foundation, statutes) expires or any other condition of termination is realized;
- b) if it resolves its termination without legal successor;
- c) if it resolves its termination with legal succession (transformation);
- d) if the number of its members declines to one person, unless otherwise provided by the provisions on the individual forms of business associations;
- e) upon being declared terminated by the court of registration;
- f) upon the order of the court of registration on its cancellation ex officio;
- g) if terminated by the court in liquidation proceedings;
- h) if so prescribed by the provisions of this Act on the individual forms of business associations.

(2) Business associations shall be terminated upon cancellation from the register of companies.

#### *Section 54.*

(1) In the event of termination of a business association, claims to be enforced on the basis of obligations of the business association being terminated shall lapse after a period of five years, unless legal regulations establish a shorter limitation period for certain claims.

(2) If the liability of a member for obligations of the business association was unlimited during the existence of the business association, and his membership was terminated prior to the termination of the business association, the limitation period shall be reckoned from the termination of the membership.

#### *Section 55.*

(1) In the event of termination of a business association with legal succession, the legal successor business association shall be responsible for the obligations of the legal predecessor business association. The liability of the members (shareholders) of the legal predecessor business association may be established only if the legal successor business association failed to fulfill its obligation to accept liability.



(2) Members (shareholders) of business associations shall be liable for the obligations of business associations terminated without legal successor.

*Section 56.*

(1) If the liability of a member for the obligations of the business association was unlimited, joint and several during the existence of the business association, his obligation to accept liability shall also be unlimited and joint and several for the obligations of the terminated business association. A debt incurred with regard to the obligation to accept liability among members shall be divided proportionately to their share in the assets of the business association.

(2) If the liability of a member for the obligations of the business association was limited during the existence of the business association, the liability of the member (shareholder) for the obligations of the terminated business association shall be limited to that share of the assets distributed upon the termination of the business association which is due to such member (shareholder).

(3) A member who has abused his limited liability may not make reference to such limited liability. Therefore, a member of a limited liability company or a company limited by shares, who has abused the separate legal personality and limited liability of the business association to the detriment of creditors, shall bear unlimited, joint and several liability for the unsatisfied obligations of such business association.

(4) The liability of the members according to Subsection (3) shall be valid in particular, if such members disposed over the assets of the business association as if they had been their own, or, if they reduced the assets of the business association for the benefit of others or their own in a way, in which they knew or should have known with due care that the business association would not be able to satisfy its obligations towards third parties as a result thereof.

*Section 57.*

(1) With the exception of liquidation proceedings and cancellation by the court of registration ex officio, upon the termination of a business association without legal successor, voluntary dissolution is admissible.

(2) In its resolution on the commencement of voluntary dissolution, the business association's supreme body shall appoint the person in charge of voluntary dissolution. In addition to the executive officers of the business association, other persons may also be appointed as the person in charge of voluntary dissolution.

(3) Any of the creditors of the business association, or the members (shareholders) representing one-tenth or more of the subscribed capital may, indicating the reason thereof, request the court of registration in writing to appoint a different person to be in charge of voluntary dissolution. The articles of association (deed of foundation, statutes) may also grant this right to members (shareholders) representing a smaller proportion of the subscribed capital.

(4) The court of registration shall render a decision on requests pursuant to Subsection (3) within eight days. There shall be no appeal against a judgment of the court of registration admitting such request.

(5) The detailed regulations for voluntary dissolution are contained in Act XLIX of 1991 on Bankruptcy Proceedings, Liquidation Proceedings and Voluntary Dissolution.

### ***Section 58.***

Chapter VII provides for the termination of business associations with legal succession.

## ***Chapter VII.***

### ***Termination of Business Associations with Legal Succession (Transformation)***

#### ***Title 1.***

### **Joint Regulations on Transformation**

#### ***Section 59.***

(1) Unless otherwise provided in this Chapter, the regulations pertaining to the foundation of business associations shall apply to the transformation of a business association into a different business association.

(2) Merger (consolidation, acquisition merger) and demerger (division, separation) of a business association shall also qualify as transformation of a business association.

(3) Business associations may also transform into non-profit companies (Point 7 of Chapter VI of the Civil Code).

(4) Unless otherwise provided by law, upon transformation according to this Chapter, additional tax or duty obligations shall not result.

#### *Section 60.*

(1) Business associations undergoing liquidation or voluntary dissolution may not transform into another business association.

(2) Business associations may resolve transformation into a different business association only if the members (shareholders) thereof have fully provided their contributions as set forth in the articles of association (deed of foundation, statutes).

(3) With the exception of the merger of companies limited by shares, only a close company limited by shares may be founded through transformation.

(4) Business associations being established through transformation may not operate as a pre-company. Therefore, the date of the legal successor business association starting operations may not be an earlier point in time than the day following registration of the business association. Until registration of the legal successor business association, the business association shall continue its activity in its registered form of business association. The fact that the transformation is in progress shall be expressly indicated in the documents of the business association and in the course of its legal transactions.

(5) In the course of the transformation, special rights or benefits granted to certain members (shareholders) shall be entered in the articles of association (deed of foundation) of the business association being established, unless the member (shareholder) concerned expressly waives such right or benefit in writing.

#### *Section 61.*

(1) If, on the basis of the data from the report prepared pursuant to the Accounting Act, a business association does not possess equity corresponding to the subscribed capital prescribed for its form of business association in two consecutive years, and the members (shareholders) of the business association do not provide for the necessary equity within a period of three months after approval of the report prepared pursuant to the Accounting Act for the second year, the business association shall be required to resolve transformation into a different business association.

(2) In the course of transformation, a form of business association shall be chosen, for which the Act does not specify a minimum amount of subscribed

capital, or for which the subscribed capital can be satisfied by the business association by transformation.

#### *Section 62.*

(1) The business association's supreme body shall pass a resolution on the transformation on two occasions.

(2) On the first occasion, based on the proposal of the executive officers and the supervisory board, the business association's supreme body shall establish whether the members (shareholders) of the business association agree on the intent to transform, shall assess in advance which of the members (shareholders) of the business association intend to become a member (shareholder) of the legal successor business association, and shall resolve into what form of business association the business association shall transform.

(3) If the business association's supreme body agrees on transformation, the executive officers shall prepare, as at a reference date defined by the business association's supreme body, the draft source and application of funds statement and the draft inventory of assets of the business association undergoing transformation, the (opening) source and application of funds statement, the draft inventory of assets and the draft of the articles of association (deed of foundation) of the business association being established through transformation, as well as the proposal on rendering accounts with the persons not intending to take part in the legal successor business association as members (shareholders). The members of the legal successor business association shall be entitled to conclude the articles of association (to approve the deed of foundation) of the legal successor business association.

(4) The draft source and application of funds statement of the business association being established through transformation may differ from the draft source and application of funds statement of the business association undergoing transformation:

*a)* by the contribution of new members (shareholders) joining the business association simultaneously upon transformation;

*b)* by the contribution of existing members (shareholders) to be provided subsequently, imposed as a condition of transformation;

*c)* by the proportion of the assets due to members (shareholders) not intending to take part in the business association being established through transformation.

#### *Section 63.*

(1) The draft source and application of funds statements shall be prepared in accordance with the methods and in the balance sheet format of the report prepared pursuant to the Accounting Act. The balance sheet of the report prepared pursuant to the Accounting Act may also be accepted as the draft source and application of funds statement of the business association undergoing transformation if the reference date thereof is no more than six months earlier than the second decision on the transformation.

(2) A business association undergoing transformation may re-evaluate its assets and liabilities as shown in the balance sheet of the report prepared pursuant to the Accounting Act.

(3) The detailed regulations of preparing draft source and application of funds statements, draft inventories of assets and those of the re-valuation, as well as the provisions on the establishment of the planned equity and subscribed capital of the business association being established through transformation are included in the Accounting Act.

(4) The draft source and application of funds statements and draft inventories of assets shall be examined by an auditor and, if a supervisory board operates at the business association, by the supervisory board. The auditor of the business association is not entitled to conduct this examination. The auditor who examined the draft source and application of funds statements of the transformation may not be appointed as the auditor of the business association being established for a period of three years after registration of the business association. The value of the assets of the business association and the amount of its equity may not be established at a value which is higher than the value determined by the auditor.

#### *Section 64.*

(1) The business association's supreme body shall resolve on the approval of the drafts set forth in Subsection (3) of Section 62 following preparation of such. A period longer than three months may not elapse between the reference date of the draft source and application of funds statements and the date of such decision, with the exception of the case contained in Subsection (1) of Section 63.

(2) The employees' interest representation organs operating at the business association shall be informed of the decision on transformation.

(3) On the basis of the data from the draft source and application of funds statements and the proposal of the executive officers, the share of planned subscribed capital due to members (shareholders) of the business association being established through transformation shall be established, furthermore, the share of assets due to members (shareholders) not intending to take part in the

legal successor business association, and the disbursement thereof shall be established in detail. Accounts shall be rendered with respect to the ratio of equity as per the draft source and application of funds statement to former subscribed capital, and that of equity to the balance sheet grand total.

(4) If, after appropriating the amount due to members (shareholders) not intending to take part in the legal successor business association, the equity as per the draft source and application of funds statement of the business association being established through transformation does not reach the minimum amount of subscribed capital as set forth in the Act, transformation shall be considered to have failed, unless in the interest of such transformation, the members (shareholders) of the legal successor business association themselves make the difference available to the business association prior to the application for registration.

(5) The share of assets due to members (shareholders) not intending to take part in the legal successor business association shall be disbursed within a period of thirty days after registration of the business association being established through transformation, unless an agreement with the persons concerned specifies a later point in time.

#### *Section 65.*

(1) The business association shall initiate the publication of an announcement on the decision on its transformation at the Company Gazette within eight days after the decision set forth in Subsection (1) of Section 64. Such announcement shall be published in two consecutive issues of the Company Gazette.

(2) Such announcement shall contain:

a) the name, registered office and company registration number of the business association undergoing transformation;

b) the form, name and registered office of the business association being established;

c) the date of concluding the articles of association (approving the deed of foundation);

d) the key data from the draft source and application of funds statement of the business association undergoing transformation and the draft source and application of funds statement of the business association being established, in particular, the amount of equity and subscribed capital, and within the latter, the share of contributions in cash and in kind;

- e) the activity of the business association being established;
- f) the name and domicile of the executive officers of the business association being established;
- g) notice to the creditors (Section 66).

#### *Section 66.*

(1) Transformation shall not result in the expiration of claims outstanding against the business association undergoing transformation.

(2) Those creditors, whose unexpired outstanding claims against the business association undergoing transformation originated prior to the first publication of the resolution on the transformation, may demand security up to the amount of their claims from the business association undergoing transformation within a thirty day non-appealable deadline following the second publication of said resolution.

(3) If the liability of a member (shareholder) for the obligations of the business association undergoing transformation is limited during the existence of the business association, the provision included in Subsection (2) shall be applied only if the subscribed capital of the business association being established through transformation is lower than that of the legal predecessor business association as at the time of making a decision on transformation.

#### *Section 67.*

(1) The business association being established through transformation is the legal successor of the business association undergoing transformation. The legal successor business association shall be entitled to the rights of the legal predecessor business association, whereas the obligations of the legal predecessor business association shall pass to the legal successor business association, including the obligations contained in the collective agreement concluded with the employees.

(2) If an application of the business association for the issue of an official license is in progress, the business association shall report the decision on transformation to the authorities issuing such license without delay. The holder of the official license shall be the legal successor business association, unless such legal successor fails to meet the conditions for the official license.

### ***Title 2.***

## **Regulations for Individual Forms of Business Associations**

### *Section 68.*

(1) If a business association has resolved its transformation into a limited liability company, non-profit company or company limited by shares, the provisions on the share of the contribution in cash and contribution in kind need not be applied when establishing the initial capital (share capital) of the legal successor business association or non-profit company.

(2) In the cases set forth in Subsection (1), in the draft source and application of funds statement of the legal successor business association, those assets shall be identified which will constitute the subscribed capital of the legal successor business association on the basis of the proportionate value of the equity to the balance sheet grand total.

(3) In addition to the items listed under Subsection (2) of Section 65, in the case of transformation into a company limited by shares, the type, category (class) and face value of the shares, and the name and domicile of the supervisory board members, whereas in the case of transforming into a non-profit company, the public service activity shall also be indicated in the announcement of transformation, respectively.

### *Section 69.*

(1) If a company limited by shares transforms into a different business association or non-profit company, when resolving the transformation as defined in Subsection (3) of Section 64, a decision must also be reached on the conversion of bearer shares to registered shares. The shares shall become invalid upon the registration of the business association being established through transformation, and the executive officers of the legal successor business association shall provide for the application of the legal consequences of such invalidity within thirty days after receipt of the resolution ordering such registration. In the course thereof, the provisions of Section 263 shall apply correspondingly.

(2) If a limited liability company transforms into a non-profit company, alteration of the articles of association of the business association undergoing transformation shall suffice in lieu of preparing a draft for the articles of association of the business association being established through transformation.

### *Section 70.*



If a business association transforms into a limited partnership, the amount of contribution of the limited partners shall also be included in the announcement of transformation, in addition to the items listed under Subsection (2) of Section 65.

*Section 71.*

(1) If an unlimited partnership transforms into a limited partnership, or a limited partnership transforms into an unlimited partnership, alteration of the articles of association of the business association undergoing transformation shall suffice in lieu of preparing a draft for the articles of association of the business association being established through transformation.

(2) A change in the form of business association as set forth under Section 104 shall not qualify as transformation.

***Title 3.***

**Merger of Business Associations**

*Section 72.*

(1) In the course of the merger of business associations, the joint regulations on transformation and the regulations on the form of business association being established through transformation shall be applied with the deviations included in Sections 73-75. Mergers may take the form of acquisition merger or consolidation.

(2) Following the resolution on transformation, the executive officers of the business associations involved in the merger shall provide all information to the members (shareholders) of such business associations regarding the affairs of the business associations related to the transformation.

(3) On the basis of the decision of the business associations involved in the merger, the same independent auditor may act in the course of the examination of the draft source and application of funds statements for all business associations.

(4) If any of the business associations are not be entitled to certain rights (e. g. the right to issue shares) from among the combining business associations, only those business associations which possessed such rights may be considered as legal predecessor with respect to the exercise of such rights.

(5) In the course of mergers, the provisions of the Act on the Prohibition of Unfair

Market Behavior and the Restraint of Competition on the supervision of the interpenetration of enterprises shall also be applied.

*Section 73.*

(1) In respect of acquisition mergers, the target business association shall terminate and its assets shall devolve to the acquiring business association as legal successor, whose form of business association shall remain unchanged.

(2) In respect of acquisition mergers, the face value of the participation of the target business association in the acquiring business association shall be disregarded when establishing the subscribed capital of the legal successor business association.

(3) In respect of acquisition mergers, the initial capital (share capital) of an acquiring limited liability company or company limited by shares may not be increased by the value of own capital contributions or the face value of shares owned by the target business association.

(4) In respect of acquisition mergers, the initial capital or share capital of the acquiring limited liability company or company limited by shares may not be increased by the value of those capital contributions or the face value of shares of the target business association which are owned by the acquiring business association.

(5) The value of the participation indicated under Subsections (2)-(4), or the value of the capital contributions or shares may no longer be included in the draft source and application of funds statement of the business association being established.

*Section 74.*

(1) In respect of consolidations, the combining business associations shall terminate and their assets shall devolve to a new business association being established as legal successor through transformation. In the course of consolidation, only business associations having the same form of business association may choose a different form of business association for the legal successor business association. In all other cases, the legal successor business association may only be established in the form of business association of one of its legal predecessors.

(2) In respect of consolidations, the value of own capital contributions and the value of shares of the business associations, as well as the value of their mutual participation shall be disregarded when establishing the subscribed capital of the

legal successor business association. In such cases, the provisions of Subsection (5) of Section 73 shall be applied.

#### *Section 75.*

(1) In respect of all forms of business associations, if the business association's supreme body has resolved in favor of the merger, the executive officers of the combining business associations shall prepare the draft merger agreement, in which the following shall be defined:

a) the name, registered office and company registration number of the combining business associations, the form, name and registered office of the business association being established;

b) the method of merger, the date of concluding the articles of association (approving the deed of foundation, statutes) of the legal successor business association;

c) in respect of acquisition mergers, the necessary alterations in the articles of association (deed of foundation) of the acquiring business association;

d) in respect of consolidations, the draft of the articles of association (deed of foundation) of the new business association.

(2) In addition to the items listed under Subsection (2) of Section 65, the method of merger shall also be indicated in the announcement of transformation (merger).

### ***Title 4.***

## **Special Regulations on the Merger of Companies Limited by Shares**

#### *Section 76.*

(1) A public company limited by shares may be established through merger only if the acquiring business association is a public company limited by shares, or the combining business associations are public companies limited by shares.

(2) In the event of a merger of companies limited by shares, in addition to the items listed under Subsection (1) of Section 75, the following shall also be defined in the merger agreement:

a) the share exchange ratio of the merging companies limited by shares;

b) the detailed rules for the transfer of the shares of the acquiring business association;

c) the point in time, following which the shares are entitled to a portion of after-tax profits;

d) the rights granted by the legal successor business association to the shareholders invested with special rights (in particular, with regard to the benefits due to founders, or the rights attached to preference, employees' or interest-bearing shares) or to the holders of other securities, as well as the proposal on arrangements related thereunto.

(3) Simultaneously upon preparation of the merger agreement, the executive officers of the combining business associations shall prepare a written report in which the necessity of the merger and the share exchange ratio are justified on the basis of legal and financial considerations. If the assessment met with particular difficulties, such shall also be stated. Upon the request of shareholders and at the cost of the business association, full or summary copies of the documents accessible to shareholders shall be prepared.

(4) The auditor preparing the draft source and application of funds statements shall make a statement on what methods the company limited by shares used for establishing the exchange ratio set forth in Paragraph a) of Subsection (2), what value each of these methods resulted in, and whether the exchange ratio is correct in his opinion. If the assessment met with particular difficulties, such shall also be stated.

(5) The auditor acting in accordance to the provisions of Subsection (4), or any other expert independent of the merging companies limited by shares shall make a statement, in a report prepared on commission by the companies limited by shares, regarding the sound foundations of the contents of the draft merger agreement, and the written report of the executive officers. Such statement shall also contain an opinion on whether the planned merger endangers the satisfaction of creditors' claims outstanding against the companies limited by shares.

(6) In respect of convertible bonds, the company limited by shares being established through the merger shall provide such entitlements to bond holders, which are at least equivalent to the entitlements they possessed in the legal predecessor business association, unless each of the bond holders gives his consent to the change of entitlement. Holders may also claim the redemption of convertible bonds or bonds with subscription rights issued by the combining business associations from the legal successor company limited by shares. The provisions of this Subsection need not be applied if, upon the issue of the

security, the position of bond holders in the case of an eventual merger had been defined in advance.

