

**MURABA
EUROPEAN GROUPING OF
TERRITORIAL COOPERATION LIMITED**

STATUTES

The Undersigned Members (hereinafter: Members), in accordance with the provisions of the Convention of MURABA European Grouping of Territorial Cooperation Limited (hereinafter: the EGTC) and with the laws referred to or abbreviated therein, the EGTC hereby adopts its Statutes with the following content:

I. Article I

THE NAME OF THE EGTC AND ITS REGISTERED OFFICE

1. Full official name of the EGTC in Hungarian language: MURABA Korlátolt Felelősségű Európai Területi Társulás; official abbreviated name in Hungarian language: MURABA ETT.
2. Full official name of the EGTC in Slovenian language: Evropskega Združenja za Teritorialno Sodelovanje MURABA Omejeno; official abbreviated name in Slovenian language: EZTS MURABA
3. Full official name of the EGTC in English language: MURABA European Grouping of Territorial Cooperation Limited; official abbreviated name in English language: MURABA EGTC.
4. The State where the EGTC's registered office is established, as specified in the instrument of constitution: Hungary; location of the registered office: Szentgotthárd, address of the registered office: 9970 Szentgotthárd, Széll Kálmán tér 11.

Article II
RIGHTS AND OBLIGATIONS OF MEMBERS;
RULES OF PROCEDURES

1. The rules under this Article shall equally be applicable to Founding and Joining Members.

Rights and obligations

2. Subject to applicable laws, Members shall have rights and obligations in order to facilitate the proper operation of the EGTC.
3. The rights of Members shall be, in particular: right to initiation, right to

consultation, advisory right, voting right and right to inspection.

4. The obligations of Members shall be, in particular: meeting the criteria of joining as a Member; participation at the Assembly and meetings of other bodies, if any; timely payment of the membership fee in the required amount and currency.

5. Representatives of the EGTC may elect and may be elected as officials.

6. Members shall exercise their rights and obligations through their authorized representative or by proxy in the absence of such representative.

Rules of procedure

7. Decision on admission of new Members shall be made by the Assembly, based on the prospective Member's application supported by at least one Founding Member.

8. Membership terminates with

- a) the Member's withdrawal
- b) the Member's exclusion
- c) the transformation or dissolution of the Member as a legal person.

9. Any Member may withdraw from the EGTC only as of 31 December of the respective year. A Member intending to withdraw from the EGTC shall deliver to the Chairman of the EGTC the resolution on the withdrawal issued by its own supreme decision-making body, and written notification thereof, not later than 30 June of the respective year. As a further condition of withdrawal, the Member shall fulfil its existing obligations towards the EGTC in full not later than the day of withdrawal. In case of exceptional circumstances, the Assembly may exempt the Member from this obligation.

10. Cause for exclusion shall be, notably, when the Member's activity or behaviour jeopardizes the operation of the EGTC; or when the Member fails to meet its obligation to pay the membership fee within 30 calendar days from the deadline indicated in the notification by the Director, demanding settlement of arrears, sent after 6 months of default. Any Member may initiate the exclusion of a Member, identifying the reason thereof.

11. The Assembly shall issue a decision about the exclusion. The Member may submit an appeal against the decision to the competent authority of the Member State of establishment.

12. When a Member's membership is terminated, the Member's data shall be deleted from the List of Members.

13. The Annex to the Statutes contains the List of Members of the EGTC indicating, as a minimum, the name, registered office, type of membership – as Founding or Joining Member –, as well as the year of joining.

Article III

RULES CONCERNING THE OPERATION, COMPETENCE AND DECISION MAKING PROCEDURES OF THE EGTC'S ORGANS

1. General provisions

1.1 Organs of the EGTC at the time of establishment are: the Assembly, the Director and the Supervisory Board.

1.2 Officials of the EGTC:

a) Senior officials: the Chairman and Co-Chairman of the Assembly; the Chairman of the Supervisory Board;

b) Other officials: other members of the Supervisory Board.

1.3 The activities of the EGTC's organs and officials shall be carried out according to the specified competences and operating procedures.

