

INVESTMENT ~~REGULATION~~ RULES

~~(seat: 1067 Budapest, Teréz krt. 13., tax number: 18188071-2-42)~~

(consolidated version of the modification submitted
for the General Assembly on 31 May, 2023)

Preamble

The Central European Service for Cross-border Initiatives non-profit association (hereafter abbreviated as: the Association) ~~subject in compliance with the provisions related to investment of Act CLXXV of 2011 on the Freedom of Association, Non-profit Status and the Operation and Support of Civil Organisations (hereinafter: Act CLXXV), such as~~

- ~~— to Act Vpoint 3 of 2013 on Article 2, which defines investment activity as “the Civil Code;~~
- ~~— to Act CLXXVacquisition of 2011 on freedomsecurities, ownership rights of association, non-profit statusassets arising from membership, real estate and the operation and support of civil organisations (hereinafter: Act CLXXV);~~
- ~~— 350/2011 (XII. 30.) Executive Decree on the management of civil organizations, fundraising and certain issues of public goods;~~
- ~~— Act C. of 2000 on accounting (hereinafter: Act 2000 C.);~~
- ~~— 479/2016 (XII. 28.) Executive Decree on the specifics of the obligationsacquisition activity of other organizations about reporting and keeping the accounts,~~
- ~~and assets for long-term investment from the resources of a civil organisation”, and also with regard to other possible forms of realization~~
- Article 45 of the Act CLXXV. which stipulates that “a public benefit goals of the Association, organisation engaged in investment activities must create an investment regulation, which is approved by the decision-making body – if one exists – following consultation with the supervisory authority.”

hereby decides to establish an investment ~~regulation~~ rules.

I. Purpose of the Rules

- (1) The general purpose of these rules is to utilise the Association's untied financial resources in a prudent, responsible and reasonable manner, providing regular financing for its activities by means of investment activities, thereby supporting the continuity of the Association's operation.
- (2) The direct purpose of these rules is to define the framework of activities related to the Association's short and long-term investments, as well as their administration.

II. Principles

- (1) The basic principles of the Association's investment policy are:
- a) income-generating: investing untied financial resources in short and long term and generating income from them;
 - b) safety: keeping the risk taken on investments at a relatively low level;
 - c) liquidity: harmonising the investments with one-year and long-term liabilities and the maintenance of ongoing solvency;
 - d) low cost: seeking to minimise the cost of investment;
 - e) a fast but safe decision-making system: to take advantage of the financial benefits of current favourable investments (primarily) through the approval of the Board and the Supervisory Board, which can be convened at short notice;
 - f) deployment of expertise: supporting the decision-making body by involving experts.

I.III. General provisions

~~1.) Under section 2 (3) of Act CLXXV, an investment activity is a bond from the own assets of a non-profit organization, property rights arising from a corporate membership relationship, and activities for the acquisition of real estate and other investment property for more than one year.~~

~~2.) Based on the principle of careful and prudent management, the Association invests in the acquisition of real estate and other investment property for more than one year in order to invest and realize the value of its assets in connection with the public benefit purposes of its free funds when this activity is justified and constitutes an investment under the relevant regulations in force.~~

(1) ~~3.)~~ The Association may carry out its investment activities only ~~in order~~ to achieve the objectives set out in its ~~Statute~~ Statutes, without ~~endangering~~ putting them, ~~and may use the at risk~~. The profits from ~~its~~ the investments may be used only to achieve the objectives set out in ~~its Statute~~ the Statutes.

~~4.) The Association's willingness for assumption of risks is low, therefore it is obliged to strive for the security of the invested properties in the course of its investment activities, so it must not take any risks that endanger the liquidity of the Association or the security of the properties under management.~~

(2) The primary considerations, in the complex assessment of the return, risk and liquidity of an investment and the subsequent decision-making, are the safety of the invested assets, full knowledge of the rules governing investment activity, quick access to the invested amount for short-term investments and minimisation of the costs associated with the investment.

II.IV. Procedural rules

(1) ~~5.) The management of the assets of the Association, the Decision-making and implementation of decisions concerning the use and investment of the assets, which do not fall within the competence of the General Assembly, are~~ investments is the responsibility of the

Presidency Board of the Association. Investment decisions may only be made with the prior approval of the Supervisory Board.

~~(2) 6.)~~ The decision resolution of the Presidency Board on the investment must contain at least the type of the asset involved in own resources used for the investment, its maximum cost, the type, amount, starting and maturity dates and the rules for its selection. At least one financial expert, an expert expected return on the subject investment. Information on the benefits and risks of the investment and its impact on the Association's liquidity must be attached to the investment proposal.

~~(3)~~ Before voting on the investment proposal, the head of the Supervisory Board ~~shall be~~ invited to discuss the meeting or a member authorised by him/her shall be heard.

~~(2)(4)~~ The implementation of the investment decision essentially involves the investment proposal administrative and financial operations necessary for the investment, during which the President of the Association has the exclusive right to sign.

~~(3)(5) 7.)~~ The Presidency will Board shall report on the investment decision at and its implementation in a separate agenda item at the next General Assembly of the Association.

~~(4)(6) 8.)~~ The investment activities of the Association and their regularity are audited according to the annual work plan of the Supervisory Board.

~~(5)(7) 9.)~~ The Association is required to maintain proper financial records from which investments can be identified and are traceable at the same time. The report on the investment activity is included in the annual public benefit supplement annex of the Association.

~~(6)(8) 10.)~~ This investment regulation, after its adoption, must also be communicated to members intending to join the Association ~~after their adoption.~~

~~(7)(9) 11.)~~ This investment regulation has been prepared in accordance with the provisions of the Statute Statutes of the Association.

~~17 May 2018, Budapest~~ _____

31 May 2023, Budapest

.....
Dr. ~~Tamás Tóth~~ Zsuzsanna Fejes
President