#### *Section 77.*

(1) Thirty days prior to the date of the general meeting resolving the approval of the merger agreement, the draft merger agreement, the written report prepared by the executive officers of the merging companies limited by shares, and the report of the auditor or independent expert containing his opinion on the draft merger agreement and on the written report shall be submitted by the companies limited by shares involved in the merger to the court of registration keeping the register of merging companies limited by shares.

(2) For a period of thirty days prior to the second general meeting resolution on the merger, all shareholders of the business associations involved in the merger shall have the right to become acquainted with the contents of the reports of the combining business associations prepared pursuant to the Accounting Act over the previous three years, in addition to the documents prepared for the resolution of the general meeting.

(3) If there are several categories or classes of shares, Section 238 shall be applied correspondingly when passing a resolution on merger.

(4) Based on corresponding application of the provisions contained in Subsection (2) of Section 66, creditors of companies limited by shares involved in the merger may demand security if they certify that such merger endangers the basis of satisfying their claims, provided that the companies limited by shares involved in the merger have not granted security to such creditors at an earlier point in time.

(5) The provisions contained in Subsections (2)-(5) of Section 76 and Subsections (2)-(3) may not be applied if the acquisition merger or consolidation takes place between companies limited by shares, in the case of which either of the companies limited by shares operates as a single-member business association of the other company limited by shares.

### ***Title 5.***

## **Demerger of Business Associations**

#### *Section 78.*

(1) In the course of the demerger of business associations, the joint regulations on transformation and the regulations on the form of business association being

established through transformation shall be applied with the deviations included in Sections 78-79. Demergers may take the form of division or separation.

(2) The supreme body of business associations may resolve the demerger of the business association into several business associations. A public company limited by shares may not be established through demerger.

(3) In respect of divisions, the business association being divided shall terminate and its assets shall devolve to the business associations being established as legal successors through transformation.

(4) In respect of separations, the business association from which separation is effected, shall continue to operate in its previous form following alteration of the articles of association (deed of foundation, statutes), while a new business association shall be established with the participation of the separating members (shareholders) and use of a part of the assets of the business association.

#### *Section 79.*

(1) In addition to the provisions of Subsection (2) of Section 62, the business association's supreme body shall also examine which legal successor business association the members (shareholders) of the business association intend to become a member in.

(2) The executive officers of the business association shall prepare the draft terms of demerger, in which the following shall be defined:

a) the form, name, registered office and company registration number of the demerging business association, and the name and registered office of the business associations being established;

b) the method of demerger, and the date of concluding the articles of association (approving the deed of foundation) of the business associations being established through the demerger;

c) the proposal on the distribution of assets, that is, the distribution of the assets of the business association among the members (shareholders) of the demerging business association and the principles thereof, as well as the proposal on the division of the rights and obligations of the demerging business association;

d) in respect of separations, the necessary alterations in the articles of association (deed of foundation) of the remaining business association, as well as the draft of the articles of association (deed of foundation) of the business association being established through separation;

e) in respect of divisions, the draft of the articles of association (deed of foundation) of the new business associations being established.

(3) The legal successors of demerging business associations, including those business associations from which separation was effected, shall be liable for the obligations of the business association originating prior to demerger in proportion to the distribution of assets.

(4) If any of the assets has not been provided for in the demerger agreement, such an asset or the value thereof shall be due to all legal successor business associations in proportion to the distribution of assets. If an obligation becomes known only after the agreement, liability of the legal successor business associations shall be joint and several. The legal successor business associations shall bear joint and several liability even if, despite providing for an obligation in the demerger agreement, the business association obliged on the basis of the demerger agreement fails to discharge such obligation.

(5) In addition to the items listed under Subsection (2) of Section 65, the following shall also be defined in the announcement of transformation (demerger):

a) the method of demerger;

b) the key provisions of the agreement on the division of the rights and obligations due to the demerging business association, in particular, the proportion of such division;

c) notice to the creditors.

(6) In the event of the demerger of a company limited by shares into companies limited by shares, the provisions contained under Title 4 shall be applied correspondingly.

## ***Title 6.***

### **Duties Following the Registration of Transformation**

#### *Section 80.*

(1) Upon registration of the legal successor business association, with the exception of the legal predecessor business association in the case of separation, and the acquiring business association in the case of acquisition merger, the legal predecessor business association shall be canceled from company registration records.

(2) Within a period of ninety days after registration of the business association being established through transformation, a final source and application of funds statement and inventory of assets shall be prepared as at the date of registration, both for the legal predecessor business association and the legal successor business association. A positive difference between the equity defined in this source and application of funds statement and in the draft source and application of funds statement shall be accounted for as assets over the subscribed capital, whereas in the case of a negative difference, unless the assets over the subscribed capital provide cover for such, the subscribed capital shall be reduced. The detailed regulations on the final source and application of funds statement and inventory of assets are contained in the Accounting Act.

(3) If the court of registration refuses to register the transformation, or the final judgment ordering registration is repealed, the business association intending to transform shall continue to operate in its previous form.

## ***PART TWO***

### ***REGULATIONS PERTAINING TO INDIVIDUAL FORMS OF BUSINESS ASSOCIATIONS***

#### ***Chapter VIII.***

#### **Unlimited Partnerships**

##### *Section 81.*

(1) By virtue of articles of association for the establishment of an unlimited partnership (hereinafter referred to in this Chapter as "partnership"), the members of the partnership undertake to pursue joint business-like economic activities with unlimited, joint and several liability, and to make available to the partnership the contribution necessary for such activities.

(2) The designation "unlimited partnership" (közkereseti társaság), or its abbreviation "kkt.", shall be indicated in the company name.

#### **Foundation of Partnerships**

##### *Section 82.*



In addition to the items listed under Section 11, if so required, the method and content of the personal assistance undertaken by the members, and the rules of the operation of the members' meeting shall also be set forth in the articles of association.

## **Internal Legal Relations of Partnerships**

### *Section 83.*

(1) No member shall be required to increase his contribution in excess of the amount set forth in the articles of association, or to supplement such contribution in the event of loss.

(2) No member may reclaim his contribution or the value thereof during the existence of the partnership or his membership therein.

### *Section 84.*

(1) Members of partnerships may assist personally in the activity of the partnership.

(2) Members may be entitled to remuneration for their personal assistance.

### *Section 85.*

(1) Partnerships shall prepare a year-end report pursuant to the Accounting Act. The meeting of members shall pass a resolution on the approval of the report and on the appropriation of after-tax profits.

(2) Unless otherwise provided by the articles of association, profits and losses shall be distributed among the members in proportion to their contributions. An agreement on the exclusion of any of the members from the profits or from the bearing of losses shall be null and void.

## **Management, Representation**

### *Section 86.*

(1) Unless otherwise provided by the articles of association, all members shall be entitled to the management of the partnership, without the restrictions contained in Subsection (3) of Section 22 and Subsection (1) of Section 24.

(2) In the articles of association, the members may entrust one or several members with the management, in which case the other members shall not be entitled to management.

(3) A member of the partnership with legal personality shall provide for the management by means of a natural person entitled to represent such legal person.

(4) The personal requirements related to executive officers shall be applied to the members entrusted with management and the representatives of members with legal personality.

#### *Section 87.*

(1) Each member entitled to management may act independently. Members entitled to management may object against the planned measures of another member entitled to management. In such cases, with the exception of urgent measures, the measure concerned may not be taken until the meeting of members passes a resolution thereon.

(2) The articles of association may provide that several members entitled to management may only act collectively. If the members fail to agree, any of them shall be entitled to request a decision on the issue by the meeting of members. However, urgent measures may also be taken independently by the members entitled to management. All other members entitled to management shall be informed of such measures without delay.

#### *Section 88.*

The members entitled to management shall represent the partnership, and shall exercise their right to sign for the partnership in accordance with the contents of the articles of association.

### **Supreme Body of Partnerships**

#### *Section 89.*

(1) The supreme body of an unlimited partnership is the meeting of members, in the activity of which all members take part in person. The articles of association may provide that a members' meeting function as the supreme body of the partnership. In this case, the articles of association shall contain the rules on calling members' meeting and on the order of procedure of passing resolutions.

(2) The meeting of members (members' meeting) shall pass resolutions on all issues not falling within the scope of management which are assigned to the competence of the supreme body of the partnership by legal regulations or the articles of association, or which do not belong to the ordinary business activity of the partnership.

(3) In the course of passing resolutions, each member shall have an equal vote. The articles of association may contain provisions to the contrary, but each member shall have at least one vote.

(4) The meeting of members (members' meeting) shall pass resolutions by a simple majority of the votes calculated in comparison to the number of all eligible votes, with the exception of those issues, in the case of which this Act or the articles of association stipulate a unanimous vote or a majority of three-quarters of the votes.

(5) A resolution passed by the unanimous vote of all members shall be required to alter the articles of association, as well as to decide upon issues not belonging to the ordinary business activity of the partnership.

(6) Alterations of the articles of association shall be signed by all members.

## **Legal Relations of Partnerships with Third Parties**

### *Section 90.*

(1) A partnership shall be primarily liable for its obligations with its assets. If the assets of the partnership do not cover an obligation, the members shall bear unlimited, joint and several liability with their private property for the obligations of the partnership.

(2) Judgments of guilt may be passed or execution may be levied on the assets of the partnership without members being involved in the proceedings, however, such may be passed or levied on the private property of members only with their involvement in the proceedings. Without prejudice to their subsidiary liability, members may also be sued together with the partnership.

(3) The liability of a member joining the partnership for the obligations originating prior to his admission shall be identical to that of all other members. Any agreement to the contrary shall be null and void against third parties.

### *Section 91.*

For the purposes of security or payment, creditors of members may not make use of any assets or rights representing pecuniary value transferred to the property of the partnership by a member. Only that portion of the assets shall cover the claim of the creditor which is due to the member upon the termination of the partnership or his membership. If the creditor had execution levied on such portion of the assets, the member may exercise his right to ordinary notice, but may not claim the disbursement of the share of assets due to him in kind.

## **Termination of Membership and Partnerships**

### *Section 92.*

Membership shall terminate:

- a) if the member fails to provide his contribution defined in the articles of association despite an order to this effect;
- b) upon joint agreement of the members;
- c) upon exclusion of the member;
- d) by ordinary notice;
- e) upon termination with immediate effect;
- f) upon death or termination of the member without legal successor;
- g) if the existence of such is in violation of the law.

### *Section 93.*

(1) Members may terminate their membership in writing with a notice period of three months in a partnership founded for an indefinite period of time (ordinary notice). Any exclusion or restriction of this right shall be null and void.

(2) If the expiration of the notice period falls at an unsuitable point in time, the other members may extend the notice period by an additional period of three months at the most.

### *Section 94.*

Members may terminate their membership in writing with immediate effect,

indicating the reason, if any other member of the partnership commits a severe breach of the articles of association, or behaves in a manner which seriously endangers cooperation with such member or the achievement of the purpose of the partnership.

*Section 95.*

(1) Accounts shall be rendered with members withdrawing from the partnership according to the situation existing at the time of termination of membership.

(2) Unless the partnership and the member agree otherwise, the claim of a member withdrawing from the partnership shall be disbursed in cash within a period of three months after termination of membership.

*Section 96.*

Based on an agreement with the members of the partnership, the heir of a member who has died may join the partnership as a member. If such agreement fails, the provisions of Section 95 shall be applied correspondingly to rendering accounts with the heir. Accounts shall be rendered with the legal successor of the member according to Section 95 even if the legal successor decides not to become a member of the partnership.

*Section 97.*

(1) For a period of five years after termination of their membership, members withdrawing from the partnership shall bear the same liability as all other members for such obligations of the partnership against third parties which originated prior to the termination of their membership.

(2) The heir of a member who has died shall, if he does not join the partnership, be liable for the obligations of the partnership originating prior to the member's death in accordance with the rules of liability for the testator's obligations. This provision shall be applied correspondingly to the legal successor of terminated members.

*Section 98.*

(1) If, as a result of termination of membership, the number of the members of the partnership declines to one, the partnership shall terminate only in the event that no new members are reported to the court of registration within a three month non-appealable deadline.

(2) If a partnership terminates on the grounds set forth in Subsection (1), a person in charge of voluntary dissolution shall be appointed by the court of registration.

*Section 99.*

A unanimous resolution of the members shall be required to resolve termination without legal successor or transformation of the partnership.

*Section 100.*

(1) In the event of termination of a partnership without legal successor, voluntary dissolution may be carried out in simplified procedure if the partnership settles all its debts within a period of thirty days after the resolution of the partnership on the commencement of voluntary dissolution. In such cases, the person in charge of voluntary dissolution need not be reported to the court of registration until reporting the completion of voluntary dissolution. The court of registration shall then provide for cancellation of the partnership and publication of such fact.

(2) In the event of termination of a partnership without legal successor, unless otherwise provided by the articles of association, assets remaining after settlement of all debts shall be distributed among the members in proportion to their contribution.

***Chapter IX.***

**Limited Partnerships**

*Section 101.*

(1) By virtue of articles of association for the establishment of a limited partnership (hereinafter referred to in this Chapter as "partnership"), the members of the partnership undertake to pursue joint business-like economic activities in a way in which the liability of at least one member (general partner) for the obligations not covered by the assets of the partnership is unlimited, and is joint and several with all other general partners, while at least one other member (limited partner) is only obliged to provide the contribution undertaken in the articles of association, and, with the exceptions set forth in this Act, is not liable for the obligations of the partnership.

(2) The designation "limited partnership" (betéti társaság), or its abbreviation "bt.", shall be indicated in the company name of the partnership.

(3) Unless otherwise provided by this Chapter, the regulations on unlimited partnerships shall apply to limited partnerships.

*Section 102.*

With the exception of the case contained in Subsection (1) of Section 103, limited partners are not entitled to the management of the partnership. However, limited partners may also take part in the activity of the meeting of members (members' meeting).

*Section 103.*

(1) Limited partners shall bear the same liability as general partners if their names appear in the company name of the partnership.

(2) If a limited partner has not provided his contribution indicated in the articles of association, or has provided such only in part, he shall be liable with his private property up to the value of the contribution not provided.

*Section 104.*

(1) If all general partners withdraw from the partnership, the partnership shall terminate, unless

a) admission of a new general partner is reported to the court of registration within a period of three months after withdrawal of the last general partner, or

b) the limited partners decide to continue operation of the partnership as an unlimited partnership, and

alteration of the articles of association in accordance with this is submitted to the court of registration within the deadline set forth in Paragraph a).

(2) If all limited partners withdraw from the partnership, the partnership shall terminate, unless

a) admission of a new limited partner is reported to the court of registration within a period of three months after withdrawal of the last limited partner, or

b) the general partners decide to continue operation of the partnership as an unlimited partnership, and

alteration of the articles of association in accordance with this is submitted to the court of registration within the deadline set forth in Paragraph a).

(3) In the event of termination of a partnership pursuant to Subsections (1)-(2), a person in charge of voluntary dissolution shall be appointed by the court of registration. In such cases, limited partners may also be appointed as the person in charge of voluntary dissolution.

#### *Section 105.*

In the cases contained in Section 104, accounts shall be rendered with the general or limited partners not intending to take part in the continued operation of the partnership as an unlimited partnership pursuant to the provisions of Section 95.

### ***Chapter X.***

## **Joint Enterprises**

#### *Section 106.*

(1) Joint enterprises (hereinafter referred to in this Chapter as "enterprise") are business associations founded by members which first and foremost are liable for their obligations with their assets. If the assets of the enterprise do not cover any debts, the members shall, in proportion to their contribution, bear joint liability for the debts of the enterprise as guarantors.

(2) The designation "joint enterprise" (közös vállalat), or its abbreviation "kv.", shall be indicated in the company name of the enterprise.

### ***Title 1.***

## **Foundation of Enterprises**

#### *Section 107.*

(1) In addition to the items listed under Subsection (1) of Section 11, the following shall also be defined in the articles of association:

- a) the extent of voting rights, and the method of exercising such;
- b) the rules on distributing after-tax profits and bearing losses;



- c) the conditions for disbursing the share of assets due to a member upon his withdrawal;
  - d) the order of distributing the assets remaining after termination of the enterprise.
- (2) If so required, the articles of association shall provide for the following:
- a) the services representing pecuniary value (ancillary services) owed by members, the contents and conditions thereof, as well as the amount of penalty payable in the event of the non-performance or insufficient performance of ancillary services;
  - b) the establishment of a value limit, above which transactions shall fall within the competence of the council of directors.

#### *Section 108.*

- (1) Members of an enterprise shall pay their contribution in cash, provide their contribution in kind, and perform the ancillary services undertaken.
- (2) In addition to providing their contributions, members of an enterprise may undertake to perform other services representing pecuniary value (ancillary services). Members may be entitled to separate remuneration for such services.
- (3) Unless otherwise provided by the articles of association, profits and losses shall be distributed among the members in proportion to their contributions.

### ***Title 2.***

## **Organizations of Enterprises**

#### *Section 109.*

- (1) The supreme body of an enterprise is the council of directors. Members may be represented through representatives. The director, supervisory board members or the auditor may not be representatives. Authorization shall be drawn up in a notarial document or private document representing conclusive evidence.
- (2) The following shall fall within the competence of the council of directors:
- a) formation of the internal organization, and the order of management and supervision of the enterprise;

- b) approval of plans related to business administration;
- c) approval of the enterprise's report pursuant to the Accounting Act;
- d) decision on the appropriation of after-tax profits;
- e) passing of resolutions which define tasks to be implemented in the business administration of members;
- f) resolution of termination without legal successor or transformation of the enterprise;
- g) approval of members joining the enterprise, and approval of the restriction of the liability of new members;
- h) consent to the transfer of membership rights;
- i) election and removal of the director, as well as the exercise of employer's rights related to the director;
- j) if a supervisory board operates at the enterprise, the appointment thereof, withdrawal of its mandate, and establishment of remuneration;
- k) if an auditor operates at the enterprise, the appointment thereof, withdrawal of his mandate, and establishment of remuneration;
- l) alteration of the articles of association;
- m) initiatives to exclude a member;
- n) decisions to conclude or amend a contract, the value of which exceeds the value limit set forth in the articles of association, or which is concluded by the enterprise outside its ordinary activity with one of its members;
- o) decision on all issues which are assigned to the competence of the council of directors by this Act or the articles of association.

#### *Section 110.*

- (1) The council of directors shall hold its meetings as necessary, but at least once every year.
- (2) Meetings of the council of directors, indicating the agenda, shall be called by

the director. The director shall provide for the organization and completion of the meeting, the keeping of minutes and the distribution of the resolutions.

(3) The following shall be entered in the minutes: the place and time of the meeting, the persons present and the extent of voting rights represented by such persons, significant events, statements and resolutions taking place during the meeting, the number of votes cast for and against such resolutions, and persons abstaining from or not taking part in the vote.