1.4 General competences of the EGTC's organs shall be specified in the Convention; further provisions, decision-making procedures and detailed rules on the operation and competences of the organs shall be stipulated in the present Statutes and other regulations of the EGTC.

2. Assembly

Preparation of meetings and participation

2.1 The Assembly, as the decision-making body of the EGTC, shall be convened as necessary, but at least once a year (regular meeting). Additional meetings may be held upon request by the Chairman or a representative of any of the Members (extraordinary meeting).

2.2 If joint presence of all Members on the date set for the Assembly is prevented by reasons beyond their control, but they are accessible during their absence, voting may be held (by remote voting). The detailed rules for voting by absent Members shall be determined by the Assembly.

2.3 Discussion of the Assembly agenda shall be public; in matters of primarily personal nature a closed session may be held. The detailed rules for closed sessions shall be determined by the Assembly.

2.4 The invitation to the Assembly and any attachments thereto (especially submissions) shall be sent out to Members by the Chairman electronically, providing means for confirmation; the invitation shall specify the location, time and agenda of the Assembly. At least **8** working days must be allowed between sending out the invitations and the day of the Assembly. The invitation shall be published on the website of the EGTC at the time when it is sent out.

2.5 Each Member shall have one representative at the Assembly. Members shall be represented at the Assembly by the chief executive of their superior body, or by an authorized person delegated by him. The Chairman, the Director, the members of the Supervisory board, the employees and the independent auditor shall not represent another Member of the Assembly. A person may not act as an authorized representative on three subsequent occasions.

2.6 The authorization shall be issued in a document in a form and with a content that is in accordance with the respective Member's rules of procedures. If the

authorization is not written in the language of the Member State of establishment, it shall be translated to the official language of the Member State of establishment; the representative of the issuing Member shall arrange for certification of the translation according to the rules of the Member's rules of procedures.

Decision making

2.7 The Assembly shall have a quorum if more than 50% of the representatives of voting Members are duly represented at the location of the meeting. When the Assembly is reduced to two Members, quorum is reached when representatives of both Members are present.

2.8 In lack of a quorum, a repeated Assembly shall have a quorum regarding matters on the original agenda, provided at least one Member from each country is present. The invitation to the original Assembly must indicate the location and time of the repeated Assembly to be held in case of a lack of quorum, identifying the required number of attendees to reach quorum at such repeated Assembly in respect of matters on the original agenda. In such case, the 8 working-day notice referred to in Section 2.4 shall not be obligatory.

2.9 No persons may participate in the decision making of the Assembly who, or whose close relative or spouse, as defined by the applicable provisions of civil law of the Member State of establishment (hereinafter: relative), pursuant to the decision:

- a) are exempted from obligations or liabilities,
- b) enjoy other benefits or are stakeholders in the legal transaction to be carried out.

Such benefits shall not include financial and non-financial services that are unrestrictedly available to anybody.

2.10 Each Member shall have one single vote; votes are equivalent. Decisions of the Assembly shall primarily be made by consensus (unanimous vote). If no consensus is reached in respect of a given matter, in addition to items listed under Section 2.12 as requiring unanimous decision, more than two voting Members of the Assembly shall decide with simple majority vote, while unanimous vote is required in case of two voting Members. A Member of the Assembly who is stakeholder in the decision is not permitted to vote.

2.11 In case of a tied vote the proposal for decision shall be deemed rejected.

2.12 Unanimous decision is required in the following matters, as extended by the Assembly from time to time:

- a. Amendment to the Convention or the Statutes;
- b. Adoption of Members.

2.13 The Assembly shall decide by open vote (show of hands) or in secret.

2.14 All other rules for voting shall be determined by the Assembly,

Protocol and communication

2.15 A *Protocol* shall be made of the meeting of the Assembly; in case of remote voting, a *Memorandum* shall be drawn up. The Memorandum, with duly attached submission and voting documentation, as well as any other documents as may be necessary, shall be equivalent to a Protocol. The detailed rules on the Protocol and the Memorandum shall be determined by the Assembly.

