



# **STATUTE OF THE CZECH BANKING ASSOCIATION**

## **I. Fundamental Provisions**

### **Article 1 Name and Address**

1. The official name is "Česká bankovní asociace" (hereinafter referred to as "Association"), "Czech Banking Association" in English, "Der Tschechische Bankenverband" in German and "Association Tcheque des banques" in French.
2. The official address of the Association is 110 00 Prague 1, Vodičkova 30, Czech Republic.

### **Article 2 Legal Position**

1. The Association is a voluntary organisation established under paragraphs 20 (f) to 20 (j) of the Civil Code (Act No. 40/1964 Coll. as amended).
2. The Association is an organisation of institutions (legal persons), doing business in banking and in closely related areas.
3. The Association may accept into associate membership also a representative office of a foreign bank, established and operating in the Czech Republic in compliance with current regulation. The rights and responsibilities of the representative office as an associate member do not extend to the bank, whose representative office is an associate member.
4. The Association does not serve the purpose of establishing or pursuing cartel agreements.
5. The Association operates on the territory of the Czech Republic.
6. The Association can upon the decision of its Assembly become a member, associate member or correspondent member of a foreign institution (association, federation), acting in the banking sector.
7. The Association has been established to operate on an open-ended time scale.

### **Article 3 Objects**

The objects of the Association are in particular



1. to represent and pursue the common interests of its members towards the Parliament, government and other executive bodies, the Czech National Bank and other legal entities;
2. to represent the interests of members abroad and to provide for the representation in international professional bodies and organisations, particularly through the membership in the European Banking Federation and in the European Payment Council;
3. to support and organise selected projects of the professional training for employees in the banking sector, to promote the development of the banking theory and practice, *inter alia* through the utilisation of foreign resources;
4. to present the role and the interests of the banking sector in the public, among other ways also by the work with the media; to effect informational and analytical activities, relating to banking;
5. to monitor and evaluate effective and/or draft laws and lower legal provisions, concerning significantly the banking sector and to react on them in accordance with the para 1 of this article;
6. to conduct activities, aimed at a standardisation of the banking practices and procedures, particularly those leading to the harmonisation with the provisions and practices, ensuing from the membership in the European Union;
7. to act to prevent and/or to remove disputes among the members of the Association;
8. to exert other activities to promote the interests of the members of the Association.

## **II. Membership**

### **Article 1**

1. The membership in the Association is voluntary and has two forms:
  - a. full membership
  - b. associate membership.
2. Legal persons, holding a valid banking licence, issued under the laws of the Czech Republic and entitling them to do business in banking, can apply for full membership.
3. Full membership is granted on the basis of an application and comes into effect as from the beginning of the month, following the date on which the members' assembly approved such membership. Only legal persons, holding a valid banking licence, issued under the Banking Act of the Czech Republic, are eligible as full members.
4. Representative offices of foreign banks, acting on the territory of the Czech Republic (in accordance with para 3 article 2 chapter I of this Statute) and other legal persons, acting in an area closely connected with banking, can apply for associate membership.
5. Associate membership is granted on the basis of an application for associate membership and comes into effect as from the beginning of the month, following the date on which the members' assembly approved such membership.
6. The current full and/or associate members of the Association retain their membership status, which corresponds to that of the day of approval of this Statute.
7. Applications for full membership as well as applications for granting associate membership are to be submitted to the Board of the Association in writing in a prescribed format. The Board then presents the applications to the next meeting of the Assembly of members.



## **Article 2**

### **Termination of Membership**

1. Membership in the Association is terminated if:
  - a. the member resigns
  - b. the member is expelled
  - c. the member ceases to exist (or his banking licence is withdrawn, in case of members, where the licence is required)
  - d. the decision on admission into associate membership is annulled by the members' Assembly
  - e. the Association is dissolved.
2. A notification on resignation upon membership in the Association should be submitted in writing to the Board of the Association. The resignation comes into effect after all financial obligations of the member to the Association have been settled.
3. A member may be expelled from the Association upon a decision, adopted by the members' Assembly of the Association, if the member
  - a. seriously breached the membership duties as defined by the Statute
  - b. seriously infringed the interests and rights of other members of the Association
  - c. acted otherwise against the objectives and interests of the Association
  - d. caused significant damage to the reputation of the Czech banking sector, e.g. by not complying to the Code of Ethics of the Association, by violation of the law etc.
4. A proposal to expel a member and to annul the decision on admission into associate membership should be submitted to the Board of the Association. The Supervisory Board is also entitled to submit such proposal.
5. The decision to expel a member or to annul the decision on admission into associate membership is effective as from the day, on which it is delivered to the member concerned. The Czech National Bank is notified of the expulsion of a member.
6. Upon the termination of membership there is no obligation on the part of the Association to reimburse the member's entry deposit. Members, whose status was changed by amalgamation (by merger and/or by other form) are not entitled to full or partial reimbursement of an already paid member fee for the current year. An expelled member is not entitled to reimbursement of the membership fee. A resigning member and/or an associate member, whose membership has been withdrawn by annulling the decision on admission, is entitled to receive an aliquot part of his membership fee for the period from the date of termination of membership to the end of the current year.
7. A member, whose membership was terminated, may apply for re-admission no earlier than twelve months since the day, when its membership ended. A renewal of membership is subject to approval by the Assembly of members of the Association.