*Section 111.*

(1) The council of directors has quorum if members representing three-quarters or more of the votes are present at the meeting.

(2) Unless otherwise provided by the articles of association, voting rights shall be due to members in proportion to their contributions.

*Section 112.*

(1) Unless otherwise provided by the Act or the articles of association, the council of directors shall pass its resolutions by a simple majority of the votes present.

(2) A majority of three-quarters of the votes shall be required to decide on the issues listed under Paragraphs *a), b), f), g), h), l)* and *m)* of Subsection (2) of Section 109.

*Section 113.*

(1) The council of directors may pass resolutions without holding a meeting.

(2) The draft of resolutions proposed outside a meeting shall be communicated to the members of the council of directors in writing, setting a deadline of fifteen days, who shall cast their votes in writing. The director shall inform the members of the result of the vote in writing within eight days after receipt of the last vote.

(3) Upon the request of any of the members of the council of directors, a meeting shall be called to discuss the draft resolution.

*Section 114.*

(1) Management and representation of an enterprise shall be carried out by the

director within the framework of the articles of association and the resolutions of the council of directors.

(2) The council of directors may stipulate that the exercise of certain employer's rights related to managerial employees of the enterprise be subject to its own consent.

### ***Title 3.***

## **Admission of Members; Termination of Membership**

### *Section 115.*

(1) According to the conditions contained in the articles of association, members may also enter an enterprise following its foundation (admission).

(2) The council of directors shall pass a resolution on the approval of admission, and shall decide simultaneously on the due date of the obligations attached thereto and the degree of the voting rights of the new member.

### *Section 116.*

(1) New members shall be liable for the obligations of the enterprise originating prior to their admission. Upon admission, new members may restrict their liability by a declaration to the council of directors. If such declaration is approved, the new members shall be liable for the obligations originating prior to his admission only to the extent of his contribution.

(2) The fact, date and restriction of admission pursuant to Subsection (1) shall be entered in the register of companies. Restrictions are valid against third parties.

### *Section 117.*

(1) Membership shall terminate

a) if the member has not provided his contribution defined in the articles of association despite an order to this effect;

b) upon withdrawal of the member;

c) upon death or termination of the member without legal successor;

d) upon exclusion of the member;

e) if the existence of such is in violation of the law.

(2) Members may withdraw from the enterprise at the end of the year. Intention to withdraw shall be reported to the council of directors (board of directors) at least three months in advance.

(3) With the exception contained in Subsection (1) of Section 119, a member withdrawing from the enterprise shall be liable for the obligations of the enterprise originating prior to his withdrawal for a period of five years thereafter.

#### *Section 118.*

(1) Accounts shall be rendered with withdrawing members according to the situation existing at the time of their withdrawal. The council of directors shall decide when and in what installments the share of assets due to the withdrawing member is to be disbursed.

(2) The date of disbursement shall be established on the basis of the report of the enterprise prepared pursuant to the Accounting Act, in such a manner that disbursement does not endanger the continued operation of the enterprise, and the period thereof is three years or less.

(3) If disbursement does not take place upon withdrawal of the member, a proportionate share of after-tax profits shall be due to the withdrawing member according to his portion of assets yet to be disbursed.

#### *Section 119.*

(1) With the consent of the council of directors, withdrawal may take place through transferal of the membership rights to another member. In this case, the liability of the withdrawing member for the obligations originating prior to his withdrawal shall pass to the new member acquiring such membership rights.

(2) If the member terminates or dies, the provisions of Section 118 shall be applied correspondingly to render accounts with the legal successor (heir) of the member. If, however, the legal successor (heir) intends to continue the activity of the member, he may become a member of the enterprise with the consent of the council of directors. In this case, the provisions of Subsection (1) shall be applied correspondingly to the liability of the new member.

#### *Section 120.*

In the event of termination of an enterprise without legal successor, unless otherwise provided by the articles of association, the assets remaining after settlement of all debts shall be distributed among the members of the enterprise in proportion to their contribution.

## ***Chapter XI.***

### **Limited Liability Companies**

#### *Section 121.*

(1) Limited liability companies (hereinafter referred to in this Chapter as "company") are business associations founded with an initial capital (subscribed capital) consisting of capital contributions of a pre-determined amount, in the case of which the obligation of members to the company extends only to the provision of their capital contributions, and to other possible contributions as set forth in the articles of association. With the exceptions set forth in this Act, members shall not be liable for the obligations of the company.

(2) The designation "limited liability company" (korlátolt felelősségű társaság), or its abbreviation "kft.", shall be indicated in the company's name.

#### ***Title 1.***

### **Foundation of Companies**

#### *Section 122.*

Members may not be recruited by public invitation.

#### *Section 123.*

(1) In addition to the items listed under Subsection (1) of Section 11, the following shall also be defined in the articles of association:

a) the amount of the initial capital and the capital contributions of the individual members;

b) the method and due date of the payment of the contributions in cash not paid up in full;

c) the extent of voting rights;

*d)* the first managing director, and in the case of several managing directors, the method of representation;

*e)* the method of signing for the company;

*f)* if establishment of a supervisory board is obligatory, the members of the first supervisory board;

*g)* if election of an auditor is obligatory, the person of the first auditor;

*h)* the order of calling repeated members' meetings.

(2) If so required, the articles of association shall provide for the following:

*a)* the contributions in kind and the value thereof;

*b)* other services representing pecuniary value (ancillary services) owed by members, the conditions thereof, as well as the amount of penalty payable in the event of the non-performance or insufficient performance of ancillary services;

*c)* the authorization of the members' meeting to order additional payments and to define the conditions thereof;

*d)* the business shares securing distinct membership rights;

*e)* the exclusion or restriction of the transferability of business shares, and making the transfer of such shares subject to the consent of the company;

*f)* in the case of legal succession, the exclusion of the devolution or division of business shares;

*g)* the permission to withdraw business shares;

*h)* employees' business shares, and preferential rights attached thereunto;

*i)* the rules on quorum and the method of passing resolutions;

*j)* the rules of calling the members' meeting at a place other than the registered office, as well as the deadline for passing resolutions outside a meeting;

*k)* the indication of a value limit, above which transactions shall fall within the exclusive competence of the members' meeting;

*l)* the distribution of after-tax profits, and the proportion of assets due to members

upon the termination of the company, if the method of calculating such is different from the proportion of capital contributions;

*m)* the entitlement of all members to management and representation;

*n)* the restriction of the representation rights of managing directors;

*o)* if a supervisory board is established, the appointment of the members of the first supervisory board;

*p)* if an auditor is elected, the appointment of the first auditor;

*r)* in the case of an initial capital increase, the method of exercising preferential rights.

#### *Section 124.*

(1) The initial capital of the company consists of the amount of capital contributions of the individual members.

(2) Capital contributions are the contributions of the members, which consists of contributions in cash and contributions in kind.

(3) Contributions in kind constituting a part of the subscribed capital may be any marketable object or intellectual work of pecuniary value, or any right representing pecuniary value. Only such objects, intellectual works or rights which are subject to execution may be taken into account as a contribution in kind and which may be subsequently transferred by the business association without the consent (permission) of a third party. A permission granted upon the provision of the contribution in kind shall qualify as such a case.

(4) The amount of initial capital may not be less than three million HUF.

(5) Upon foundation, the amount of contributions in cash may not be less than thirty per cent of the initial capital or one million HUF.

#### *Section 125.*

(1) The capital contributions of members may be of varying value, but the value of each capital contribution may not be less than one-hundred thousand HUF. Capital contributions shall be expressed in HUF and shall be exactly divisible by ten thousand.



(2) Each member shall have one capital contribution. However, according to the regulations of joint property, one capital contribution may have several owners.

#### *Section 126.*

(1) A company may be registered only if, prior to the submission of the application for registration,

a) contributions in kind have been made available to the company in full, and

b) at least half of each contribution in cash, and an amount of one million HUF in total have been deposited into the company's bank account.

(2) Simultaneously upon submission for registration to the court of registration, the managing directors shall certify fulfillment of the conditions contained in Subsection (1).

#### *Section 127.*

If the full amount of contributions in cash was not paid up at the time of the foundation of the company, the method and due date of the payment of the remaining amounts shall be set forth in the articles of association. All contributions in cash shall be paid up within a period of one year following registration of the company, which shall be reported by the managing director to the court of registration.

#### *Section 128.*

Members of a company, who have knowingly had the contribution of any member approved by the company at a value exceeding its value at the time of the provision thereof, or who otherwise acted fraudulently in the course of the foundation, shall bear unlimited, joint and several liability for all resulting damages.

### ***Title 2.***

## **Legal Relations between Companies and Their Members**

#### *Section 129.*

Members of companies are obliged to pay the contributions in cash and to make

available the contributions in kind. Members of companies may not be exempted from such payment, and any offsetting of payments with the company is not admissible.

*Section 130.*

(1) The business share of members (Section 133), whose membership has been terminated pursuant to Section 13, shall be sold on the basis of the agreement with the member concerned. If such agreement does not exist, a public auction shall be held within sixty days after termination of membership.

(2) The regulations on public auctions are contained in Section 146-149.

*Section 131.*

(1) In addition to providing their capital contributions, members of companies may undertake to perform other services representing pecuniary value (ancillary services). The personal assistance of members, excluding those of elected officers, may also qualify as ancillary services if such is not based on a labor relationship. The conditions for performing ancillary services shall be provided for in the articles of association.

(2) Members may be entitled to separate remuneration for ancillary services.

(3) The transfer of a business share shall terminate the obligation to perform ancillary services, unless the party acquiring the business share assumes such obligation with the consent of the company.

*Section 132.*

(1) In order to cover losses, the articles of association may authorize the members' meeting to order an obligation of additional payments by members. The maximum amount payable by members on this basis, as well as the method, frequency and timing of performing additional payments shall be set forth in the articles of association. The amount of additional payments shall not increase the capital contributions of members.

(2) Unless otherwise provided by the articles of association, the obligation of additional payments shall be established and performed according to the proportion of capital contributions. Additional payments may also be ordered prior to the full payment of all capital contributions.

(3) The provisions of Section 13 and Section 130 shall be applied to the delayed

performance or non-performance of additional payments, whereby the amount of additional payments yet to be performed and due to the company shall be deducted from the purchase price of business shares.

(4) Additional payments which are not required to cover losses shall be repaid to members. Such repayment, however, may only take place after full payment of all capital contributions.

### *Section 133.*

(1) Following registration of the company, the rights of members and the share due to them from the assets of the company are embodied by the business shares. Identical membership rights shall be attached to equivalent business shares. The articles of association may, however, invest certain business shares with membership rights which are different from those of other business shares.

(2) Each member shall have only one business share. If a member acquire another independent business share, his business share shall increase by the business share acquired.

(3) One business share may have several owners. Such owners shall qualify as one member vis-à-vis the company; their rights, including the conclusion of the articles of association, may be exercised only by their joint representative, and they shall bear joint and several liability for the duties owed by such member.

(4) Joint representatives shall report to the company all changes in the person or ownership ratio of co-owners. A change in the person of the joint representative shall be reported to the company by the new joint representative.

### *Section 134.*

(1) With the exception of own business shares of companies (Section 143), business shares may be freely transferred to the members of the company. Members may grant each other pre-emption rights in the articles of association.

(2) With the exceptions contained in Section 130 and Subsection (3) of Section 132, business shares may be transferred to non-member parties only if the member concerned has paid his capital contribution in full. The member concerned, the company or a person appointed by the members' meeting shall, in this order, have pre-emption rights for business shares to be transferred by means of a contract of sale.

(3) If the member concerned fails to make a statement within fifteen days after the announcement of the intention of transfer, he shall be considered not to have

exercised his pre-emption right. For the company or a person appointed by such, the deadline shall be thirty days from such announcement. The latter deadline shall also apply to the consent specified in Section 137.

*Section 135.*

When selling the business share of a member in the course of court execution proceedings, the company or a person appointed by the members' meeting shall, in this order, have pre-emption rights for such business share. In the course thereof, the provisions of Section 134 shall apply to the exercise of the pre-emption rights.

*Section 136.*

(1) Any transfer of pre-emption rights shall be null and void. Pre-emption rights may not be validly waived.

(2) A claim for the establishment of the invalidity of a contract concluded in violation of pre-emption rights may only be lodged within a one year non-appealable deadline.

*Section 137.*

(1) Members may transfer business shares to non-member parties subject to the consent of the company. The conditions for granting or refusing such consent shall be provided for in the articles of association.

(2) Transfer of business shares based on legal grounds other than a contract of sale may be excluded or restricted in the articles of association.

*Section 138.*

(1) In the event of the transfer of business shares, the rights and obligations of the transferor attached to his membership shall pass to the party acquiring the business shares.

(2) The articles of association need not be altered as a result of a transfer of business shares.

(3) In order for the change of ownership and date thereof to be entered in the register of companies (Section 157), the party acquiring the business share shall report such information to the company. Such report shall be drawn up in a

notarial document or a private document representing conclusive evidence, and, in addition to the fact of acquiring the business share, shall contain a statement that the party acquiring the business share acknowledges the provisions of the articles of association as binding.

*Section 139.*

Upon the death or termination of a member, his business share shall devolve to his legal successor. The articles of association may prohibit such devolution, in which case the articles of association shall provide for redemption of the business share by the members or the company. If a member is terminated without legal successor, the company shall take possession of the business share, whereby the value of such shall be compensated by the company.

*Section 140.*

- (1) Business shares may only be divided in the event of transfer, legal succession of the member terminated or inheritance. Such division shall be subject to the consent of the members' meeting.
- (2) The provisions related to the minimum value of capital contributions shall apply also to the division of business shares.
- (3) The articles of association may prohibit the division of business shares.

*Section 141.*

- (1) During the company's existence, members may not reclaim from the company contributions which they have provided. Members may lay claim only to that portion of the company's after-tax profit calculated according to the legal regulations on accounting, which has been ordered to be distributed by the members' meeting (dividend). Members are only entitled to dividends in proportion to the contributions which they have already provided.
- (2) Unless otherwise provided by the articles of association, after-tax profits shall be distributed to members in proportion to their capital contributions.
- (3) Upon the proposal of the managing director, approved by the supervisory board in the event that a supervisory board operates at the company, the members' meeting may pass a resolution on the payment of dividends simultaneously upon the approval of the report prepared pursuant to the Accounting Act. No dividends may be paid to members if, as a result of such, the

equity of the company does not reach the initial capital of the company as set forth in the legal regulations on accounting.

(4) Prior to the approval of the report prepared pursuant to the Accounting Act, interim dividends may be paid if, on the basis of the interim balance sheet prepared pursuant to the provisions of the Accounting Act, and approved by the members' meeting, it is highly likely that following this there will be no obstacle to paying dividends at year end pursuant to the provisions of Subsection (1)-(3).

(5) Members may not be obliged to repay dividends received in good faith. This provision shall not apply to interim dividends paid to members during the course of the year.

#### *Section 142.*

(1) With the exception of the reduction of initial capital and remuneration for ancillary services, no payments to the debit of initial capital may be made to members on the basis of their membership.

(2) Payments that have been made contrary to the provisions of Subsection (1) shall be repaid to the company. This provision shall not apply to dividends received by members in good faith.

#### *Section 143.*

(1) Based on a resolution of the members' meeting passed by a majority of three-quarters or more of the votes, a company may acquire one-third of the business shares at the most, from its assets in excess of initial capital. Only those business shares may be acquired, with regard to which the capital contributions have been paid up in full.

(2) A company may not exercise voting rights for business shares acquired by the company (own business shares).

(3) Within a period of one year following the purchase thereof, the company shall alienate the business shares purchased pursuant to Subsection (1), shall convey the same to members, in proportion to their capital contributions, without compensation, or shall withdraw such business shares pursuant to the rules of initial capital reduction following expiration of the aforementioned deadline.

#### *Section 144.*

(1) The company shall take possession of business shares

a) upon termination of membership pursuant to Section 13, or the exclusion of the member concerned by the court, in the interest of completing the auction, or

b) upon termination of the member concerned without legal successor.

(2) If auction pursuant to Paragraph a) of Subsection (1) fails, the company shall decide within a period of thirty days after the last auction, whether the business share in question (capital contribution, Section 149)

a) shall be purchased by the company from its assets in excess of initial capital, or

b) shall be purchased by the company's members in proportion to their capital contributions, or

c) shall be withdrawn by the company.

(3) In the case of Paragraph b) of Subsection (1), the business share may be withdrawn even if such withdrawal is not rendered possible in the articles of association. The company may also resolve that the business share be conveyed to the members, in proportion to their capital contributions, without compensation.

(4) With the exception contained in Subsection (3), business shares may be withdrawn only if the articles of association expressly allows such withdrawal. Withdrawal of a business share need not be subject to the consent of the member concerned, if the conditions for withdrawal were set forth in the articles of association when such member acquired the business share.

(5) Upon the order of withdrawal, the capital contribution (business share) shall cease to exist, and the initial capital shall be reduced by the value thereof pursuant to the rules of capital reduction.

#### *Section 145.*

(1) The articles of association may provide that employees of the company may acquire employees' business shares free of charge or at a reduced price.

(2) Employees' business shares may only be formed from the company's assets in excess of initial capital, with a simultaneous increase in initial capital. Employees' business shares may not exceed fifteen per cent of initial capital.

(3) The owners of employees' business shares are entitled to the same rights as all other members of the company. The articles of association may, however, grant preferential rights to the owners of employees' business shares.

(4) Unless otherwise provided by the articles of association, the provisions contained in Section 146 shall be applied to the transfer, devolution and termination of employees' business shares.

#### *Section 146.*

(1) Employees' business shares may be transferred only to the employees of the company, or to persons whose employment relationship is terminated due to retirement.

(2) In the event of the death of an employee or the termination of his employment relationship, excluding retirement, his heir or former employer shall have the right to transfer the employees' business share in question to other employees of the company within a period of six months. In the event that this deadline expires without success, the company shall, at the first meeting of members' meeting thereafter, withdraw the employees' business share in question together with a corresponding reduction in initial capital, or shall decide to sell the same, changing the type thereof (transformation of business shares).

(3) In the event of inheritance, the deadline of six months set forth in Subsection (2) shall be calculated

a) from the death of the testator, if no probate is held,

b) from the date when the order of distribution providing for transfer of the inheritance with full effect becomes final, if a probate is held,

c) from the date when the judgment of the court becomes final, in the event of inheritance proceedings.

(4) In the event of the withdrawal of an employees' business share or the transfer of the same following transformation, the amount of the capital contribution shall be due to the former employee or his heir, which shall be disbursed, for heirs, within a period of thirty days, and for former employees, within a period of one year, respectively, following the withdrawal or transfer of the business share.