2.16 Assembly decision shall be entered in the document for registering decisions within 15 working days, clearly indicating the method of convocation of the Assembly, the date/time, contents and effect of the decisions, as well as the proportional number of votes. The summary of decisions shall be attested by the Chairman.

2.17 Decisions shall be communicated to Members and other stakeholders electronically, within 15 working days after the Assembly. A shorter deadline may be applied if so required with regard to legal consequences pursuant to the decision. Simultaneously, the text of the decisions shall be published on the website of the EGTC, in the official languages of the States of Members.

2.18 Documentation relating to the operation of the EGTC, stored at the registered office or at the branch office of the EGTC or at another place, or by any other method adopted by Members (with due respect for rights to protection of personal data and business secrets), shall be made available for inspection to anyone subject to the applicable rules and upon prior approval by the Director or the Chairman of the EGTC. The detailed rules of inspection of documents shall be determined by the Assembly.

2.19 The Annual Report of the EGTC shall be open for public inspection. The place and date of its publication shall be subject to applicable regulations of the Member State of establishment; however, an extract shall be published on the website of the EGTC, as a minimum.

3. Chairman and Co-Chairman

3.1 The Executive Officer of the Assembly is the Chairman who shall carry out the tasks related to the Assembly, exercise employer's rights in respect of the Director and represents the EGTC before third parties.

3.2 The position of Chairman of the Assembly shall be filled by the representatives of the local national minority self-governments in a two-year rotation system; the first Chairman shall be the representative of the Hungarian National Self-Government. Next to the Chairman, the representative of the other local minority self-government shall act as Co-Chairman with general responsibilities of a deputy.

3.3 The mandate of the Chairman and the Co-Chairman shall terminate:

- a) at the end of the term period;
- b) by resignation through notice to the Chairman;
- c) in the event of no confidence, upon initiation by a Member of the Assembly, or the chairman of the Supervisory Board, or upon decision of the Assembly.

3.4 If the Director is prevented from acting, for the duration of the prevention, or if the post of the director is abolished, until the succeeding Director takes the position, the Chairman shall take full charge of the Director's responsibilities and manage the operational work of the EGTC,.

3.5 The detailed rules about the activities of the Chairman and Co-Chairman shall be determined by the Assembly.

4. Director

4.1 The Director shall be a natural person with tertiary-level graduation, with full capacity to act and with no criminal record, elected for a period of not more than 5 years; he/she manages the operational activities of the EGTC in the framework of a contractual relationship. For the election of the Director, further criteria may be determined.

4.2 The Director of the EGTC shall be elected by the Assembly upon recommendation by the Chairman. The Director may be re-elected after the expiry of the term of office.

4.3 The Director shall perform tasks in their competence primarily in person. Delegation of a representative is possible only in case of the Director's prevention to act. In such cases the representative shall be primarily the Chairman, or the Co-Chairman, as a second alternative.

4.4 Procuration shall be by the Director signing their name independently, below/above the written, stamped or printed name of the EGTC. In respect of individual signature, exceptions may be provided for in special contractual provisions governing the undertaking of commitments by the Director.

4.5 The Director may not hold any posts that has an influence on or inhibits the proper performance of their duties as Director of the EGTC. If this occurs, the Director shall notify the Chairman of the EGTC in writing, in a verifiable way, within 8 calendar days from the change.

4.6 The Director shall make a declaration in the contract concluded with them concerning the non-existence of relating conflict of interests.

4.7 The cases of termination of the mandate to hold the office of Director shall be identical to the cases listed under Section 3.3. Termination of holding the office shall not effect liability and accountability for damages caused while holding the office.

4.8 In case of termination of the mandate to hold the office of Director, an Assembly shall be held within 60 days of termination with the purpose of electing a new Director. The Assembly may decide to defer the election of the new Director by not more than 6 months from the date of such Assembly meeting.

