

Act LXXV. of 2014
on the European Grouping of Territorial Cooperation

In order to strengthen economic, social and territorial cohesion and to facilitate cross-border, transnational and interregional cooperation, the Parliament drafts the following act in line with the EU legal acts:

Chapter I

GENERAL PROVISIONS

1. Scope

Article 1. (1) The Hungarian name for the "European grouping of Territorial Cooperation" (EGTC) is "európai területi társulás" (European territorial association) (in short ETT).

(2) For the establishment, structure, operation and dissolution of the EGTC with Hungarian seat the 1082/2006/EC Regulation of 5 July 2006 of the European Parliament and the Council (hereinafter referred to as Regulation) shall be applied together with the modification of the 1082/2006/EC regulation on the European grouping of territorial cooperation that is the 1302/2013/EU regulation of 17 December 2013 of the European Parliament and the Council on the clarification, simplification and correction of the establishment and operation of the groupings, and with the provisions stipulated in this present legal Act.

(3) The provisions of this Act are applicable in all proceedings aimed at the approval of a member under the laws of Hungary in an EGTC established abroad.

2. Membership

Article 2 On the course of the application of Paragraph (1) of Article 3 of the Regulation, in terms of Hungary, a body with legal entity according to the stipulations of points a)-f) of Paragraph (1) of Article 6 of Act CVIII of 2011 on the public procurement (hereinafter referred to as PPA) can participate in an EGTC.

3. Activity

Article 3 (1) EGTCs may not be established with the primary aim of pursuing business activities and may not perform public authority activities.

(2) As defined by the statute of the EGTC it may perform business activities in order to facilitate the competitiveness of the region in such a case when it does not endanger its aim.

(3) In the case if the activity and operation of the EGTC correspond to the provisions stipulated in the Act CLXXV of 2011 on the Freedom of Association, Public Non-Profit Status and the Operation and Support of CSOs (hereinafter referred to as Civil Act) concerning the conditions to obtain the non-profit status, the EGTC may obtain the non-profit status.

(4) Within the EGTC, the liability of the association of the local governments and the budgetary organisation of the local government may not exceed the extent of its material contribution (limited liability).

Chapter II

ESTABLISHMENT OF A EUROPEAN TERRITORIAL ASSOCIATION

4. Establishment

Article 4 The name of the EGTC contains the wording "European grouping of territorial cooperation". In case the liability of any of the members of the EGTC is limited then the name of the EGTC should include the wording "EGTC with limited liability".

5. Approval

Article 5 (1) The approval and the registration as regulated by Article 4 of the Regulation is decided upon by the minister responsible for foreign policy (hereinafter referred to as Authority).

(2) The registration can be refused in the cases, further to the cases regulated in Point (3) of Article 4 of the regulation, if

a) the applicant, under point a) and b) of Paragraph (1) of Article 6 of the PPA - not including the state and the applicants referred to in point b) and c) - does not have approval from its supervisory body for its membership in the EGTC according to the draft convention;

b) the applicant is a national nationality self-government budgetary organ, a local government budgetary organ or a local nationality self-government budgetary organ and does not have the approval of the representative body or assembly for its membership in the EGTC according to the draft convention; or

c) the applicant is a local government or a nationality self-government and is not in the position of a decision of the representative body or the assembly on the membership in the EGTC according to the draft convention.

(3) The supporting contribution as stipulated in point b) and c) of Paragraph (2) is a non-transferable competence of the representative body or the assembly.

(4) The Authority holds record on the data of the organisations with approvals as regulated by Paragraph (1). The records shall include the following data:

a) the name of the approved applicant and its seat,

b) the name of the EGTC and its seat,

c) the objective and task of the EGTC,

d) the date of the entry into force of the decision on the approval of the support.

(5) The data contained in the records according to Paragraph (4) is being published by the Authority on its website and is accessible for everyone without any restrictions.

6. Records

Article 6 (1) In such a case when the seat of an EGTC is in Hungary and the conditions required for the registration are met then the Authority acts upon request in order to register the EGTC in the records.

(2) The EGTC is established by the registration and may begin its activity following the entry into force of the decree on its registration.

Article 7 (1) The Authority keeps electronic records of the EGTCs with seat in Hungary (hereinafter referred to as EGTC records).

(2) The EGTC records shall include the following data:

- a) the name of the EGTC and its seat,
- b) the name and seat of the members in the EGTC,
- c) the objective and task of the EGTC,
- d) the fact of the acquisition of the non-profit status, its modification and deletion, number of the resolution on these and the date of its entry into force,
- e) the duration of the operation of the EGTC,
- f) the name and place of residence of the director of the EGTC, method of exercising the right of representation (independently or jointly),
- g) the adopted convention and statutes of the EGTC,
- h) the date of registration of the EGTC,
- i) the registration number of the EGTC,
- j) the date of the start of the liquidation, bankruptcy proceedings and final settlements of the EGTC,
- k) the date of dissolution of the EGTC.