#### *Section 147.*

(1) The company shall be obliged to sell the business share of a member excluded by the court. Such business share shall be sold at a public auction, to be held within a period of forty-five days after the date when the judgment ordering exclusion of the member becomes final. The business share may be sold by other means only with the consent of the member excluded.



(2) Before putting the business share up for auction, an advertisement of auction shall be published in the Company Gazette at least eight days in advance of the date of the auction. The following shall be defined in such advertisement:

- a) the name and registered office of the company;
- b) the place and time of the auction;
- c) the method and deadline of payment;
- d) the key data of the business share to be auctioned, including its upset price.

(3) With the exception of the member whose business share is put up for auction, anyone may take part in the auction in person or by way of a representative. Authorization of representatives shall be drawn up in a notarial document or private document representing conclusive evidence.

#### *Section 148.*

(1) Auctions shall be held in the presence of a notary public. At the auction, the buyer offering the highest bid may purchase the business share in question, and is obliged to pay up the full purchase price, unless a different method of payment has been defined by the company in the advertisement. The members of the company and the company, in this order, shall have pre-emption rights at the price reached and under the method of payment determined at the auction, which may be exercised by said parties within a period of thirty days after the auction at the request of the managing director. The result of the auction shall be communicated to entitled parties by the managing director.

(2) In the course of the first auction, the business share in question may not be sold for a price amounting to less than two-thirds of the value of the capital contribution as set forth in the articles of association. If the first auction fails, the auction may be repeated several times. In the course of repeated auctions, the business share may be sold at a lower price, but not below the company's claim.

(3) The provisions contained in Subsection (1) of Section 120 of the Civil Code shall be applied to the acquisition of property by a buyer at auctions.

(4) Following deduction of the auction costs, first the claim of the company on the unpaid part of the capital contribution shall be satisfied from the purchase price paid, whereas the rest shall be due to the former member concerned. If the member was excluded from the company by the court, then, following deduction of the costs, the full purchase price reached at the auction shall be due to the member excluded.

*Section 149.*

In the event of termination of membership pursuant to Section 13, or exclusion of a member, if auction has failed, the former member may lay claim to that portion of his capital contribution which was provided by him, or to the amount of his capital contribution.

***Title 3.***

***Organizations of Companies***

**Members' Meeting**

*Section 150.*

(1) The supreme body of a company is the members' meeting. Members' meetings shall be convened at least once every year.

(2) The following shall fall within the exclusive competence of the members' meeting'

a) approval of the report prepared pursuant to the Accounting Act, including decision on the appropriation of after-tax profits;

b) order and repayment of additional payments;

c) decision to pay interim dividends;

d) consent for the division of business shares, and order on the withdrawal of business shares;

e) resolution on initiating the exclusion of a member;

f) decision on business shares taken into possession, and the purchase of such by members;

g) with the exception contained in Section 47, election and removal of the managing director, and the establishment of his remuneration, as well as the exercise of employer's rights if the managing director is also employed by the company;

h) election and removal of supervisory board members, and the establishment of their remuneration;

*i)* election and removal of the auditor;

*j)* approval to conclude contracts which take place between the company and one of its members, its managing director or their close relatives [Paragraph *b)* of Section 685 of the Civil Code];

*k)* enforcement of indemnification claims against members responsible for foundation, managing directors or supervisory board members;

*l)* decision on termination without legal successor or transformation of the company;

*m)* alteration of the articles of association;

*n)* all issues which are assigned to the competence of the members' meeting by the law or the articles of association.

#### *Section 151.*

(1) Members may be represented in the members' meeting by persons so authorized. Managing directors, company secretaries, supervisory board members and the auditor may not be representatives. Authorization shall be drawn up in a notarial document or private document representing conclusive evidence.

(2) The members' meeting has quorum if at least half of the initial capital or the majority of the eligible votes are represented. The articles of association may stipulate a higher rate of participation.

(3) Unless otherwise provided by the articles of association, if the members' meeting did not have quorum, members' meetings repeated as a result of this shall have a quorum for the issues of the original agenda irrespective of the degree of initial capital or voting rights represented by those present.

#### *Section 152.*

(1) Unless otherwise provided by law or the articles of association, the members' meeting shall be convened by the managing director.

(2) In addition to the cases defined in this Act or the articles of association, a members' meeting shall be convened if it is otherwise so required in the interest of the company. A members' meeting shall be convened without delay in order to provide for the necessary measures if it is evident from the balance sheet and

the books of the company that, due to losses, the equity has decreased to half of the initial capital or below the value set forth in Subsection (4) of Section 124, and also in the event that the company has stopped payments and its assets do not cover its debts.

(3) In the cases defined in Subsection (2), the members shall decide on the order of additional payments, or, if the articles of association do not provide for this possibility, the provision of the initial capital in some other way or the reduction of the initial capital, transformation of the company into an unlimited or limited partnership, or, failing the above, termination of the company.

#### *Section 153.*

(1) Unless otherwise provided by the articles of association, members' meetings shall be convened at the registered office of the company. Any deviation from this shall be subject to the prior consent of all members.

(2) Members shall be invited to the members' meeting, announcing the agenda of the meeting at the same time. A period of at least fifteen days shall pass between dispatch of the invitations and the date of the members' meeting.

(3) Any of member shall have the right to request for the discussion of an issue proposed by him, if his proposal is communicated to the members at least three days in advance of the members' meeting.

(4) If the members' meeting has been convened in contravention of the rules, it may pass resolutions only if all members are present and none of the members protests against holding such meeting.

(5) Members' meetings repeated due to lack of quorum may also be convened subject to the same conditions as indicated in the invitation to the original members' meeting.

#### *Section 154.*

(1) With the exception of resolutions on the approval of the report prepared pursuant to the Accounting Act and on appropriation of after-tax profits, members may pass resolutions without holding a members' meeting.

(2) Unless the articles of association specifies a shorter deadline, the draft of the resolution proposed outside a meeting shall be communicated to the members in writing, setting a deadline of eight days, who shall cast their votes in writing. Resolutions shall be considered to have been passed on the day following the

receipt of the last vote. The managing director shall inform the members of the result of the vote in writing within eight days after receipt of the last vote.

(3) Upon the request of any member, the members' meeting shall be convened to discuss the draft resolution.

#### *Section 155.*

(1) Managing directors shall cause minutes of members' meetings to be made. The minutes shall contain the place and time of the members' meeting, the persons present and the extent of voting rights represented by such persons, significant events, statements and resolutions taking place during the members' meeting, the number of votes cast for and against resolutions, and the persons abstaining from or not taking part in the vote.

(2) The minutes shall be signed by the managing director and a member present at the meeting, and elected as the person in charge of confirming the minutes.

(3) Managing directors shall keep continuous records of resolutions passed by the members' meeting (register of resolutions). Once passed, resolutions shall be entered in the register of resolutions without delay.

(4) Any member may inspect the minutes and the register of resolutions, and may request a copy confirmed by the managing director of the contents thereof.

### **Managing Directors**

#### *Section 156.*

Administration of the company's affairs and representation of the company shall be carried out by one or more managing directors elected from among members or non-members. The articles of association may provide that all members be entitled to management and representation, in which case they shall be considered managing directors.

#### *Section 157.*

(1) Managing directors shall keep records of the members of the company (hereinafter referred to as "register of members").

(2) The following shall be indicated in the register of members:

a) the name (company), domicile (registered office) and capital contribution of each member;

b) the amount of initial capital;

c) the provisions of the articles of association on possible additional payments and ancillary services, as well as on the restriction or exclusion of the transfer of business shares.

(3) Any change in the person or business shares of members, in particular, the transfer (devolution) or division of business shares, or the acquisition or withdrawal thereof by the company shall be entered in the register of members by the managing director.

(4) Managing directors shall submit the register of members or, if the data contained therein have changed, the valid register of members to the court of registration.

(5) The register of members may be inspected by anyone at the registered office of the company, if his interest is rendered probable.

#### *Section 158.*

(1) A resolution of the members' meeting passed by three-quarters or more of the votes shall be required for the removal of managing directors.

(2) If the number of the managing directors of the company falls below the number set forth in the articles of association, the managing director shall convene the members' meeting within a period of thirty days.

(3) If the company is left without a managing director, upon the request of any member or creditor, the court of registration shall convene the members' meeting within the framework of its legal supervision procedures.

### ***Title 4.***

## **Alteration of the Articles of Association, Increase and Reduction of Initial Capital**

#### *Section 159.*

(1) A resolution of the members' meeting passed by three-quarters or more of the votes shall be required for the alteration of the articles of association.

(2) The members' meeting need not be held and formal alteration of the articles of association is not required for a change in the person of the members.

*Section 160.*

A resolution of the members' meeting passed unanimously shall be required to increase the obligations of members contained in the articles of association, to establish new obligations or to restrict special rights of certain members.

*Section 161.*

(1) If the members' meeting resolves an increase of initial capital, with the exceptions contained in Subsection (2) of Section 145 and Section 165, such increased initial capital shall be covered through the payment (provision) of new capital contributions.

(2) With the exception contained in Section 165, initial capital may be increased only if all previous capital contributions have been paid up in full.

*Section 162.*

(1) Members of companies registered prior to an increase of initial capital shall have pre-emption rights to acquire new capital contributions within a period of thirty days after passage of the resolution on the initial capital increase. Unless otherwise provided by the articles of association, members may exercise this right in proportion to their capital contributions.

(2) If members have not exercised their pre-emption rights within the above deadline, persons appointed by them, or failing this, any person shall have the right to acquire the new capital contributions.

(3) The provisions of Subsections (1)-(2) may not be applied if the initial capital is increased in the interest of establishing employees' business shares.

*Section 163.*

A declaration drawn up in a notarial document or private document representing conclusive evidence shall be required to acquire new capital contributions being established through initial capital increase. The ancillary services undertaken shall be indicated in such declaration, and a statement shall be made therein that

the person making the declaration acknowledges the provisions of the articles of association as binding.

*Section 164.*

The provisions on the minimum amount of initial capital, the method and due date of payment, the legal consequences of default, the valuation and provision of contributions, as well as on the liability of members providing the contribution shall also be applied to capital contributions being established through an increase of initial capital.

*Section 165.*

The members' meeting may order an increase of initial capital from the assets of the company in excess of initial capital. Such increase of initial capital shall, without any payment, increase the capital contributions of members in proportion to their previous capital contributions.

*Section 166.*

(1) The members' meeting may reduce initial capital, and in cases defined in this Act, the members' meeting is obliged to reduce initial capital. Initial capital may not be reduced to an amount below three million HUF. If the initial capital reduction takes place through the repayment of a part of the capital contributions, the minimum amount of the capital contributions remaining may not be lower than one-hundred thousand HUF.

(2) If the reduction of initial capital is required by law, the provisions of Subsections (2)-(4) of Section 167 shall not be applied.

(3) If the reduction of initial capital prescribed by this Act is not rendered possible because the initial capital of the company would fall below the minimum amount set forth in this Act, the members' meeting shall pass a resolution on transformation of the company into some other form of business association, or on termination of the company without legal successor.

*Section 167.*

(1) In the event of an initial capital reduction, it shall be established in the resolution of the members' meeting deciding thereon whether the initial capital is reduced in the interest of capital withdrawal or the settlement of debts, or for the purpose of increasing some other element of equity.



(2) Following the submission thereof to the court of registration, managing directors shall publish an announcement on the resolution providing for the reduction of initial capital in the Company Gazette on two consecutive occasions, with an interval of thirty days. The following shall be included in such announcement: the date of passing the resolution on initial capital reduction, the amount of original and reduced initial capital, and the method of initial capital reduction. Simultaneously, the company's creditors shall be notified that claims of creditors disapproving the initial capital reduction should be reported within a period of thirty days after the last publication of such announcement. Known creditors shall also be called upon separately to make such a report.

(3) Claims of creditors, who have reported within said deadline and have disapproved the initial capital reduction, shall be satisfied, or such creditors shall be granted security for any outstanding claims.

(4) Following the deadline set forth in Subsection (2), the managing director shall report to the court of registration that the creditors disapproving the initial capital reduction have been satisfied, or have been granted security. The issues of the Company Gazette containing the announcements shall be attached to such report.

(5) The reduction of initial capital may be entered into the register of companies only after the report pursuant to Subsection (4).

(6) On the basis of an initial capital reduction, repayments to members may be performed only after entry of the initial capital reduction in the register of companies.

## ***Title 5.***

### **Termination of Companies**

#### *Section 168.*

A resolution of the members' meeting passed by three-quarters or more of the votes shall be required to resolve termination of the company.

#### *Section 169.*

(1) In the event of termination of a company by voluntary dissolution, following the publication of the judgment of the court of registration on the voluntary dissolution proceedings, the person in charge of voluntary dissolution himself shall publish an announcement on voluntary dissolution in the Company Gazette,

which shall contain the name and domicile of the person in charge of voluntary dissolution, as well as a notification to the creditors that their claims should be reported to the person in charge of voluntary dissolution within a period of forty days after publication of such announcement.

(2) Simultaneously with the submission of the application for the cancellation of the company to the court of registration, the person in charge of voluntary dissolution shall certify that publication pursuant to Subsection (1) has taken place.

(3) The assets of the company may not be distributed until the cancellation of the company.

(4) In the event of termination of a company without legal successor, from the assets remaining after the satisfaction of creditors, first additional payments shall be repaid, then, unless otherwise provided by the articles of association, the remaining assets shall be distributed among the members of the company in proportion to their capital contributions.

(5) If, upon commencement of voluntary dissolution or upon an order of liquidation, the initial capital of the company has not yet been paid up in full, the person in charge of voluntary dissolution or the liquidator shall have the right to make outstanding payments due with immediate effect, and to order the performance thereof by the members, if this is necessary in order to satisfy the debts of the company.

#### *Section 170.*

If the number of members in the company declines to one, the company shall not terminate, but shall continue to operate as a single-man company according to the relevant rules. In this case, a separate deed of foundation need not be prepared.

### ***Title 6.***

## **Single-Man Companies**

#### *Section 171.*

(1) A company may be founded by a single member, or a single-man company may be established in a way in which the ownership of all business shares of an already operating company is acquired by one member (hereinafter referred to as "single-man company").

(2) The approval of a deed of foundation shall be required for the foundation of a single-man company. The provisions on the articles of association shall be applied correspondingly to the contents and formal requirements of the deed of foundation.

(3) In the event of the foundation of a single-man company, all contributions in cash shall be paid up in full, and all contributions in kind shall be made available to the company before the application to the court of registration.

#### *Section 172.*

(1) In respect of single-man companies, the member set forth in Subsection (1) of Section 171 shall resolve the issues falling within the competence of the members' meeting, and shall inform in writing the executive officers thereof.

(2) If the member set forth in Subsection (1) of Section 171 is a natural person, the deed of foundation of the single-man company may provide that such member be entitled to management and representation.

(3) If the member set forth in Subsection (1) of Section 171 is an economic organization, the same person may not be an executive officer or a supervisory board member of the single-man company in question, and of such organization at the same point in time.

(4) In order for a contract concluded between a single-man company and its member to be valid, such contract shall be drawn up in writing.

#### *Section 173.*

(1) A single-man company may not acquire its own business shares.

(2) If, due to the division of business shares or increase of initial capital, a single-man company is supplemented with new members and in this way becomes a company with multiple members, the members shall change the deed of foundation into articles of association.

(3) The rules of liability related to a controlling interest as set forth in Subsection (3) of Section 292 and Subsections (1) and (3) of Section 296 shall be applied correspondingly to the liability of the member of a single-man company. The provision on the prohibition of the enforcement of a permanently detrimental business policy may not be applied against the member of a single-man company, if the member of the single-man company has undertaken unlimited,

full liability for the debts of the single-man company in the deed of foundation or in the alteration thereof.

*Section 174.*

In other respects, the regulations on multiple member companies shall be applied correspondingly to single-man companies.

***Chapter XII.***

***Companies Limited by Shares***

***Title 1.***

**General Provisions**

*Section 175.*

(1) Companies limited by shares are business associations founded with a share capital (subscribed capital) consisting of shares of a pre-determined number and face value, in the case of which the obligation of members (shareholders) to the company limited by shares extends to the provision of the face value or issue value of shares. With the exceptions defined in this Act, shareholders shall not bear liability for the obligations of a company limited by shares.

(2) The designation "company limited by shares" (részvénytársaság), or its abbreviation "rt.", shall be indicated in the company's name.

*Section 176.*

(1) The sum of the face value of all shares shall be the share capital (subscribed capital) of a company limited by shares.

(2) Issue of shares below face value is null and void. Any damage resulting therefrom shall be borne by the issuers jointly and severally.

*Section 177.*

(1) A company limited by shares may be a close company or a public company.

(2) A company limited by shares is a close company if its shares are not issued publicly.

(3) A company limited by shares is a public company if its shares are issued publicly in part or in full.

#### *Section 178.*

(1) With due consideration of the statutory provisions on securities, the supreme body of a company limited by shares may pass a resolution on the change of the form of the company limited by shares according to the rules applicable to the alteration of the deed of foundation or statutes. In this case, a public company shall prepare its statutes in accordance with such new form, whereas a close company shall prepare its deed of foundation, respectively.

(2) If a public company continues to operate as a close company, the company shall, simultaneously upon submitting its deed of foundation to the court of registration, certify that its shares are not listed on the stock exchange. Following the publication of the change in the form of the company limited by shares in the Company Gazette, its shares shall not be traded by means of public offers for purchase or sale.

### ***Title 2.***

### ***Shares***

### ***Types of Shares***

#### *Section 179.*

(1) Shares are securities embodying membership rights, which can be bearer shares or registered shares (types of shares).

(2) The shares of a close company, as well as uncertificated shares prepared according to the statutory provisions on securities, may only be registered shares.

(3) In respect of companies limited by shares founded for certain activities set forth in a separate act, the law may stipulate the transformation of bearer shares into registered shares, or may prohibit the transformation of registered shares into bearer shares.

#### *Section 180.*

(1) Bearer shares are freely negotiable without an indication of their holder.

(2) Unless otherwise provided by law, registered shares are freely negotiable, however, the deed of foundation of a close company may restrict the negotiation of shares according to the provisions of this Act, or may make such transfer subject to the consent of the company.

(3) Printed registered share certificates are negotiated by means of the full or empty endorsement drawn up on the back side of the share or the sheet (allonge) attached to the share. In respect of the negotiation of uncertificated shares (Section 194), the provisions of Act CXI of 1996 on the Issue of Securities, on Investment Services and on the Stock Exchange (hereinafter referred to as "statutory provisions on securities") shall be authoritative. The law may stipulate that the negotiation of shares be valid only if effected on the basis of an agreement by the parties concluded according to legal regulations.

(4) In the event of the devolution of ownership rights in printed registered share certificates by inheritance, upon the request of the heir, the chairman of the board of directors shall be entitled and obliged, on the basis of a final certificate of inheritance, order of estate transfer, or a final judgment passed in inheritance proceedings, indicating the reference number and date thereof, to enter the change of owner on the back (allonge) of the shares.