## **Article 3**

### **Suspension of Membership**

1. For serious reasons, the membership of a member of the Association may be suspended. Such reason may be e.g. imposed administration. Membership is suspended through a decision of the Board. The member, whose membership has been suspended, cannot participate in the decision-making procedures of the Association or be elected to the bodies of the Association. If a representative of a bank, whose membership has been suspended, is a member of the Board or the Supervisory Board,



his/her participation in those bodies is also suspended for the period of membership suspension.

2. The termination of the suspension of membership is conducted in a similar way as the suspension of membership itself.

### **III.**

## **The Rights and Responsibilities of Members**

1. A member of the Association has a right to:
  - a. participate in activities organised by the Association within the scope of the objects (Chapter I, Article (3))
  - b. participate in the results of activities of the Association as well as in the benefits and services provided (chapter I, article (3))
  - c. raise proposals and observations, concerning the activities of the Association
  - d. participate in the management and control of the Association
  - e. vote for the bodies of the Association and to be elected for these bodies.

The rights listed under d), e) are not granted to associated members.

1. A member of the Association has a duty to:
  - a. follow the Statute of the Association, the Code of Banking Ethics of the Association, the resolutions of the bodies of the Association, and to pay membership fees as well as the entry deposit of an acceding member and membership deposits in accordance with the rulings on the finance of the Association made in accordance with the Statute
  - b. participate, in accordance with his interests, expertise and potential, in fulfilling the objectives of the Association
  - c. provide the office of the Association with information, that has been considered necessary by the Assembly or the Board of the Association in accordance with the Statute
  - d. act in accordance with the interests of the Association.

### **IV.**

## **Organisation of the Association and Powers of its Bodies**

### **Article 1**

#### **The Assembly of Members**

1. The Assembly of Members is the supreme body of the Association. It comprises of the top representatives of the statutory bodies of the legal entities, who are members of the Association. The branches of foreign banks are represented in the Assembly by their head officers. Every member has one representative in the Assembly. The Assembly of members gathers as needed, usually once in a year. If urgent decisions are required, falling into the powers of the Assembly under this Statute, the Board of the Association may request a written standpoint from the members entitled. The Board then announces the result at the next plenary Assembly of members.



2. The meeting of the Assembly of members is convened by the Board, that sends out invitations in writing no later than three weeks prior to the date of the meeting. Agenda for the meeting must be announced together with the invitation.
3. A proposal to hold an extra-regular meeting of the Assembly of members may be raised by:
  - a. any member with full membership status, together with an announcement of the issue to be discussed
  - b. the Board or the Supervisory Board, if so required by the interests of the Association, together with an announcement of the issue to be discussed.
4. The proposal according paragraph 3 is submitted in writing to the Board through the office of the Association, with an exception of cases, when the Board itself decides to convene an extra-regular Assembly meeting. The Board evaluates every proposal and if the issue is considered as urgent, the Board convenes an extra-regular Assembly meeting within three weeks. If the issue proposed is not considered urgent, it is put on the agenda of the next regular meeting of the Assembly of members. The Board may also consider the matter proposed as not sufficiently founded, but in such a case it has to inform the next regular meeting of the Assembly of members of such a proposal.
5. Every member with full membership status has one vote. Associate members have not right to vote or to be elected. The Assembly of members of the Association forms a quorum, capable to take decisions, if a majority of more than fifty per cent of full members is present.
6. The scope of activity of the Assembly of members of the Association includes in particular:
  - a. changes in the Statute of the Association
  - b. decisions on the policy and activities of the Association
  - c. electing and recalling of the members of the Board of the Association
  - d. electing and recalling of the members of the Supervisory Board of the Association
  - e. decision on admission of the new members to the Association
  - f. decision on termination of the membership by expulsion or by annulling the decision on admission of the associate member
  - g. decision on re-admission of the member
  - h. decisions on the principles of financial management of the Association, on budgetary expenditures, revenues and on the structure of outlays, on the membership fees; approving the budget and the end-of-year financial statement
  - i. decision on the dissolution of the Association
  - j. other issues, which the Assembly will eventually reserve for its decision.
7. For a valid decision of the Assembly of members a two-third majority of the votes of full members present at the meeting is required (provided that the condition of a quorum defined under paragraph 5 of this article has been met). For a valid decision on matters listed under letters a, c, d, f, j in paragraph 6 of this article a majority of over fifty per cent votes of all full members of the Association is required.
8. Minutes are taken at the meeting of the Assembly of members, that apart from formal particulars (place and date) should contain
  - o an attendance sheet of all present at the meeting
  - o a brief description of the discussed issues of the agenda
  - o the rulings of the Assembly on the agenda including, if applicable, record of voting
  - o proposals and statements by the members, submitted for discussion.