4.9 The detailed rules about the activities of the Director shall be determined by the Assembly.

5. Supervisory Board

5.1 Within 90 days from its effective registration, the EGTC shall hold an Assembly in order to establish and operate a Supervisory Board of three members. One of the Members of the Supervisory Board shall be, without delegation, the advocate of Slovenian national minorities at the Hungarian

National Assembly; the Hungarian and Slovenian Members shall individually delegate one-one Hungarian and Slovenian member, respectively, to the Supervisory Board.

5.2 The term of the mandate of members to the Supervisory Board shall be 4 years from election. Should their mandate be terminated prior to the adoption of the annual report for the last business year falling within their period of activity, their mandate shall be automatically extended to the day of adoption by the Assembly of the annual report of the last business year, unless other reasons for termination arise.

5.3 Members of the Supervisory Board may be re-elected after the expiry of their term of office.

5.4 Membership takes effect with the decision of the Assembly and signature of a statement of acceptance of the membership.

5.5 Within 15 calendar days from the acceptance of the new office, such Supervisory Board member shall notify accordingly the organizations where he/she already is a supervisory board member, in writing, in a verifiable way. In addition to such notice, the EGTC shall also be informed about any such offices held.

5.6 The Supervisory Board shall act as a body; accordingly, its members shall have equal rights in decision making and bring decisions jointly, with collegiate responsibility for such decisions.

5.7 Members of the Supervisory Board shall act in person; delegation of representation is not permitted. The Supervisory Board shall have a quorum if all members are present. Decisions shall be made by simple majority vote. In case of a tied vote, the proposal for decision shall be deemed rejected.

5.8 Members shall elect a Chairman among themselves; the Chairman shall convene and chair the meetings and represent the Supervisory Board before the Assembly and thirds parties.

5.9 The Supervisory Board shall have a meeting as necessary, but at least once a year (regular meeting). Additional (extraordinary) meetings may be convened upon request by any member of the Supervisory Board or by the independent auditor in a legal relationship with the EGTC, in writing, submitted to the Chairman of the Supervisory board in a verifiable way, indicating the reason, the objective and proposed agenda.

5.10 Members of the Supervisory Board shall make a declaration in the document of acceptance of Supervisory Board membership concerning the non-existence of relating conflict of interests and acknowledgment of the rules thereof.

5.11 Membership in the Supervisory Board shall terminate:

- a) at the end of the term period;
- b) by resignation from the office through notice in writing to the Chairman, with effect of no earlier than 60 days from notice, unless the Assembly approves a shorter period;
- c) by recall from office;
- d) by dissolution of the EGTC;
- e) if membership becomes devoid of purpose for other reasons.

5.12 Liability of members of the Supervisory Board, arising from the activities during their legal relationship with the EGTC, shall be governed by the legislation of the State of Establishment on the liability of such officials.

5.13 If the number of members of the Supervisory Board falls below 3, within 60 days from occurrence of the cause an Assembly shall be convened, where new Supervisory Board member(s) shall be elected in order to maintain the original number of members.

5.14 The Supervisory Board shall set its own detailed Rules of Procedure and annual work plan. The Rules of Procedure shall be approved by decision of the next Assembly held after its adoption.

Article IV

AGREEMENTS ON THE OPERATION OF THE EGTC

1. In respect of the operation of the EGTC the provisions of the Regulation, the Convention, the Statutes, the Act and other relevant national legislation of the Member State of establishment shall be applied.

2. If required for the operation of the EGTC and permitted by regulations under Section 1 above, Members may conclude agreements that deviate from the legislation of the Member State of establishment; such agreements shall be laid down in the present Statutes.

Article V

PERSONNEL MANAGEMENT AND RECRUITMENT PROCEDURES

1. Personnel matters shall be managed by the Director who shall exercise respective employer's rights, particularly in case of agreements related to recruitment procedures.

2. In terms of the legal relationship between the EGTC and its Director, employer's (directional) rights shall be exercised by the Chairman of the EGTC.