(5) In the event of the acquisition of ownership rights in printed registered share certificates at an official auction, upon the request of the owner, the chairman of the board of directors shall be entitled and obliged, on the basis of the auction records, indicating the reference number and date thereof, to enter the change of owner on the back (allonge) of the shares.

## **Categories of Shares**

### *Section 181.*

(1) Within the individual types of shares, several categories of shares may be issued. The categories of shares are: ordinary shares, preference shares, employees' shares and interest-bearing shares. Shares not belonging to the categories of shares set forth in Sections 183-188 shall be considered ordinary shares.

(2) Within preference shares, shares may belong to different classes of shares [Subsection (2) of Section 183], and within one class of shares, shares of different content or shares representing different membership rights may be issued.

### *Section 182.*

Within one category or class of shares, several series of shares may be issued. Shares of the same type, content and representing the same membership rights qualify as one series of shares. Shares of the same series may not differ in their face value or method of production.

*Section 183.*

(1) The deed of foundation (statutes) may, defining the relevant conditions, provide for the issue of registered shares which grant certain preferences to their holders over other categories of shares (preference shares).

(2) Within preference shares, the deed of foundation (statutes) may define the following:

a) preferred dividends,

b) upon termination of the company limited by shares without legal successor, preferred share of the assets to be distributed (preferred liquidation quota),

c) preference related to voting rights, or

d) class of shares granting pre-emption rights for the shares of a close company.

(3) The deed of foundation (statutes) may also establish a class of shares, to which the shares jointly representing entitlement to preferred dividends and preferred liquidation quota belong.

(4) The voting rights related to the preference shares defined in Paragraphs a), b) and d) of Subsection (2) and Subsection (3) may be restricted or prohibited by the deed of foundation (statutes). Failing this, the voting rights of preference shares shall be established in accordance with the face value of the shares.

(5) The sum of the face value of preference shares issued by a company limited by shares may not exceed half of the share capital of the company.

*Section 184.*

(1) From after-tax profits to be distributed among shareholders, shares granting preferred dividends entitle their holders to dividends prior to, or to a preferential degree over shares belonging to other categories or classes of shares.

(2) If, due to any reason, no dividends were paid in a certain year in respect of shares granting preferred dividends, the company limited by shares may, unless

otherwise provided by the deed of foundation (statutes), pay dividends on the shares belonging to other categories or classes of shares in the next year only if the arrears of dividends due on shares granting preferred dividends are paid in full beforehand.

(3) If dividends due on preference shares with restricted or excluded voting rights are not paid, or not completely paid by the company limited by shares, and such payment is not effected in the next year together with the dividends for that year, the shareholders of preference shares shall be entitled to voting right, and to exercise such right as long as the dividend arrears are not paid by the company.

(4) Detailed rules related to enforcing the benefits attached to shares of preferred dividends shall be set forth in the deed of foundation (statutes).

#### *Section 185.*

(1) On the basis of shares granting preferred voting rights, shareholders may exercise multiple voting rights as defined in the deed of foundation (statutes). The voting rights attached to one share, however, may not exceed ten times the voting rights corresponding to the face value of the share.

(2) The deed of foundation (statutes) may also provide that resolutions of the general meeting be passed only with the positive vote of the simple majority of shares granting preferred voting right, or, if only one share granting preferred voting rights has been issued, with the positive vote of the shareholder holding such share. This right may be exercised only if represented at the general meeting in person or by proxy.

(3) Unless otherwise provided by law or the deed of foundation (statutes), preferred voting rights shall extend to all decisions falling within the competence of the general meeting.

#### *Section 186.*

Preference shares which vary rights attached to a series of shares issued earlier may only be issued on the basis of a resolution of all shareholders belonging to such series of shares passed by a majority of three-quarters or more of the votes, and a resolution of the general meeting altering the deed of foundation (statutes) thereafter.

#### *Section 187.*

(1) In accordance with the provisions of the deed of foundation (statutes),



registered shares may be issued, free of charge or at a reduced price, for the full time or part time employees of the company limited by shares (employees' shares). A company limited by shares may pass a resolution on the issue of such employees' shares which entitle their holders to dividends from after-tax profits to be distributed among shareholders prior to the shares belonging to other categories or classes of shares, but following shares granting preferred dividends.

(2) Pursuant to the provisions of Section 255, employees' shares may be issued with a simultaneous share capital increase of the company limited by shares, up to fifteen per cent of the increased share capital at the most. Employees' shares may be transferred only to the employees of the company limited by shares, or to persons whose employment relationship is terminated due to retirement. Detailed conditions for the acquisition and transfer of employees' shares shall be set forth in the deed of foundation (statutes). The deed of foundation (statutes) may enable employees' shares be jointly acquired by certain groups of employees.

(3) Unless otherwise provided by the deed of foundation (statutes), the provisions contained in Subsections (4)-(6) shall be applied to the transfer and termination of employees' shares.

(4) In the event of the death of an employee or the termination of his employment relationship, excluding the case of retirement, his heir or former employer shall have the right to transfer the employees' shares in question to other employees of the company within a period of six months. In the event that this deadline expires without success, at the first meeting of the general meeting thereafter, the company shall withdraw the employees' shares in question with a corresponding reduction of its share capital, or shall decide to sell such shares after transforming such into ordinary shares, or preference or interest-bearing shares.

(5) In the event of inheritance, the deadline of six months set forth in Subsection (4) shall be calculated

a) from the death of the testator, if no probate is held,

b) from the date when the order of distribution providing for transfer the inheritance with full effect becomes final, if a probate is held,

c) from the date when the judgment of the court becomes final, in the event of inheritance proceedings.

(6) In the event of the withdrawal of shares or the transfer of shares following the transformation thereof, the face value of the shares shall be due to the former employee or his heir, which shall be disbursed, for heirs, within a period of thirty days, and for former employees, within a period of one year, respectively, following the withdrawal or transfer of the shares.

### *Section 188.*

(1) In accordance with the provisions of the deed of foundation (statutes), registered shares entitling their holders to a pre-determined rate of interest may be issued to an extent of up to ten per cent of the share capital (interest-bearing shares).

(2) From after-tax profits, owners of interest-bearing shares shall be entitled to the interest calculated according to the method shown on the shares after the face value thereof. No interest may be paid to shareholders if as a result of this, the equity of the company does not reach the share capital of a company limited by shares as set forth in the legal regulations on accounting.

(3) In addition to interest, owners of interest-bearing shares shall be entitled to all rights attached to the shares, including the right to dividends.

## **Own Shares**

### *Section 189.*

(1) A company limited by shares may acquire its own shares (hereinafter referred to as "own share") from its assets in excess of share capital according to the conditions contained in Subsections (2)-(6). Shares must not be acquired if the face value or issue value thereof is not paid up.

(2) The sum of the joint face value of own shares held by a company limited by shares may not exceed ten per cent of the share capital.

(3) For the calculation pursuant to Subsection (2), as well as from the point of view of suspending the exercise of voting rights, those shares shall also be considered whose holder acts in his own name but for the benefit of the company limited by shares, as well as shares issued by the company which the company received as security for its outstanding claims.

(4) Decisions on the acquisition of own shares, including the number of shares, and the decision on the consideration to be paid for such shares, shall fall within the competence of the general meeting, unless the own shares are acquired in order to avoid severe damage threatening the company. In such cases, the board of directors shall provide information on the acquisition of the own shares and the causes thereof at the forthcoming general meeting.

(5) A company limited by shares may not exercise voting rights on the basis of the own shares acquired, and shall alienate such shares within a period of one year. A company limited by shares may not assume direct suretyship in

connection with the acquisition of the shares by third parties, nor may such company grant a credit to third parties to acquire the shares. If a company limited by shares fails to satisfy its obligation of alienation, it shall be required to withdraw the shares with a simultaneous reduction of its share capital.

(6) Alienation of own shares shall fall within the duties of the board of directors. If, on the basis of Section 202, prior consent is necessary to alienate the own shares, granting of such consent shall fall within the competence of the supervisory board.

## **Share Warrants and Interim Shares**

### *Section 190.*

Prior to entry of a company limited by shares into the register of companies, share warrants may be issued on the amounts of contribution provided by shareholders. Share warrants are non-transferable bearer documents. Unless there is evidence to the contrary, share warrants certify the rights and obligations of the person indicated in such documents existing in respect of the company limited by shares.

### *Section 191.*

(1) Following court registration of the foundation of a company limited by shares, interim shares shall be made out for the amount of contribution provided on shares subscribed or undertaken to be received by shareholders, for the period up to the full payment of the share capital (increased share capital) or the issue value of the shares. Interim shares are securities, to which the regulations on registered shares shall be applied whereby the transfer of interim shares shall become valid only upon the registration of the holder of such shares in the register of shareholders.

(2) With the interim shares, shareholders may exercise their shareholders' rights in proportion to the contribution which they have already provided.

(3) With the exception of the contents of Section 194, interim shares shall indicate the amount paid by their holders up until the issue of such interim shares. Following the issue of interim shares, upon the request of shareholders, the amount of further contributions provided by them shall be indicated on the interim shares according to regulations on securities, or new interim shares shall be issued, together with a simultaneous declaration that the older interim shares are invalid.

(4) If a shareholder transfers his interim shares to third parties, such shareholder

shall be liable for the debts arising from their contributions to be provided on the shares subscribed or undertaken to be received by them as parties assuming direct surety.

(5) Interim shares issued prior to registration of the company limited by shares, or in a value exceeding contributions which were actually provided shall be null and void.

(6) Upon the production of the shares, the board of directors shall call upon shareholders to submit their shares, applying the procedure contained in Section 263 correspondingly. Following the deadline indicated in such request, the interim shares shall be declared invalid, or destroyed by the company limited by shares.

#### *Section 192.*

The members of the board of directors shall bear joint and several liability for any damages caused by violation of the provisions of Sections 190-191.

### **Production of Shares**

#### *Section 193.*

(1) Shares shall be produced and registered as printed share certificates or uncertificated shares, in compliance with the regulations on securities.

(2) Printed share certificates may be transformed into uncertificated shares. The detailed rules on such transformation are contained in the statutory provisions on securities.

#### *Section 194.*

(1) Printed share certificates shall contain at least the following information:

a) the company name and registered office of the company limited by shares;

b) the serial number, series, type and face value of the share;

c) the rights attached to the category of shares or class of shares in question, as set forth in the statutes;

d) the date of issue, the amount of the share capital, and the number of shares issued;

e) the signatures of two of the members of the board of directors;

f) the code of the security;

g) in the case of restriction on the transfer of the share, or making the same subject to the consent of the company limited by shares, the content of such restriction or the company's right of consent.

(2) The provisions of Subsection (1) shall be applied to uncertificated shares with the deviations that the serial number of the share need not be indicated, and the signatures of the persons set forth under Paragraph e) shall, in accordance with the statutory provisions on securities, be indicated on the document issued by the issuer and placed in the central depository. In lieu of such signatures, uncertificated shares contain the names of the authorized signatories of the document.

#### *Section 195.*

(1) Shareholders may demand the disbursement of printed share certificates due to them, or the crediting of the uncertificated shares to their securities account following entry of the company limited by shares in the register of companies, and the full payment of the share capital or, if the face value and issue value of the shares differ, the issue value of the shares.

(2) Within a period of thirty days after fulfillment of the conditions contained in Subsection (1), a company limited by shares shall take measures to produce the shares without delay, even if such action has not been demanded by shareholders.

#### *Section 196.*

Shares issued prior to entry of the company limited by shares into the register of companies, or full payment of the issue value of the shares shall be null and void.

#### *Section 197.*

(1) Based on the authorization of the deed of foundation (statutes), shares belonging to one series of shares may also be issued as shares of consolidated denomination, furthermore, following issue of such, the shares may be transformed into shares of consolidated denomination upon the request and at the cost of shareholders. Unless there is an agreement to the contrary, the transformation of shares into shares of consolidated denomination shall not

create joint property, and shareholders shall freely dispose over their rights attached to the base denomination of the consolidated shares according to the statutory provisions on securities.

(2) Upon the request and at the cost of shareholders, shares of consolidated denomination may be divided into consolidated shares of smaller denomination at a later point in time, or into the shares with the face value defined in the statutes for the series of shares in question.

## **Register of Shareholders**

### *Section 198.*

(1) The board of directors of a company limited by shares or a party commissioned by it according to the statutory regulations on securities shall keep a register of the shareholders holding registered shares, including holders of interim shares, in which the following shall be recorded: the name (company) and domicile (registered office) of shareholders or shareholders' representatives (hereinafter referred to jointly as "shareholders"), or in the case of jointly owned shares, the name (company) and domicile (registered office) of the joint representative, furthermore, the number of shares or interim shares (ownership ratio) of shareholders as per each series of shares, as well as any other data set forth by law or the deed of foundation (statutes) of the company.

(2) The transfer of registered shares shall be valid in respect of the company limited by shares, and shareholders may exercise their shareholders' rights in respect of the company only if such shareholders have been entered into the register of shareholders.

(3) Shareholders, if previously entered into the register of shareholders, shall report the transfer of their shares to the company within eight days after such transfer. On the basis of such report, the keeper of the register of shareholders shall provide for the cancellation of the shareholder from the register of shareholders without delay. The canceled data, however, shall remain observable. If shareholders fail to meet their disclosure obligation, they shall be obliged to pay a penalty calculated according to the provisions of the deed of foundation (statutes) to the company.

(4) The following parties may not be entered into the register of shareholders:

a) parties who have stipulated to this effect on the basis of the statutory provisions on securities;

b) parties who have acquired their shares in violation of the regulations on the transfer of shares set forth by law or the deed of foundation.

(5) With the exception contained in Subsection (4), the board of directors or the party commissioned by it may not refuse the entry into the register of shareholders if the shares have been transferred in accordance with the conditions set forth in this Act (Section 180).

(6) Shareholders may inspect the register of shareholders, and may request a copy of the section thereof concerning themselves from the board of directors or the party commissioned by it. The register of shareholders may be inspected by third parties, if their interest is rendered probable.

## **Convertible Bonds and Bonds with Subscription Rights**

### *Section 199.*

(1) A company limited by shares may issue up to half of its share capital in registered bonds, which shall be converted into shares at the request of the holder (convertible bonds).

(2) A company limited by shares may also decide to issue such registered bonds which, at a later point in time, upon the increase of the share capital through the issue of new shares, entitle holders of such, following shareholders, to the right of subscription (bonds with subscription rights).

(3) The provisions on convertible bonds and bonds with subscription rights shall be set forth in the deed of foundation (statutes).

## **Title 3.**

## **Special Regulations on the Transfr of Shares**

### *Section 200.*

(1) Pre-emption rights or redemption rights attached to printed registered share certificates, as well as the right or obligation of purchase shall be valid in respect of the company limited by shares or third parties only if such rights have been indicated on the share certificates by over stamping.

(2) The board of directors shall act in connection with the over stamping upon the notice of shareholders.

### *Section 201.*

(1) The deed of foundation of a close company may restrict the categories or classes of shares to be acquired by certain persons by way of the transfer.

(2) The law may restrict the acquisition of shares through transfer above and beyond the provisions contained in Subsection (1).

#### *Section 202.*

(1) The deed of foundation of a close company may stipulate that the transfer of registered shares be subject to the consent (Section 215 of the Civil Code) of the company.

(2) Granting the consent required by the deed of foundation for the transfer of registered shares shall fall within the competence of the board of directors, and in the case set forth in Subsection (6) of Section 189, within the competence of the supervisory board.

(3) Such consent may be refused on substantial grounds, in particular, if

a) the shares in question are to be acquired by a competitor of the company, or

b) considering the purpose of the company and the circle of its shareholders, such refusal is justified by some other reason set forth in the deed of foundation.

(4) If the board of directors fails to make a statement within a period of thirty days after receipt of the announcement of the intention to transfer the shares in writing, consent shall be considered to have been granted.

### ***Title 4.***

## **Foundation of Companies Limited by Shares**

#### *Section 203.*

(1) The share capital of a company limited by shares may not be less than twenty million HUF.

(2) Upon foundation, the amount of contributions in cash may not be less than thirty per cent of the share capital or ten million HUF.

#### *Section 204.*



A company limited by shares may be founded privately (Section 206) or by public procedure (Section 212).

*Section 205.*

(1) A company limited by shares may not grant credit or undertake suretyship in order for third parties to acquire shares issued by the company limited by shares.

(2) The prohibition contained in Subsection (1) shall not apply to the issue of employees' shares, or the issue or transfer of registered shares for the employees of the company under the preferential conditions set forth in the statutory provisions on securities.

**Private Foundation**

*Section 206.*

(1) In the course of private foundation, the founders undertake to receive all shares of the close company.

(2) Founders shall provide for the foundation of the company limited by shares, and their obligation to receive the shares, as well as for the organization and operation of the company in the deed of foundation.

*Section 207.*

(1) In addition to the items listed under Subsection (1) of Section 11, the following shall be defined in the deed of foundation:

a) the amount of share capital, the amount of cash contributions to be paid upon foundation, and the conditions for paying the face value or issue value of shares;

b) the declaration of the founders on their obligation to receive all shares, and on the division of the shares among themselves;

c) the number and face value or issue value of the shares to be issued upon foundation, the type of shares and the method of production, as well as the rules of transforming the shares into shares belonging to other types of shares;

d) the number of members of the board of directors, the name and domicile of the members of the first board of directors;

e) the number of members of the supervisory board, the name and domicile of the members of the first supervisory board;

f) the period of mandate of the auditor, and the name and domicile of the first auditor of the company limited by shares;

g) the method of signing for the company;

h) the method of calling general meetings, as well as the conditions and method of exercising voting rights;

i) the method of publishing announcements of the company;

j) the expected costs of foundation.

(2) If so required, the deed of foundation shall contain the following:

a) the object and value of in-kind contributions, the number and face value of shares to be received in exchange for such, the name (company) and domicile (registered office) of parties providing the contribution, and the name (company) and domicile (registered office) of the auditor responsible for preliminary valuation;

b) the rights attached to the individual categories and classes of shares, the possible restriction of certain rights attached to shares, the rules on transforming shares into shares belonging to other categories or classes of shares, as well as the number and face value or issue value of shares belonging to certain categories or classes of shares, as per each series of shares;

c) the series, number and face value of convertible bonds and bonds with subscription rights to be issued upon foundation or thereafter, and the rules related to bonds;

d) the authorization of the board of directors to increase the share capital, specifying the maximum amount of share capital increase to be implemented by the board of directors;

e) the authorization of the board of directors to issue, and to divide consolidated shares;

f) any restriction on the transfer of registered shares, or making transfer subject to the consent of the company,

g) any other points for which the shareholders wish to provide in the deed of foundation.