(3) Changes in data entered in the EGTC records must be notified to the Authority within thirty (30) days reckoned from the change, stipulations on the notification and the entry of the change into the EGTC records are applicable *mutatis mutandis*.

(4) Present and deleted data of the EGTC records, the statute and the convention are public, they are published by the Authority on its website and is accessible for everyone without any restrictions.

(5) The EGTC record is a certified public record.

Chapter III

FINANCIAL MANAGEMENT OF THE EGTC

Article 8 The EGTC shall manage its finances independently with a view to implementing the aim identified in the convention.

Article 9 (1) The reporting, book-keeping and accounting obligations of the EGTC, as other organisation identified in a separate legislation qualifying as a legal entity, are governed by and shall be applied according to the Accounting Act and legislation based on its authorisation.

(2) The EGTC shall publish its report on its website and by the means regulated in the relevant legislation described in Paragraph (1) in the manner specified for that fiscal year within 60 days after the date of balance sheet, and shall notify the Authority.

(3) The report of the EGTC with benefit status and its annex on the benefit status - apart from its publication according to the stipulations of Paragraph (2) - shall be sent to the Authority. The EGTC fulfils its obligation of the requirements of the depository and publication disclosure by sending the report and the annex on the benefit status to the Authority - and by their publication as stipulated by Paragraph (2).

Chapter IV

SUPERVISION AND CONTROL

Article 10 (1) The lawful operation of the EGTC is supervised by the Authority in accordance with the legislative stipulations governing the authority supervisory activities.

(2) In case the operation of the EGTC conflicts any legislation, adopted convention or statute the Authority warns the EGTC to restore its lawful operation with a set deadline.

(3) Should the EGTC fail to restore the its lawful operation within the set deadline, the Authority shall, ex officio, arrange the dissolution of the EGTC.

Article 11 (1) The competent Authority for the implementation of Article 6 of the Regulation shall be the Government Control Office, unless otherwise provided for by an act or a government decree.

(2) The Government Control Office is entitled to supervise the legality of the financial management of the EGTC.

Article 12 The Government Control Office may contact the competent authority of the Member State of establishment with a view to conducting controls in case a member under the laws of Hungary takes part in an EGTC established abroad.

Article 13 If the Government Control Office detects any unlawful act by the EGTC within the scope of its financial management, then it requests the restoration of the statutory condition. In case of a severe violation of the law, financial management conflicting the adopted convention or statute, or if the EGTC fails to fulfil such request, the President of the Government Control Office might initiate a proceeding aiming for the dissolution of the EGTC in front of the Authority.

Article 14 (1) For the purposes of Article 13 of the Regulation, the organisation with authority to exercise official control over the particular activity is authorised to prohibit the activity of the EGTC.

(2) If despite the prohibition by the Authority, the EGTC fails to cease its unlawful activity, the Authority - the Authority as stipulated by Paragraph (1) or upon the request of the supervisory body for the member of the EGTC- by its resolution ends the membership of the member(s) operating under Hungarian laws.

(3) If the EGTC is registered in Hungary, the membership will cease upon the entry into force of the resolution of the Authority pursuant to Paragraph (2).

(4) In case the EGTC was not registered in Hungary, the Authority shall notify the the competent authority by forwarding its resolution pursuant to Paragraph (2) within fifteen (15) days reckoned from the decision becoming final.

Chapter V

TERMINATION OF THE EGTC

Article 15 The EGTC may terminate only without a legal successor.

Article 16 The EGTC terminates if the fixed term specified in the convention has elapsed or another condition of termination specified in the convention has occurred, furthermore if the EGTC decided on termination without a legal successor.

Article 17 The Authority may initiate the termination of the EGTC at the Municipal Tribunal if

a) the case falls in the scope of Article 14 of the Regulation,

b) the conditions of approval as stipulated by Article 5 are not anymore existing,

c) the proceedings initiated by another authority finds that the conditions for termination are met, or

d) the EGTC has not complied with its reporting obligations.

Article 18 (1) In case of the termination or requested termination of the EGTC- except for the winding-up proceedings - a voluntary dissolution may take place.

(2) In the case of insolvency of the EGTC liquidation procedure may take place.