3. Criteria for the procedure of recruitment of natural persons to be employed at the EGTC:

- a. Possession of full civil rights as a national of one of the Member States of the European Union or a third country;
- b. Meet all obligations imposed on them in the Member State or country of the person's citizenship in a way that does not prevent employment by the EGTC;
- c. Meet general expectations on moral and physical requirements for the position - the latter to be established by medical examination generally required for the position;
- d. Meet the criteria set by the EGTC concerning professional skills and experience required for the position;

- e. Demonstrate during the recruitment procedure the verbal and written language skills required for the tasks.
4. In the course of the recruitment procedure, upon consultation with the Chairman, the Director shall have the right to decide which applicant should be employed.
 5. The detailed rules about recruitment procedures shall be determined by the Assembly.

Article VI

WORKING LANGUAGES OF THE EGTC

1. When carrying out the tasks of the EGTC, the following working languages may be used equally, both verbally and in writing: Hungarian, Slovenian, English.
2. Exceptions from equal use of working languages are:
 - a) In proceedings before the authorities of a Member State the official language of the Member State concerned shall prevail;
 - b) Protocols of the Assembly shall be made out in Hungarian and Slovenian languages; an English language versions shall only be made when so required;
 - c) In respect of other procedural acts, the official language of a given Member State or event, respectively, shall prevail, provided that the relevant documents, with the contents as necessary, shall be made out in the language of the Member State of Establishment, as a minimum.
3. In case of disputes arising from conflicts between different language versions, the prevailing language shall be: the official language of the Member State concerned for official (governmental) documents; the language of the first published and adopted version for other documents or, in lack of this, the Hungarian language version.

Article VII

ASSETS AND FINANCIAL CONTRIBUTION OF MEMBERS

1. The assets of the EGTC may be, notably: financial contribution of Members, movable and immovable property, property rights or grants.
2. Members of the EGTC shall contribute to the cost of operation in the form of an annual Membership fee. The membership fee shall be equal for Hungary and Slovenia (on country level); the Hungarian and Slovenian Members, respectively, shall divide the amount among themselves at their own discretion.
3. Definition of the country-level amount of the respective annual membership fee shall be the competence of the Assembly.
4. In terms of financial management, the EGTC

- a) shall not divide up the financial result of its operation; it shall be used as defined in the instrument of constitution.
- b) notwithstanding normative funding, may receive funds from government budget subsystems only on the basis of written contracts; the method and conditions of the accounting of such funds shall be specified in the contract.
- c) shall not borrow funds in order to develop its activities to an extent that would jeopardize its operation.

5. If in the course of the EGTC's development activities the EGTC acquires ownership of a property which is located in the administrative region of one or both local government Members, but a contractual relationship of the EGTC poses a restraint on the alienation and encumbrance of such property, after the expiry of the period of restraint on alienation and encumbrance the local government, or governments with proportionate share, as the case may be, may become in the possession of the property. In this case, the EGTC may continue to participate in the management of the property, based on economic and efficiency indicators and a relevant agreement between Members.

6. The first business year of the EGTC shall start with the year of registration and ends with 31 December of the same year. If this is a fraction of the year, the subsequent business year shall correspond to the calendar year.

7. The provisions of the accounting and budgeting regulations of the Member State of establishment shall be applicable to the Members of the EGTC. For the operation and financial management of organizations established by the EGTC in a Member State other than the State of establishment, the relevant regulations applicable in the location of the establishment shall be observed as necessary.

8. The regulations of the Member State of establishment shall be applicable to publication of the EGTC's Annual Report.

Article VIII

INDEPENDENT EXTERNAL AUDITOR

1. The EGTC shall appoint an independent external auditor for auditing its financial statements, at least in respect of the Annual Report; such auditor shall be selected from the register of auditors with the Chamber of Auditors in the Member State of establishment.

2. The Assembly shall decide on the appointment of the independent external auditor and main conditions of contract. The legislative framework of the auditor's appointment shall be subject to applicable regulations of the European Union and the Member State of establishment.

3. The Director shall represent the EGTC at the conclusion of the contract for the audit activities.

Article IX

AMENDMENTS TO THE STATUTES

1. Any Member of the EGTC may propose amendments to the Statutes.
2. The text of the proposed amendment shall be submitted in writing, in a verifiable way to the Director of the EGTC, who shall forward it to each Member, with his own comments, if any. Members shall be provided at least 60 calendar days for considering the amendment and formulate their recommendations.
3. Members shall decide on the proposed amendment through an Assembly decision.
4. Amendment to the Statutes shall be submitted to competent authorities in accordance with the relevant provisions of the Regulation and the regulations of the Member State of establishment.