#### *Section 208.*

(1) In the event that a contribution is provided in kind, the auditor's report shall be attached to the deed of foundation, which shall contain a description and valuation of such contribution, and related thereto, a statement by the auditor as to whether the value of such contribution complies with the number and face value of the shares to be received in exchange, as well as a description of the valuation considerations applied by the auditor.

(2) A contribution in kind constituting a part of the subscribed capital may be any marketable object of pecuniary value or intellectual work, or any right representing pecuniary value. Only such objects subject to execution, intellectual works or rights may be taken into account as a contribution in kind which may be subsequently transferred by the company limited by shares without the consent (permission) of a third party. A permission granted upon the provision of the contribution in kind shall qualify as such a case.

(3) The auditor's report shall be forwarded to the court of registration together with the deed of foundation.

#### *Section 209.*

Founders shall identify those arguments and facts in a written statement attached to the deed of foundation, on the basis of which they have established the value of their contribution in kind, in the event that such value is lower than the value established by the auditor.

#### *Section 210.*

The provisions of Sections 208-209 shall also be applied in the course of any increases in share capital via contributions in kind.

#### *Section 211.*

A company limited by shares may be registered only if, prior to the submission of the application for registration,

a) the founders who have undertaken to provide contributions in cash have paid at least thirty per cent of the face value or issue value of the shares undertaken to be received in the deed of foundation, but an amount of at least ten million HUF in total,

b) contributions in kind have been made available to the company.

## **Public Foundation**

### *Section 212.*

(1) A public company limited by shares may be founded by means of share subscription through public procedure, according to the conditions set forth in the statutory provisions on securities.

(2) Share subscriptions shall take place in accordance with the memorandum, and according to the method contained therein. The original of the memorandum shall be drawn up in a notarial document or private document representing conclusive evidence, and any copies thereof shall be certified by a notary public.

(3) The following shall be defined in the memorandum:

a) the company name, registered office, scope of activities and duration of the company;

b) the name (company names) and domicile (registered office) of founders;

c) the planned amount of share capital;

d) the type, number and face value of shares, the method of production, and, if so required, the rights attached to the shares, other than ordinary shares, to be issued, and to the individual classes of shares, as well as possible restriction of shareholders' rights;

e) if so required, the benefits granted to founders, that is, with due consideration of the contents of Sections 208-209, the right to provide contribution in kind, to appoint the board of directors, the members of the supervisory board and the auditor for the first three years, and to render decision on the approval or refusal of oversubscription;

f) the objects and values of contributions in kind, the number and face value of shares to be subscribed in exchange for such, the name (company) and domicile (registered office) of parties providing such contributions, and the name (company) and domicile (registered office) of the auditor responsible for preliminary valuations;

g) procedures to be followed in the event of oversubscription;

h) if so required, the number of shares necessary for the share subscription to be successful, if the share capital is undersubscribed (minimum subscription);

i) the method of calling the statutory general meeting;

j) the expected costs of the public foundation.

(4) The memorandum shall be published by the founders as a part of the prospectus prepared according to the statutory provisions on securities.

#### *Section 213.*

Shares are subscribed by signing the subscription sheet. With the exception of founders providing contributions in kind, subscribers shall pay upon subscription at least ten per cent of the amount subscribed, in the manner determined by the founders.

#### *Section 214.*

(1) If more shares have been subscribed than are being issued by the company according to the memorandum (oversubscription), the founders, if entitled thereto in the memorandum, shall decide on the approval or refusal of the oversubscription according to the considerations set forth in the memorandum. If founders are not authorized to decide on oversubscription by the memorandum, following the establishment of the share capital, the statutory general meeting shall decide on the approval or refusal of the surplus subscription.

(2) Oversubscription must be refused if the face value of the shares subscribed exceeds the maximum issue value as established in the statutory provisions on securities.

(3) If the founders or the statutory general meeting have refused the oversubscription, payments performed on the share subscriptions refused shall be repaid without any deduction to the subscribers within a period of fifteen days after the decision to refuse the oversubscription. The founders and the investment enterprise participating in the share issue shall bear joint and several liability for the fulfillment of this obligation.

#### *Section 215.*

(1) Foundation shall be considered to have failed if all shares representing the planned share capital of the company limited by shares, or, if so provided by the

memorandum, shares equivalent to the minimum subscription have not been subscribed before the closing date of the share subscription, unless the share subscription is secured by a subscription guarantee.

(2) In the event that shares equivalent to only the minimum subscription have been subscribed in the course of the share subscription, the share capital of the company limited by shares shall be established based on the sum of the face value of the shares subscribed.

(3) If foundation fails, the amount paid in the course of the share subscription shall be repaid without any deduction to the parties performing such payment within a period of fifteen days. The founders and the investment enterprise participating in the share issue shall bear joint and several liability for the fulfillment of this obligation.

#### *Section 216.*

(1) Founders shall hold the statutory general meeting within a period of sixty days after the closing date of successful share subscription.

(2) If the founders fail to hold the statutory general meeting within the period of time stipulated in Subsection (1), subscribers shall be relieved from their further obligations, and may reclaim the amount they have paid. The founders shall bear joint and several liability for repayment of such amount without any deductions.

(3) Until the opening of the statutory general meeting, subscribers shall supplement the amount paid by them upon subscription to thirty per cent of the face value or issue value of the shares subscribed by them, so that at least ten million HUF in cash contributions are available.

#### *Section 217.*

The statutory general meeting shall:

- a) determine the success of the share subscription;
- b) decide on the approval or refusal of oversubscription, unless this right has been reserved for founders in the memorandum;
- c) establish the statutes;
- d) elect the first board of directors, supervisory board and auditor, unless this right has been reserved for founders in the memorandum.

#### *Section 218.*

(1) When stating whether a quorum is present at the statutory general meeting, from among the subscribers undertaking to provide contributions in cash, those may be taken into account who have satisfied the obligation under Subsection (3) of Section 216, whereas from among the founders undertaking to provide contributions in kind, those may be taken into account who have made their contribution in kind available to the company. With the exception of issues deviating from the memorandum, the statutory general meeting has quorum if shareholders subscribing fifty per cent or more of the share capital are present.

(2) The statutory general meeting shall pass resolutions by a simple majority of the votes. The statutory general meeting may deviate from the memorandum only with the unanimous decision of all shareholders.

(3) Minutes shall be drawn up on the statutory general meeting, to which the provisions of Section 239 shall apply.

#### *Section 219.*

(1) The statutes approved by the statutory general meeting shall contain the items listed under Section 207.

(2) Contributions in kind shall be made available to the company prior to the submission of the application for registration.

### ***Title 5.***

## ***Rights and Obligations of Shareholders***

### **General Provisions**

#### *Section 220.*

(1) Shareholders in possession of the shares, or the certificate of deposit or certificate of ownership set forth in the statutory provisions on securities, and for registered shares, following entry into the register of shareholders shall be entitled to the exercise the rights set forth in this Chapter.

(2) One share may have several owners who shall qualify as one shareholder in respect of the company limited by shares; their rights may only be exercised by their joint representative and they shall bear joint and several liability for the obligations due from such shareholders.

(3) Shareholders holding shares belonging to the same series of shares shall not be discriminated against in any way in connection with the exercise of their shareholders' rights.

(4) Shareholders' representatives acting on the basis of the statutory provisions on securities shall exercise shareholders' rights in respect of the company in their own name and for the benefit of the shareholder.

#### *Section 221.*

(1) Shareholders may exercise their shareholders' rights through representatives. Members of the board of directors, the general director, the supervisory board members or the auditor may not be representatives.

(2) One representative may represent several shareholders, but one shareholder may have only one representative.

(3) Authorizations for representation may be valid for one general meeting or a definite period of time, but for a period of twelve months at the most. The validity of authorizations of representation shall extend to the resumption of suspended general meetings and to general meetings re-convened due to lack of quorum.

(4) Authorizations shall be submitted to the company limited by shares in the form of a notarial document or private document representing conclusive evidence.

### **Obligations of Shareholders**

#### *Section 222.*

(1) Shareholders are obliged to pay the full amount of the face value or issue value of their shares within a period of one year following entry of the company limited by shares into the register of companies, as well as to make available their contribution in kind before the submission of the application for registration of the company. With the exception of a reduction of share capital occurring in the meantime, shareholders may not be exempted from this obligation.

(2) Within the deadline set forth in Subsection (1), shareholders are obliged to pay the face value or issue value of their shares when ordered to do so by the board of directors according to the conditions set forth in the deed of foundation (statutes). A public company shall publish such order in the publication for announcements of the company. Shareholders may satisfy their payment obligation prior to receiving an order to that effect.



(3) If the shareholders' rights of a shareholder are terminated pursuant to Section 13, and his obligation to provide the contribution on the shares subscribed, or undertaken to be received by the shareholder in the deed of foundation may not be assumed by third parties, the general meeting shall reduce the share capital in accordance with the contribution undertaken by such shareholder in default with regard to the share capital.

(4) The value of the contribution provided by shareholders in default shall be due to such shareholders following the reduction of the share capital, or when the shareholder replacing the shareholder in default performs his contribution towards the company.

### **Provisions on the Maintenance of Share Capital**

#### *Section 223.*

(1) During the existence of a company limited by shares, shareholders may not reclaim contributions they have provided. With the exception of the reduction of share capital, payments to the debit of share capital shall not be made to shareholders on the basis of their membership.

(2) Payments performed contrary to the provisions of Subsection (1), with the exception of dividends received in good faith and interest paid on interest-bearing shares, shall be repaid to the company.

#### *Section 224.*

(1) Prior consent of the supervisory board shall be required for contracts to be concluded between the company limited by shares and one of its shareholders holding registered shares or his close relatives [Paragraph *b*) of Section 685 of the Civil Code].

(2) For a public company, the provisions of Subsection (1) shall be applied with relation to shareholders having voting rights of ten per cent or more in the share capital of the public company, or close relatives of such persons.

(3) Consent of the general meeting shall be required for commutative contracts on the transfer of property to be concluded between the company limited by shares and one of its shareholders or his close relatives, if the value of the compensation set forth in such contract exceeds one-tenth of the share capital of the company. In the course thereof, the provisions on the valuation of contributions in kind, and on the publication of the auditor's report (Sections 208-209) shall also be applied correspondingly.

(4) If a shareholder is a member of the board of directors or the supervisory board of the company limited by shares at the same time, neither he nor his close relatives may, unless otherwise provided by law, conclude a contract with the company falling within the business-like economic activities of the company.

#### *Section 225.*

(1) Shareholders are entitled to the proportionate share according to the face value of their shares of after-tax profits of the company limited by shares calculated according to the legal regulations on accounting, which has been ordered to be distributed by the general meeting (dividends). Shareholders are entitled to dividends only in proportion to the contributions which they have already provided.

(2) The provisions of Subsection (1) may be applied with due consideration of the special rights or restrictions set forth in the deed of foundation (statutes) for the individual classes of shares.

(3) Upon the proposal of the board of directors, approved by the supervisory board, the general meeting may pass a resolution on the payment of dividends simultaneously upon the approval of the report prepared pursuant to the Accounting Act. No dividends may be paid if as a result of this, the equity of the company limited by shares does not reach the share capital of a company limited by shares as set forth in the legal regulations on accounting.

#### *Section 226.*

(1) Prior to the approval of the report prepared pursuant to the Accounting Act, interim dividends may be paid if, on the basis of the interim balance sheet prepared according to the provisions of the Accounting Act, and approved by the general meeting, it is highly likely that there will be no obstacle to paying dividends at year end pursuant to the contents of Section 225, whereby the joint amount of interim dividends and the dividends paid during the year in question may not exceed after-tax profits of the company limited by shares which may be appropriated to dividends, as calculated pursuant to the provisions of the Accounting Act, following the year prior to the year under review.

(2) Interim dividends may be paid pursuant to Subsection (1) only if shareholders undertake to repay the interim dividends in the event that it is later found that, according to the report prepared pursuant to the Accounting Act, the payment of the interim dividends was not possible according to legal regulations.

(3) Shareholders may not be obliged to repay dividends or interim dividends received in good faith, or interest paid on interest-bearing shares.

## **Rights of Shareholders at the General Meeting**

### *Section 227.*

All shareholders are entitled to participate, to request information and to make remarks at the general meeting. Shareholders are entitled to make proposals and, if holding shares with voting rights, to vote.

### *Section 228.*

(1) The board of directors shall provide the necessary information to all shareholders in connection with the items placed on the agenda of the general meeting, in the case of a close company, upon the discussion of the item, whereas for a public company, upon the request of shareholders submitted at least eight days in advance of the date of the general meeting. The board of directors may deny such information only if, in its opinion, provision of such would infringe upon the business secrets of the company. The information shall be provided even in this case if a resolution of the general meeting obliges the board of directors thereto.

(2) Substantial data contained in the report prepared pursuant to the Accounting Act, and in the report of the board of directors and the supervisory board shall be communicated to the shareholders by the board of directors of a close company at least fifteen days in advance of the general meeting.

(3) A public company shall publish the documents set forth in Subsection (2) at least fifteen days in advance of the general meeting in accordance with the provisions of the statutes on the publication of announcements by companies limited by shares.

### *Section 229.*

(1) With the exceptions set forth in this Act, voting rights attached to shares shall be determined by the face value of such shares.

(2) For registered shares, the statutes of a public company may stipulate the maximum level of voting rights which may be exercised by a single shareholder. When establishing maximum voting rights, shareholders must not be discriminated against in any way.

(3) Within the framework of this Act and the statutory regulations on securities, the method of exercising voting rights shall be set forth in the deed of foundation (statutes). The statutes of a public company may stipulate that shareholders of registered shares may exercise their voting rights only if entered into the register of shareholders at least sixty days in advance of the date of the general meeting.

(4) Shareholders may not exercise their voting rights until they provide cash contributions which are due (Section 222).

#### *Section 230.*

(1) Shares representing one-tenth or more of the votes may, indicating the reason thereof, request the board of directors in writing that a certain issue be placed on the agenda. The deed of foundation (statutes) may grant this right to shareholders representing the smallest possible proportion of the votes.

(2) Shareholders may exercise their rights under Subsection (1) within a period of eight days after receipt of the invitation to the general meeting, or the publication of the announcement on calling the general meeting.

#### *Section 231.*

In accordance with the proposal under Subsection (1) of Section 51, the board of directors shall be obliged to call the general meeting without delay, but within a period of thirty days at the latest, as well as to put the proposal pursuant to Subsections (3) and (5) of Section 51 on the agenda and to publish such proposal in the same way as the announcement of the general meeting. If the board of directors fails to comply with this obligation, the provisions of Section 51 shall be applied.

### ***Title 6.***

## ***Organizations of Companies Limited by Shares***

### **General Meeting**

#### *Section 232.*

The supreme body of a company limited by shares is the general meeting, which consists of all shareholders.

#### *Section 233.*

The following shall fall within the exclusive competence of the general meeting:

- a) establishment and alteration of the deed of foundation (statutes);
- b) decision on the change of the form of the company limited by shares;
- c) decision on transformation or termination without legal successor of the company;
- d) with the exception contained in Section 33, the election and removal of the members of the board of directors, members of the supervisory board and the auditor, and the establishment of their remuneration;
- e) approval of the report prepared pursuant to the Accounting Act, including the decision on the appropriation of after-tax profits;
- f) decision to pay interim dividends;
- g) decision on the transformation of types of shares;
- h) decision to transform printed share certificates into uncertificated shares;
- i) variation of the rights attached to the individual series of shares, and the transformation of categories or classes of shares;
- j) decision on the issue of convertible bonds or bonds with subscription rights;
- k) decision on the acquisition of own shares, unless otherwise provided by this Act, furthermore, in the case of a public company, on the acceptance of a public offer for purchase received in respect of own shares;
- l) decision on all issues which are assigned to the competence of the general meeting by the law or the deed of foundation (statutes).

#### *Section 234.*

- (1) The general meeting shall be convened as frequently as set forth in the deed of foundation (statutes), but at least once every year. If so required, extraordinary general meetings may be held at any time.
- (2) Unless otherwise provided by this Act, the general meeting shall be called by the board of directors.
- (3) The general meeting shall be called according to the method set forth in the

deed of foundation (statutes), in the case of a close company, by means of invitations sent to the shareholders at least fifteen days in advance of the first day of the general meeting, whereas in the case of a public company, by means of the announcement published according to the provisions of the statutes at least thirty days in advance of the first day of the general meeting.

(4) Such invitation or announcement shall contain the following:

- a) the company name and registered office of the company;
- b) the place and time of the general meeting;
- c) the agenda of the general meeting;
- d) the conditions for exercising voting rights, as stipulated in the statutes;
- e) the place and time of the repeated general meeting in the event of failure to have quorum.

(5) A general meeting repeated due to lack of quorum shall be convened within the deadline set forth in the invitation or announcement of the original general meeting, and under the conditions contained therein.

(6) If the general meeting has been called in violation of the rules, it may pass resolutions only in the presence of all shareholders entitled to vote, and only if none of the shareholders has protested against the general meeting being held.

#### *Section 235.*

(1) The shareholders present at the general meeting shall be entered into an attendance sheet, which shall contain the name (company) and domicile (registered office) of the shareholder or its representative, the number of his shares, and the number of votes he has.

(2) Attendance sheets shall be confirmed by the chairman of the general meeting and the keeper of the minutes through their signatures.

#### *Section 236.*

(1) The general meeting has quorum if shareholders representing more than half of the votes embodied by shares with voting rights are present. The deed of foundation (statutes) may stipulate a higher rate of participation.

(2) If the general meeting fails to have quorum, the repeated general meeting

shall, unless otherwise provided by the deed of foundation (statutes), have quorum on the issues of the original agenda irrespective of the number of those present.

(3) If the general meeting is suspended, it shall be resumed within a period of thirty days. In this case, the rules on calling the general meeting and on the election of the officers of the general meeting need not be applied. General meetings may be suspended only on one occasion.

#### *Section 237.*

(1) The general meeting shall pass resolutions on the issues listed under Paragraphs a)-c) and i) of Section 233 by a majority of at least three-quarters of the votes adopting the draft resolution.

(2) The deed of foundation (statutes) may stipulate that resolutions be passed by a majority of three-quarters or more of the votes on issues other than the issues listed under Subsection (1).

#### *Section 238.*

(1) Resolutions of the general meeting which discriminate against the rights attached to a certain series of shares may be passed only if, according to the procedure set forth in the deed of foundation (statutes), a majority of at least three-quarters of the shareholders of the series of shares in question consent thereto in advance. In the course thereof, the provisions on the possible restriction or exclusion of voting rights attached to such shares may not be applied.

(2) A resolution of the general meeting aiming at the change of the form of a public company may be passed only if, according to the procedure set forth in the deed of foundation (statutes), a majority of at least three-quarters of the shareholders representing at most one percent each of the votes consent thereto in advance.