(3) On the course of the voluntary dissolution and liquidation procedure, provisions stipulated by Articles 9-9/I, 9/M-9/N and Article 10 of the Civil Act shall be applied properly with the deviations stipulated by this very article. The Metropolitan Tribunal is entitled to conduct the proceedings of the voluntary dissolution, bankruptcy and liquidation.

(4) In the cases where the Civil Act refers to civil organisation or association, EGTC shall be meant on the course of the application of this act.

(5) Where the Act on Bankruptcy and Liquidation Proceedings or any other act mentions the company register, there for the purpose of the application of this act the EGTC records shall be meant and where the company registration number of the debtor is mentioned, then the EGTC registration number shall be meant.

(6) All publication obligation in relation with the proceedings shall be fulfilled on the website of the Authority.

(7) The Metropolitan Tribunal shall, without delay send electronically its decisions to the Authority, ex officio, registers and publishes them in the EGTC records.

(8) The Authority, following the entry into force of the decision of the court on the cessation or termination, deletes the EGTC from the EGTC records without any delay.

Article 19 (1) The EGTC shall terminate by deletion from the EGTC records.

(2) The Authority informs without any delay all Member States, under the law of which the members were established.

Chapter VI

CLOSING PROVISIONS

7. Authorizing provisions

Article 20 The Minister dealing with foreign policy is empowered to regulate the detailed rules on the approval and registration proceedings and on the issues concerning the dissolution of the EGTC by the means of a decree.

8. Provisions for entering into force and transitional provisions

Article 21 This act shall enter into force on the fifteenth day after its publication.

Article 22 The Metropolitan Tribunal provides the Authority with the paper-based recorded data and documents kept at the court on the EGTC on the day of the entry into force.

Article 23 The Authority registers the registry data of the EGTC previously kept by the Municipal Court in the EGTC records.

Article 24 This Act shall be applicable in the cases of the requests submitted for approval and registration (registration of change) proceedings on the day of the entry into force or following that day.

Article 25 In a case when, at the time of the entry into force of this Act a registration proceeding (registration of change) is ongoing at the Municipal Tribunal, the Tribunal hands

over the registration data and documents of the EGTC to the Authority on paper-basis within 8 days following the completion of the proceeding.

Article 26 Unlike it is stipulated by Article 4, until the entry into force of this Act, in the cases where the European grouping of territorial cooperation is registered in Hungary, the name of the European grouping of territorial cooperation may include, following the entry into force of this Act, the name "European grouping of territorial cooperation" instead of the naming of "European territorial association".

9. Compliance with EU law

Article 27 This law regulates the necessary provisions for the implementation of

a) the 1082/2006/EC Regulation on 5 July 2006 of the European Parliament and the Council on the European grouping of territorial cooperation ,

b) the modification of the 1082/2006/EC regulation on the European grouping of territorial cooperation that is the 1302/2013/EU regulation of 17 December 2013 of the European Parliament and the Council on the clarification, simplification and correction of the establishment and operation of the groupings.

10. Modifying provisions

Article 28 In article 396 of the Act III of 1952 on the Code of Civil Procedures the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

Article 29 At the Act XCIII of 1990 on the fees,

a) in point 36 of paragraph (2) of Article 33 the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association",

b) in point e) of paragraph (1) of Article 57 and in point h) of paragraph (1) of Article 102 the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

Article 30 In point a) of paragraph (1) of Article 3 of the Act XLIX of 1991 on the bankruptcy and liquidation procedure the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

Article 31 In point 3 of paragraph (5a) of the Act XLII of 1994 on the Hungarian Export-Import Bank Plc. and the Hungarian export credit Insurance Plc., the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

Article 32 a) Point i) of paragraph (2) of Article 2 of Act LXXXI of 1996 on the corporate tax and dividends shall be replaced by the following provisions:

(Domestic resident individuals)

"i) the European territorial association,"

b) in paragraph (10) of Article 9 of the above mentioned Act and in Chapter F) of its Annex 6 the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association",

c) in the title of Chapter F) of Annex 6 the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

Article 33 In paragraph (2) of Article 5 of the Act LXXX of 1997 on the benefits of social security and private pensions, as well as on funding these services to authorized persons the

wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

Article 34 In point 2 of Article 21 of the Act XX of 2001 on the Hungarian Development Bank Plc. the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

Article 35 In paragraph (5) of Article 31 of the Act XCII of 2003 on the tax arrangements the wording "European grouping of territorial cooperation" shall be replaced by the wording "European territorial association".

11. Provisions for the cease of the effect

Article 36 Act XCIX of 2007 on European grouping of territorial cooperation cease to have effect.

Article 37 Point k) of Article 4 of the Act CLXXXI of 2011 on the court registration of civil organisations and the related procedural rules cease to have effect.