Article X

INSPECTION AND CONTROL BY AUTHORITIES

1. The management of funds used by the EGTC shall be controlled and compliance monitoring shall be exercised by the competent authorities as defined in the legislation of the Member State of establishment.
2. The supreme financial and economic control body of the Member State of establishment shall have the right to conduct compliance reviews on the EGTC's financial management.
3. Tax audits on the EGTC shall be conducted by the state tax authority; audits on the use of funds received from the state or local government budget, as well as from international resources - notably grants from European Union funds, shall be conducted by control organizations defined in other relevant legislation.
4. Compliance monitoring and review shall be carried out by the competent authorities as defined in the regulations of the Member State of establishment. The authority shall proceed in accordance with the rules of the Member State of establishment.

Article XI

SETTLEMENT OF DISPUTES, REMEDY AND JURISDICTION

1. In the event of a dispute between Members in connection with the interpretation or application of the Statutes, Members shall do their utmost to seek a resolution to the dispute through negotiation. In respect of interpretation of the Statutes, the provisions of the Regulation, the Convention, the Act and

other relevant national legislation of the Member State of establishment shall be applied.

2. If a decision made by the EGTC or its organ infringes the rights or legitimate interests of a Member, such Member may submit an appeal against the decision to the competent authority of the Member State of establishment.

3. A third party injured as a result of an act or omission by the EGTC may bring an action against the EGTC before the competent authority of the Member State of establishment.

4. For legal disputes involving more than one Member State the Community law on jurisdiction shall be applicable.

Article XII

ADOPTION AND SIGNATURE

1. The draft of the Statutes shall be approved by the supreme representative bodies of Members; the final text shall be adopted by the inaugural session of the Assembly upon approval by supreme representative bodies. Amendments to the Statutes after the date of effective registration of the EGTC shall be approved by the Assembly.

2. The Statutes shall be signed by the Members' duly authorized representatives in accordance with Member's applicable signature rules.

Article XIII

FINAL PROVISIONS

1. The date when the Statutes enters into force and becomes applicable shall be subject to the rules governing the procedures to be conducted pursuant to the Regulation.

2. The detailed rules concerning matters covered in the Statutes - in the cases indicated and detailed as necessary - shall be set out in the Rules of Organization and Operation adopted by the Assembly within 90 days from the date of the EGTC's effective registration, as well as in other relevant regulations of the EGTC.




3. In respect of matters not covered in the Statutes, the provisions of the Regulation, the Act, the Convention, and other relevant national legislation of the Member State of Establishment shall be applicable.

4. This Statutes, with its Annex, consist of thirteen, numbered pages and it shall be made out in multiple copies as necessary with regard to the number of Members and other requirements of the EGTC, in Hungarian language and in certified Slovenian translation, as well as in English translation. In case of conflicts, the version in the official language of the Member State of establishment shall prevail.

5. At least one original copy of each language versions shall be deposited at the registered office of the EGTC, and another copy of each shall be handed over to Members' authorized representatives.

The Members have signed the present Statutes through their Authorized Representatives in approval, having read and mutually understood it as being in full accordance with their will.

Dated: Szentgotthárd, 05 July 2017

		
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Gábor Huszár, Mayor Authorized Representative of Szentgotthárd Város Önkormányzata (Municipality of Szentgotthárd) as Member based at the location of establishment		Mag. Anton Balažek, Mayor Authorized Representative of Lendva Község Önkormányzata (Municipality of Lendava)

			
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Márton Ropos, Chairman Authorized Representative of * Országos Szlovén Önkormányzat * (National Slovene Self-Government)			Ferenc Horváth, Chairman Authorized Representative of Muravidéki Magyar Önkormányzati Nemzeti Közösség (Mura Region Hungarian National Self-Government Community)