#### *Section 239.*

(1) Minutes of the general meeting shall be drawn up, which shall contain the following:

- a) the company name and registered office of the company;
- b) the place and time of the general meeting;

c) the name of the chairman of the general meeting, the keeper of the minutes, the person in charge of confirming the minutes and the official vote counters;

d) significant events and proposals made during the general meeting;

e) draft resolutions, the number of votes cast for and against draft resolutions, and the number of abstentions from the vote.

(2) The minutes shall be signed by the keeper of the minutes and the chairman of the general meeting, and shall be confirmed by a shareholder being present and elected as the person in charge thereof.

(3) A certified copy of the minutes of the general meeting or an abstract thereof, the attendance sheet, and one copy of the publication containing the announcement on calling the general meeting shall be submitted to the court of registration by the board of directors within a period of thirty days after the end of the general meeting.

(4) Any shareholder may request an abstract or copy of the minutes of general meetings from the board of directors.

## **Board of Directors**

### *Section 240.*

(1) The management body of a company limited by shares is the board of directors.

(2) The board of directors shall consist of at least three and at most eleven members who shall be natural persons. The board of directors shall elect its chairman from among its members. The office of the chairman or that of the members of the board of directors may not be carried out within the framework of an employment relationship.

### *Section 241.*

(1) The board of directors shall exercise its rights and perform its duties as an independent body. The rules of procedure approved by the board of directors shall provide for the division of tasks and competence among the members of the board of directors.

(2) The members of the board of directors shall take part in the general meeting of the company with a right of consultation.



#### *Section 242.*

(1) Introduction of the report of the company limited by shares prepared pursuant to the Accounting Act, and of the proposal on the appropriation of after-tax profits shall be the duty of the board of directors.

(2) The board of directors shall prepare a report on the management, the financial situation and the business policy of the company at the regular intervals set forth in the deed of foundation (statutes), but at least once every year for the general meeting, and at least once every three months for the supervisory board.

(3) The board of directors shall ensure that the books of the company are kept according to the rules.

#### *Section 243.*

(1) The board of directors shall, with simultaneous notice to the supervisory board, call a general meeting within a period of eight days in order to take necessary measures, if it learns that

a) due to losses, the equity of the company has decreased to two-thirds of the share capital, or

b) the equity of the company has decreased below the amount set forth in Subsection (1) of Section 203, or

c) the company has stopped payment and its assets do not cover its debts.

(2) If the general meeting is called due to a reason set forth in Paragraph a) of Subsection (1), the general meeting shall, within the limits contained in Subsection (1) of Section 258, pass a resolution on the reduction of the share capital of the company.

#### *Section 244.*

The deed of foundation of a close company may provide that no board of directors be elected, and the rights of the board of directors as set forth in this Act be exercised by a general director.

### ***Title 7.***

#### ***Increase of Share Capital***

## **Joint Regulations on the Increase of Share Capital**

### *Section 245.*

- (1) Share capital may be increased
  - a) by the issue of new shares,
  - b) to the debit of assets in excess of share capital,
  - c) by the issue of employees' shares,
  - d) by the issue of convertible bonds, as conditional increase of the share capital.
- (2) New shares or bonds may be issued publicly or privately.
- (3) The types and methods of increasing the share capital under Subsections (1)-(2) may be decided on and implemented at the same time.

### *Section 246.*

- (1) The deed of foundation (statutes) may authorize the board of directors to increase the share capital. In the course thereof, the highest possible amount shall be established with which the board of directors is authorized to increase the share capital. Such a renewable authorization may be valid for a period of five years or less, and for a share capital increase of twenty-five per cent or less.
- (2) In the case set forth in Subsection (1), the board of directors shall be entitled as well as obliged to alter the deed of foundation (statutes) of the company.

### *Section 247.*

The rules applicable to foundation shall be applied correspondingly in the course of the share capital increase and the entry thereof into the register of companies, whereby if the issue value of the shares exceeds the face value upon the share capital increase, the difference shall be paid up in full upon the share subscription.

## **Share Capital Increase through the Issue of New Shares**

### *Section 248.*

A company limited by shares may increase its share capital through the issue of new shares only if the face value or issue value of all shares issued previously has been paid up in full.

*Section 249.*

(1) In the announcement or invitation calling the general meeting deciding on the increase of the share capital through the issue of new shares, in addition to the items listed under Subsection (4) of Section 234, the following shall also be defined:

a) the method of increasing the share capital;

b) the planned lowest amount of the share capital increase (minimum subscription);

c) the draft alteration of the deed of foundation (statutes) related to the share capital increase, including the number and series of the new shares to be issued, the rights attached to the types of shares or classes of shares belonging to such series, the method of production, the face value or issue value of the shares, as well as the conditions of payment;

d) in the case of the private issue of new shares, if so required, the objects and values of contributions in kind, the number and face value of shares to be received in exchange for such, the name (company) and domicile (registered office) of parties providing such contributions, and the name (company) and domicile (registered office) of the auditor responsible for preliminary valuation.

(2) In the resolution of the general meeting on the increase of the share capital through the issue of new shares, decisions shall be made on the items listed under Subsection (1) and, in the case of public issue, on the procedure to be followed in the event of oversubscription.

(3) If shares belonging to a different series of shares are issued, the resolution of the general meeting related to the increase of the share capital may be passed only if, according to the procedure set forth in the deed of foundation (statutes), a majority of at least three-quarters of the shareholders of the series of shares concerned in the share capital increase consent thereto in advance. In the course thereof, the provisions on the possible restriction or exclusion of voting rights attached to such shares may not be applied.

(4) Unless otherwise provided by the general meeting deciding on the share capital increase, the new shares issued through the increase of the share capital

shall entitle their holder to dividends on the basis of the calendar year of the registration of the share capital increase for the first time.

*Section 250.*

If the share capital is increased through a private issue of shares, those persons, who, with due consideration of the declaration of purchase intent made by them, are authorized by the general meeting to undertake obligations related to the receipt of the shares, shall be specified in the resolution of the general meeting on the increase of the share capital. In such resolution, the type or class of shares, the number, the series as well as the face value or issue value of the shares undertaken to be received by the same persons shall be provided for.

*Section 251.*

(1) The share capital may be increased through the issue of new shares in the cases and according to the conditions set forth in the statutory provisions on securities.

(2) In the course of the increase of the share capital through the public issue of new shares, the shareholders of the company limited by shares, and within that, in the first place, the shareholders with shares belonging to the same series of shares as the shares being issued, and the holders of bonds with subscription rights shall, in this order, be entitled to subscription priority according to the conditions set forth in the statutes or the resolution of the general meeting based on the authorization of the statutes.

*Section 252.*

(1) The general meeting deciding on the increase of the share capital may alter the deed of foundation (statutes) in connection with the share capital increase depending on the success of the share subscription or the obligations to receive the shares, at the date of the actual closing thereof (conditional alteration of statutes). In this case, an additional general meeting need not be held in connection with the share capital increase.

(2) If a conditional alteration of the statutes is not effected, or if, in the course of the share capital increase, the general meeting must pass a resolution on an issue, which the conditional alteration of the statutes has failed to provide for, a general meeting shall be held on the alteration of the deed of foundation (statutes) within a period of sixty days after successful closure of the share subscription.

(3) The share capital increase shall be considered to have failed if, in the course of the increase of the share capital through the public issue of new shares, the conditions set forth in Subsections (1)-(2) of Section 215 are not fulfilled, or, in the course of a private issue of new shares, the persons indicated in the resolution of the general meeting have not undertaken to receive the minimum amount of shares set forth in such resolution.

(4) Failure of the share capital increase shall be reported to the court of registration within a period of thirty days after the expiration of the deadline stipulated for the performance of the share subscription or the obligations to receive the shares.

### **Share Capital Increase to the Debit of Assets in Excess of Share Capital**

#### *Section 253.*

(1) At the general meeting approving the report prepared pursuant to the Accounting Act, a company limited by shares may increase its share capital by its assets in excess of share capital, or a part thereof, by way of alteration of the deed of foundation (statutes).

(2) With the exceptions contained in Subsection (3), the shareholders of the company limited by shares shall be entitled to the shares falling on the increased share capital without compensation, in proportion to the face value of their shares.

(3) In its resolution on the share capital increase, the general meeting may provide that the new shares issued to the debit of the increased share capital, or a part thereof

a) shall be due to the employees of the company as employees' shares, or

b) shall be due to the person who, in exchange for such shares, agrees to waive the claim to his loan granted to the company.

(4) In addition to the alteration of the deed of foundation (statutes), the form of implementing the share capital increase (issue of new shares, over stamping or exchange of shares) and the rules of implementing the same shall be set forth in the resolution of the general meeting.

#### *Section 254.*

(1) In respect of printed share certificates, within a period of sixty days after

registration of the share capital increase, the board of directors shall inform the shareholders, in the case of a close company, by means of a written notice, whereas in the case of a public company, by means of a notice published in the publication for announcements of the company, of the place and the opening and closing date of the acceptance of shares to be replaced, and the provision of new or overstamped share certificates.

(2) If share certificates to be overstamped or exchanged are not submitted to the board of directors by a shareholder within the deadline set forth in the resolution of the general meeting, the board of directors shall declare such shares invalid, and shall publish its resolution to this effect in the Company Gazette and in the publication for announcements of the company. The shareholders' rights of the shareholders concerned shall extinguish with such a declaration of invalidity. In lieu of the shares declared invalid, the company shall issue and sell new shares. The purchase price so realized shall be due to the owners of the shares declared invalid.

(3) If new or overstamped share certificates are not accepted by a shareholder within the deadline set forth in the resolution of the general meeting, the company shall sell such shares. The purchase price so realized shall be due to the shareholder who missed the deadline.

(4) If the sale of shares pursuant to Subsections (2)-(3) does not take place within a period of six months, such shares shall be withdrawn with a simultaneous reduction of the share capital at the next general meeting at the latest.

## **Share Capital Increase through the Issue of Employees' Shares**

### *Section 255.*

(1) In the event of an issue of employees' shares free of charge, the face value of the employees' shares is provided by the increase of the share capital to the debit of the assets of the company in excess of share capital. In the event that the employees' shares are issued at a reduced price, the face value of the employees' shares issued is provided by the amount to be paid according to the resolution of the general meeting and the increase of the share capital to the debit of the assets in excess of share capital jointly.

(2) The provisions pertaining to share capital increase through the private issue of new shares shall be applicable to the issue of employees' shares, whereby upon the issue of employees' shares at a reduced price, the provisions contained in Section 247 be applied only if the amount of contribution granted by the company limited by shares to the debit of its assets in excess of share capital

does not reach the amount specified by the general meeting, but at least thirty per cent of the face value.

## **Share Capital Increase through the Issue of Convertible Bonds**

### *Section 256.*

(1) The general meeting may resolve a conditional share capital increase through the issue of convertible bonds.

(2) In the resolution of the general meeting on the conditional share capital increase, the following shall be defined:

a) the method of bond issue (private, public);

b) the number, and face value or issue value of the bonds to be issued, the series of the bonds, and the place and time of subscription;

c) the conditions for transforming the bonds into shares;

d) the maturity of the bonds, and the conditions for paying interest or other yield on such bonds.

(3) In respect of private bond issues, in addition to the items listed under Subsection (2), the persons entitled to receive the bonds on the basis of the previously made declarations of intent shall be specified in the resolution of the general meeting, indicating the series, number, and face value or issue value of the bonds.

(4) The statutory provisions on securities shall also apply to the issue of convertible bonds.

### *Section 257.*

(1) Within the maturity of the bonds, bond holders may demand in writing shares in exchange for their bonds within a period of time set forth by the general meeting, through the submission of such bonds to the board of directors. If the bonds were issued at an amount below the face value or issue value of the shares, simultaneously with their declaration, bond holders shall pay the difference between the bond and the face value or issue value of the share to the company limited by shares.

(2) The general meeting shall, at its meeting following the declaration pursuant to Subsection (1), and deciding on the approval of the report prepared pursuant to

the Accounting Act, alter the deed of foundation (statutes) in accordance with the share capital increase.

## ***Title 8.***

### **Reduction of Share Capital**

#### *Section 258.*

(1) The general meeting may decide to reduce the share capital, whereas in the cases set forth in this Act, the general meeting is obliged to reduce the share capital. The share capital may not be reduced below the amount set forth in Subsection (1) of Section 203.

(2) If the reduction of share capital is required by law, the provisions of Section 262 need not be applied.

(3) If the reduction of share capital prescribed by this Act is not possible because the share capital of the company limited by shares would fall below the minimum amount set forth in this Act, the general meeting shall resolve transformation of the company into some other form of business association, or termination of the company limited by shares without legal successor.

(4) In addition to the items listed under Subsection (4) of Section 234, the invitation or announcement calling the general meeting shall also contain information on the grounds and the method of implementation of the share capital reduction.

#### *Section 259.*

(1) In the resolution of the general meeting on the reduction of share capital, the following shall be defined:

a) the method of implementing the share capital reduction;

b) the fact whether the share capital is reduced in the interest of withdrawal of capital or the settlement of losses, or in order to increase another part of the equity of the company;

c) the amount by which the share capital is being reduced, and

d) the deadline by which shares are to be submitted to the company.



(2) Simultaneously upon its resolution on share capital reduction, the general meeting shall alter the deed of foundation (statutes).

(3) With the exception of a mandatory reduction of share capital as set forth in this Act, the resolution of the general meeting on share capital reduction may be passed only if, according to the procedure set forth in the deed of foundation (statutes), a majority of at least three-quarters of the shareholders of the series of shares concerned in the share capital reduction consent thereto in advance. In the course thereof, the provisions on the possible restriction or exclusion of voting rights attached to such shares may not be applied.

#### *Section 260.*

In the event of share capital reduction, own shares held by the company shall be withdrawn first.

#### *Section 261.*

In respect of printed share certificates, the share capital reduction may be implemented:

a) by exchanging the shares;

b) by stamping the shares;

c) by reducing the number of shares according to the procedure set forth in the deed of foundation (statutes).

#### *Section 262.*

(1) Following submission of the resolution of the general meeting on share capital reduction to the court of registration, the board of directors shall publish such resolution in the Company Gazette on two consecutive occasions, with an interval of thirty days or more. Simultaneously, creditors of the company limited by shares shall be notified in the announcement that claims of creditors disapproving the share capital reduction should be reported within a period of thirty days after the last publication of such announcement. Known creditors shall also be notified separately to make such a report.

(2) A company limited by shares is obliged to provide appropriate security for creditors acting pursuant to Subsection (1), or to satisfy such creditors in some other way.

(3) Reduction of share capital may be registered only if compliance with Subsections (1)-(2) is certified by the company limited by shares through the issues of the Company Gazette and a statement of the board of directors. Failure of the share capital reduction shall be reported to the court of registration.

*Section 263.*

(1) In respect of printed share certificates, within a period of thirty days after registration of the share capital reduction, the board of directors shall call upon the shareholders, in the case of a close company, by means of an announcement in writing, whereas in the case of a public company, by means of an announcement published in the publication for announcements of the company, to submit their shares prior to the deadline set forth in such announcement. The company shall declare invalid shares not submitted in spite of such announcement, and shall publish this fact in the Company Gazette. Shareholders' rights of the shareholders affected shall extinguish upon the declaration of invalidity.

(2) In exchange for shares declared invalid, if so required, the company limited by shares may issue and sell new shares. The purchase price so realized shall be due to the owners of shares which have been declared invalid. If the sale of such shares fails during a period of six months after the issue thereof, the share capital of the company shall be reduced.

*Section 264.*

Payments may not be made to shareholders to the debit of the share capital, or defaulted payments related to shares may not be canceled until entry of the share capital reduction in the register of companies.

***Title 9.***

**Termination of Companies Limited by Shares**

*Section 265.*

The general meeting of a company limited by shares may decide to terminate the company by a majority of three-quarters of the votes.

*Section 266.*

(1) In the event of termination of a company limited by shares through voluntary dissolution, following publication of the court of registration judgment on voluntary dissolution proceedings, the person in charge of voluntary dissolution himself shall publish an announcement on the voluntary dissolution in the Company Gazette, which shall contain the name and domicile of the person in charge of voluntary dissolution, as well as a notification to creditors that their claims should be reported to the person in charge of voluntary dissolution within a period forty days after the publication of such announcement.

(2) Simultaneously upon submission to the court of registration of the application for cancellation of the company, the person in charge of voluntary dissolution shall certify that publication pursuant to Subsection (1) has taken place.

(3) The assets of a company limited by shares undergoing voluntary dissolution may not be distributed until after cancellation of the company.

#### *Section 267.*

(1) In the event of termination of a company limited by shares without legal successor, unless otherwise provided by law, assets remaining after the satisfaction of creditors shall be distributed among shareholders on the basis of their payments and contributions in kind actually provided, in proportion to the face value of their shares. If the company has issued shares with preferred liquidation quota, the rights granted by such preference shares shall be taken into account when distributing the assets of the company.

(2) If, at the commencement of voluntary dissolution or upon order for liquidation, the share capital of the company limited by shares has not yet been paid up in full, the person in charge of voluntary dissolution or the liquidator shall have the right to make outstanding payments due with immediate effect, and to order the performance thereof by shareholders, if such action is necessary in order to satisfy the company's debts.

### ***Title 10.***

## **Single-Man Companies Limited by Shares**

#### *Section 268.*

(1) A company limited by shares may also be founded according to the rules of private foundation in such a manner that all shares are received by one person, the founder. A single-man company limited by shares may also be established in

such a manner that the ownership rights of all shares of a company limited by shares which is already operating are acquired by a single shareholder.

(2) If the ownership rights of all shares of a public company are acquired by a single shareholder, the company shall continue to operate as a close company.

*Section 269.*

The share capital of a single-man company limited by shares shall be paid up in full prior to submission of the application for registration.

*Section 270.*

(1) In respect of single-man companies limited by shares, the shareholder shall resolve the issues falling within the competence of the general meeting in writing, of which he shall inform the executive officers.

(2) The same person may not be an executive officer or a member of the supervisory board of a single-man company limited by shares and, if such shareholder is an economic organization, its shareholder at the same point in time.

(3) In order for a contract concluded between a single-man company limited by shares and its shareholder to be valid, such contract shall be drawn up in writing.

*Section 271.*

(1) A single-man company limited by shares may not acquire its own shares.

(2) If the shareholder is an economic organization, a single-man company limited by shares may not acquire participation in the economic organization holding ownership rights, and shall alienate any existing participation therein within a period of one-hundred and eighty days after establishment of the single-man company limited by shares. Until such alienation, the shares owned by the single-man company limited by shares shall also be considered when conducting the calculation required under Subsection (2) of Section 189.

(3) The rules of liability related to controlling interest as set forth in Subsection (3) of Section 292 and Subsection (3) of Section 296 shall be applied correspondingly to the liability of the shareholder of a single-man company limited by shares. The provision on the prohibition of the enforcement of a permanently detrimental business policy may not be applied against the shareholder of a single-man company limited by shares in the event that the

shareholder of the single-man company limited by shares has assumed unlimited, full liability for the debts of the single-man company limited by shares in the deed of foundation or in an alteration thereof.

## ***PART THREE***

### ***ASSOCIATED ENTERPRISES***

#### ***Chapter XIII.***

#### **Professional Associations**

##### *Section 272.*

(1) A professional association is a co-operative business association with legal personality founded by members in order to facilitate the success of their business activities and to coordinate such business activities, as well as to represent their professional interests. A professional association does not aim for profit; its members bear unlimited, joint and several liability for debts in excess of the association's assets.

(2) A professional association may also pursue other service and joint economic activities (hereinafter referred to as "supplementary economic activity") in support of its coordination duties.

(3) The designation "professional association" (egyesülés) shall be indicated in the company name of the business association.

(4) The provisions of Part One of this Act shall be applied correspondingly to professional associations.

#### ***Title 1.***

#### **Foundation and Operation of Professional Associations**

##### *Section 273.*

(1) In addition to the items listed under Subsection (1) of Section 11, the following shall be defined in the articles of association:

a) within the scope of activities, the responsibilities for facilitating and coordinating the business activities of members, and the associated interest representation activities;

b) in accordance with the activities, the amount and the order of provision of necessary assets, the division of operating costs among members, the amount and method of settlement of the payments of individual members;

c) in the event of the withdrawal of a member, the conditions for disbursing the share of assets due to that member;

d) the order of distributing assets remaining following termination of the professional association.

(2) If so required, the articles of association shall define the following:

a) the supplementary economic activities;

b) the amount of assets of the professional association necessary for conducting the supplementary economic activities;

c) within the framework of the supplementary economic activities, the extent of voting rights of individual members, and the method of exercising such rights;

d) the rules of appropriating after-tax profits from supplementary economic activities;

e) other services representing pecuniary value (ancillary services) due from members, the conditions thereof, as well as the amount of penalty payable in the event of the non-performance or insufficient performance of ancillary services.

#### *Section 274.*

(1) The members shall bear the costs of the operation of the professional association, and shall provide the assets required for supplementary economic activities.

(2) Members of a professional association may undertake to perform other services representing pecuniary value (ancillary services). Members may be entitled to separate remuneration for such ancillary services.

#### *Section 275.*

(1) Unless otherwise provided by the articles of association, members are entitled to utilize the services provided by the professional association without compensation; and are entitled to a share of after-tax profits from service and economic activities provided to third parties.

(2) Unless otherwise provided by the articles of association, after-tax profits arising from economic activities shall be distributed among members in proportion to their contributions. Otherwise, profits shall be distributed among members in equal proportions.

## ***Title 2.***

### **Organizations of Professional Associations**

#### *Section 276.*

(1) The supreme body of a professional association is the council of directors consisting of the members. Members may be represented through representatives. The director, the supervisory board members or the auditor may not be representatives. Authorization shall be drawn up in a notarial document or private document representing conclusive evidence.

(2) The following shall fall within the competence of the council of directors:

a) development of the internal organization, and the order of management and supervision of the professional association;

b) development of the coordination and interest representation strategies, and the supplementary economic activities;

c) approval of the professional association's report prepared pursuant to the Accounting Act;

d) decision on the appropriation of after-tax profits from supplementary economic activities;

e) passing of resolutions which define tasks to be implemented in the business administration of members;

f) decision on termination without legal successor or transformation of the professional association;

g) approval of admission to the professional association, and approval of the restriction of liability of new members;

h) election and removal of the director, as well as exercise of employer's rights related to the director;

i) if a supervisory board operates at the professional association, the election thereof, the removal of its members, and the establishment of their remuneration;

j) if an auditor operates at the professional association, the appointment thereof, the withdrawal of his mandate, and the establishment of the remuneration;

k) alterations to the articles of association;

l) initiative to exclude a member;

m) decision to conclude or amend a contract, the value of which exceeds the value limit set forth in the articles of association, or which is concluded by the professional association outside its ordinary activity with one of its members;

n) decision on all issues which are assigned to the competence of the council of directors by this Act or the articles of association.

#### *Section 277.*

(1) The council of directors shall hold its meetings as necessary, but at least once every year.

(2) Meetings of the council of directors, indicating the agenda thereof, shall be called by the director. The director shall provide for the organization and completion of the meeting, the keeping of the minutes and the distribution of the resolutions.

(3) The following shall be entered in the minutes: the place and time of the meeting, the persons present and the extent of voting rights represented by such persons, significant events, statements and resolutions taking place during the meeting, the number of votes cast for and against such resolutions, and the persons abstaining from or not taking part in the vote.

#### *Section 278.*

The council of directors has quorum if members representing three-quarters or more of the votes are present at the meeting.

#### *Section 279.*

(1) Within the scope of coordination and interest representation activities, all members shall have one vote. The articles of association may, however,



establish multiple voting rights for the benefit of certain members, whereby no single member may exclusively have a majority of the votes.

(2) Within the scope of the supplementary economic activities, as well as on the issues listed under Paragraphs *f)*, *g)*, *l)* and *m)* of Subsection (2) of Section 276, the extent of voting rights shall be established in proportion to the contributions, or failing this, equivalent votes shall be established.

#### *Section 280.*

(1) Members shall pass a unanimous resolution on the following issues:

- a)* change in the subject of the professional association,
- b)* change in the number of votes of the individual members,
- c)* change in the conditions for passing resolutions.

(2) A majority of three-quarters or more of the votes shall be required to resolve termination of the professional association without legal successor or transformation, to approve the admission of new members and to initiate the exclusion of members, as well as to alter the articles of association for any other reason, if such alteration does not fall under the effect of Subsection (1).

#### *Section 281.*

A majority of three-quarters or more of the votes shall be required in order for a resolution aiming to establish obligations to be implemented within the business administration of members to be valid. Such resolution may be passed only with the consent of the member concerned.

#### *Section 282.*

(1) The council of directors may pass resolutions without holding a meeting.

(2) The draft of the resolution proposed outside a meeting shall be communicated to the members of the council of directors in writing, setting a deadline of fifteen days, who shall cast their votes in writing. The director shall inform the members of the result of the vote within eight days of the receipt of the last vote.

(3) Upon the request of any of the members of the council of directors, a meeting shall be convened to discuss the draft resolution.

*Section 283.*

(1) Management and representation of professional associations shall be carried out by the director within the framework of the articles of association and the resolutions of the council of directors.

(2) The council of directors may stipulate that the exercise of certain employer's rights related to the managerial employees of the professional association be subject to its consent.

***Title 3.***

**Admission of Members; Termination of Membership**

*Section 284.*

(1) According to the conditions contained in the articles of association, any party may join the professional association (admission).

(2) The council of directors shall pass a resolution on the approval of admission, and shall decide simultaneously on the due date of the obligations attached thereto, and the extent of the voting rights of the new member within the scope of the supplementary economic activities.

(3) New members shall be liable for the obligations of the professional association originating prior to their admission, unless the resolution approving admission exempts new members from such liability in advance.

(4) The fact and date of the admission, as well as the exemption from liability pursuant to Subsection (3) shall be entered in the register of companies. Exemptions are valid against third parties as of the date of such entry.

*Section 285.*

(1) Membership shall terminate

a) if the member has not provided his contribution defined in the articles of association despite an order to this effect;

b) upon withdrawal of the member;

c) upon exclusion of the member;

d) upon death or termination of the member without legal successor;

e) if the existence of such is in violation of the law.

(2) Members may withdraw from the professional association at the end of the year. Intention to withdraw shall be reported to the council of directors at least three months in advance.

#### *Section 286.*

(1) Accounts shall be rendered with withdrawing members according to the situation existing at the time of such withdrawal. The council of directors shall decide when and in what installments the share of assets due to the withdrawing member is to be disbursed.

(2) The date of disbursement shall be established on the basis of the professional association's report prepared pursuant to the Accounting Act in such a manner that disbursement does not endanger the continued operation of the professional association, and the period thereof is one year or less.

(3) If disbursement does not take place upon withdrawal of the member, a proportionate share of after-tax profits shall be due to the withdrawing member according to proportion of his assets yet to be disbursed.

(4) Termination without legal successor or the death of a member shall terminate the membership of such. The provisions of Subsections (1)-(3) shall be applied correspondingly to rendering accounts with the member's legal successor (heir). If, however, the legal successor (heir) intends to continue the activity of the member, he may become a member of the professional association with the consent of the council of directors. In this case, liability for obligations arising prior to the termination of the membership of the legal predecessor shall be borne by the new member assuming the membership rights.

#### *Section 287.*

In the event of termination of an enterprise without legal successor, the assets remaining after settlement of all debts shall be distributed among the members in equal proportions, or, if contributions were provided by the members, unless otherwise provided by the articles of association, such shall be distributed in proportion to the contributions of such members.

### ***Chapter XIV.***

## **Acquisition of an Influencing Interest in Business Associations**

### *Section 288.*

(1) The provisions of this Chapter shall be applied in the event that the legal entities as defined in Subsection (1) of Section 3 acquire a significant interest, a majority interest or controlling interest in the operation of a company limited by shares or a limited liability company (hereinafter referred to jointly as "controlled companies"). Other Acts may stipulate further conditions to the acquisition of influencing interests.

(2) For the purposes of this Chapter, acquiring an influencing interest through a single-member business association shall be considered an acquisition of influencing interest by the legal entities defined in Subsection (1) of Section 3.

(3) The obligations and legal consequences contained in this Chapter shall not be authoritative if the degree of interest pursuant to Sections 289-291 is established in such a manner that the entitlements are decreased to the same or to a higher degree as compared to the contents of said Sections.

### *Section 289.*

Members (shareholders) hold a significant interest if they control more than twenty-five per cent of the votes of the controlled company.

### *Section 290.*

Members or shareholders hold a majority interest control (hereinafter referred to as "dominant member") if they control more than fifty per cent of the votes of the controlled company.

### *Section 291.*

Dominant members hold a controlling interest if they control more than three-quarters of the votes of the controlled company.

### *Section 292.*

(1) The existence of a significant interest, a majority interest or a controlling interest, together with an indication of the method and the degree of such influencing interest, shall be reported to the court of registration competent for

the registered office of the controlled company by the party holding such interest within a period of thirty days after establishment thereof. Simultaneously upon such report, the same party shall provide for the publication of the fact and the degree of the acquisition of influencing interest in the Company Gazette.

(2) Prior to reporting a significant interest, a majority interest or a controlling interest to the court of registration, the party holding such interest may exercise his voting rights only to that degree up to which his participation is not subject to the disclosure obligation.

(3) In the event of delayed performance or non-performance of the disclosure obligation, pursuant to Subsection (1), in respect of a majority interest or a controlling interest, upon the liquidation of a controlled company, if the assets of the controlled company do not cover satisfaction of creditors, dominant members shall bear unlimited and full liability for debts of the company incurred up until performance of the disclosure obligation.

#### *Section 293.*

(1) In respect of a mutual significant interest of companies limited by shares or limited liability companies, the business association, the influencing interest of which was first published in the Company Gazette, may retain its full participation, whereas the other business association shall be obliged to alienate that portion of its participation which is in excess of twenty-five per cent of the votes.

(2) If the existence of a significant interest is published in the same issue of the Company Gazette, the obligation to alienate shall apply to the business association, which has fulfilled the disclosure obligation at a later point in time.

(3) Up until the performance of the obligation to alienate pursuant to Subsection (1), the business association may exercise its membership rights only to that degree up to which its participation is not affected by the obligation to alienate.

#### *Section 294.*

(1) In respect of a majority interest, the controlled company may not acquire participation in the dominant member, and shall alienate any existing participation therein within a period of one-hundred and eighty days after the establishment of majority interest. Up until such alienation, the shares owned by the controlled company shall also be considered when conducting the calculation required under Subsection (2) of Section 189. Up until the alienation, the controlled company may not exercise its voting rights at the meeting of the supreme body of the dominant member.

(2)

*Section 295.*

(1) If the controlled company is a company limited by shares, any of its shareholders may request that his shares be purchased by the dominant member at market value within a period of sixty days after publication following the entry of a majority interest or controlling interest into the register of companies.

(2) The provisions of Subsection (1) may not be applied if the controlled company in question is a public company, provided that the majority interest or controlling interest has been acquired in accordance with the rules of the statutory provisions on securities related to the acquisition of companies limited by shares.

(3) Subsequent to the publication following the entry of a majority interest or controlling interest into the register of companies, the minority rights set forth in Section 51, Section 230 and Section 231, unless the articles of association (statutes) provides for a lower rate, may be exercised upon the initiative of members (shareholders) representing five per cent or more of the eligible votes.

*Section 296.*

(1) If, as a result of the dominant member's influencing interest amounting to at least majority control, a controlled company pursues a permanently detrimental business policy, and as a consequence of this, the assets of the controlled company do not cover satisfaction of creditors upon the liquidation of the controlled company, the court may, upon the claim of a creditor lodged in the course of liquidation proceedings, establish the unlimited and full liability of the dominant member for the debts of the controlled company.

(2) If a dominant member holds a controlling interest in the controlled company, those creditors, whose unexpired claims against the controlled company originated prior to the publication of the influencing interest, may demand security up to the amount of their claims from the dominant member within a ninety day non-appealable deadline following such publication.

(3) In respect of a controlling interest, if the dominant member pursues a permanently detrimental business policy as a result of its controlling interest, and this seriously endangers discharge of the controlled company's obligations, the court may, upon a claim by any member (shareholders) or creditor of the controlled company, establish the unlimited and full liability of the dominant member for the debts of the controlled company.

*Section 297.*

The provisions contained in Section 294 and Subsections (1) and (3) of Section 296 shall be applied correspondingly, even if a shareholder or member of a company limited by shares or limited liability company holds one-half or three-quarters or more of the votes upon the foundation of the business association.

**PART FOUR**

**Chapter XV.**

**Implementing and Transitional Provisions**

*Section 298.*

(1) With the exception of Subsection (3) of Section 306, this Act shall enter into force on the one-hundred and eightieth day following its promulgation. The provision contained in Subsection (3) of Section 306 shall enter into force on the forty-fifth day following the promulgation of this Act. The provision contained in Subsection (3) of Section 306 shall be repealed upon Chapter VII of this Act entering into force.

(2) Wherever legal regulations refer to Act VI of 1988 on Business Associations, the provisions of Act CXLIV of 1997 on Business Associations shall be understood.

*Section 299.*

(1) Business associations, whose registration is in progress upon this Act entering into force, shall fulfill the requirements of Act VI of 1988 on Business Associations in the course of such registration. Following their registration, however, such business associations shall, with the exceptions set forth in Subsections (3)-(8), alter their articles of association (deed of foundation, statutes) according to the provisions of this Act upon the first change in their data kept in the register of companies. These provisions shall also be applied correspondingly to professional associations and non-profit companies, whose registration is in progress upon this Act entering into force.

(2) Business associations which have already been entered into the register of companies prior to this Act entering into force shall, with the exceptions set forth in Subsections (3)-(8), alter their articles of association (deed of foundation, statutes) according to the provisions of this Act upon the first change in their data

kept in the register of companies. These provisions shall also be applied correspondingly to professional associations and non-profit companies.

(3) Business associations operating in the form of a limited liability company or company limited by shares shall supplement their initial capital (share capital) to the minimum amount set forth in this Act, in the case set forth in Subsection (1), within a period of two years after registration of the company, whereas in the case set forth in Subsection (2), within a period of two years after this Act entering into force. In the course thereof, the new regulations on the proportion of contributions in cash and contributions in kind need not be applied.

(4)

(5)

(6) The prohibitive rule set forth in Subsection (3) of Section 23 may be applied only if the liquidation proceedings commenced after this Act entered into force.

(7) Business associations shall comply with the provisions related to the authorization of auditors before the approval of the report prepared pursuant to the Accounting Act for the year 1999.

(8) Persons acting as executive officers in more than three business associations upon this Act entering into force shall continue to be entitled to attend to their duties as executive officers in all such business associations until the expiration of their mandate.

### *Section 300.*

(1) The deadline of thirty days specified for court review of resolutions of business associations shall be calculated according to the provisions of this Act if thirty days have not yet elapsed from the time the resolution in question was passed up to time at which this Act enters into force.

(2) Business associations, which have already decided to transform into another business association upon this Act entering into force, shall complete their transformation according to the provisions of Act VI of 1988.

(3) Economic work teams, as well as economic work teams operating under the liability of a legal person may continue to operate as an unlimited partnership by virtue of alteration of their articles of association within a period of two years after this Act entering into force, or else such economic work teams shall transform into some other form of business association. Failing this, the court of registration shall declare such business associations terminated.

(4) Wherever this Act refers to acquisition from the assets in excess of initial capital or share capital, an acquisition secured by the cover of the assets in



excess of initial capital or share capital shall be understood from the perspective of the Accounting Act.

#### *Section 301.*

(1) If this Act changes the basis of the calculation of an entitlement due to shareholders, or the conditions for utilizing such, the provisions of this Act may only be applied following the first full calendar year after this Act enters into force.

(2) The provisions of Subsection (2) of Section 299 shall not apply to a limited liability company or company limited by shares which is already operating with partial or full foreign interest and which is based on international treaties or which was founded prior to 1 January 1950.

(3) The provision of Subsection (1) of Section 185 on the degree of multiple voting rights shall be applied only if such multiple voting rights have been established following this Act entering into force.

(4) The provisions pertaining to the prohibition of discrimination set forth in Subsection (3) of Section 220 and in Subsection (2) of Section 229 shall be applied if discrimination during the determination of the maximum level of voting rights among the shares within the same series of shares, or of the voting rights associated with registered shares as stipulated in the statutes of a public company limited by shares occurs subsequently to this Act entering into force.

#### *Section 321.*

Within the framework of Section 3 of Act 1 of 1994 promulgating the Europe Agreement establishing an association between the Republic of Hungary and the European Communities and their Member States, signed on 16 December 1991 in Brussels, this Act contains regulations which may be approximated with the following legal regulations of the European Communities:

a) Council Directive 68/151/EEC on co-ordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty; with a view to making such safeguards equivalent throughout the Community;

b) Council Directive 77/91/EEC on co-ordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty; in respect of the formation of public limited liability companies and the

maintenance and alteration of their capital, with a view to making such safeguards equivalent;

c) Council Directive 78/855/EEC based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies;

d) Council Directive 82/891/EEC based on Article 54 (3) (g) of the Treaty concerning the division of public limited liability companies;

e) Council Directive 89/667/EEC on single-member private limited-liability companies;

f) Council Directive 92/101/EEC on the amendment of Council Directive 77/91/EEC.