The minutes of the meeting are signed by the minute-taker and the verifier. The person verifying the minutes is as a rule a member of the Board or the Supervisory Board or one of the full members, elected by a simple majority of all full members present at the meeting. The person taking the minutes of the meeting is usually a member of staff of the office of the Association. The minutes are made by the office of the Association and circulated within two weeks to all members of the Association.

## **Article 2**

### **The Board of the Association**

1. The Board of the Association is a statutory body, governing the activities of the Association and acting on behalf of the Association. The Board has at least five members and the maximum of nine members.
2. The members of the Board are elected by an Assembly meeting of the full members of the Association from persons, who are permanent representatives of the institutions, that are full members of the Association.
3. The term of office of the Board is three years.
4. The President, or the Vice-President in absence of the President and also Managing Director and his Deputy, within their powers, represent the Association to the outside.
5. The Board decides on all matters concerning the Association, with the exception of issues, that are reserved for decision-making of the Assembly of members by the Agreement on the Association or by the Statute.
6. The Board in particular
  - a. convenes the meetings of the Assembly of members of the Association
  - b. considers and decides membership issues according to chapter II of the Statute
  - c. elects and recalls by two third majority of its members the President and the Vice-President of the Association from the members of the Board
  - d. appoints and recalls the Managing Director and the Deputy Managing Director of the Association and eventually approves other management staff of the Association's office
  - e. considers and lays down the framework for the financial management of the Association (budget of income and expenditure, contribution policy, implementation of the budget, end-of-year financial statement following a hearing of the Supervisory Board)
  - f. accepts and discusses the proposals and observations, concerning the activity of the Association; considers proposals by members and makes steps, leading to resolution of disputes among members of the Association (except of those, which belong into the jurisdiction of commercial courts, e.g.)
  - g. adopts standpoints in the matters of banking in the Czech Republic and – if it considers appropriate – publishes respective statements.
  - h. appoints and recalls members of the Ethical Council of the Executive Board of the Association and takes decisions on its recommendations.
7. The Board comprises of
  - a. President
  - b. Vice-President
  - c. Board members.
8. The Board meets as appropriate, at least four times a year. Its activities are directed by the President or, in President's absence, the Vice-President. The Board forms a quorum, if more than fifty per cent majority of its members is present, including the President or the Vice-President. When voting is equal in the Board, the President has a



casting vote (or the Vice-President, if President is absent).

The meetings of the Board are convened by the President or the Vice-President, if President is absent, through a written invitation, circulated not later than fourteen days before the meeting. Agenda for the meeting must be sent together with the invitation.

The meeting of the Board is minuted. The requisites of such minutes are similar to those of the minutes taken from the meeting of the Assembly of members, but they are always verified by either the President or the Vice-President of the Association.

9. If mandate of a member of the Board had terminated, new member of the Board of the Association may be co-opted from persons, who are eligible as members to the Board (paragraph 2, article 2, chapter IV of the Statute). The cooptation must be approved by a valid decision of the Board and is subject to an additional approval by the next Assembly meeting. The term of office of a coopted member expires with the term of office of the Board, that decided on his/her co-optation.

The number of members, co-opted by the Board, is limited by the condition, that the members elected to the Board in regular voting by the Assembly must always form a simple majority of the Board members.

### **Article 3 The President and Vice-President**

1. The President and Vice-President of the Association are elected for three years.
2. The President or, in his absence, the Vice-President of the Association chairs the meetings of the Board of the Association. In their work they follow the decisions of the Board and they are accountable to the Board.
3. The President and the Vice-President of the Association represent the Association to the outside world, they - sometimes with other members of the Board – negotiate the key issues, concerning the Association, both at home and abroad. They sign key documents on behalf of the Association, as laid down in para 1 article 1 chapter VI.
4. The positions of the President and the Vice-President are honorary.

### **Article 4 Supervisory Board**

1. The Supervisory Board has at least three members and no more than seven members. They are elected by the Assembly of the Association. If the number of the members declines below the minimum required or below a limit needed to meet the current objectives, a new member may be co-opted. Such a co-optation is subject to approval by the next Assembly meeting.
2. The term of office is three years.
3. A member of the Supervisory Board must not at the same time be a member of the Board of the Association.
4. The members of the Supervisory Board elect among themselves the chairperson of the Supervisory Board. To be elected, a two third majority of the votes of all the members of the Supervisory Board is required.
5. For a resolution of the Supervisory Board to be valid, a simple majority of the votes of all members of the Supervisory Board is required. When voting is equal, the chairperson has a casting vote.
6. The Supervisory Board in particular
  - o supervises the activities of the Association



- supervises the compliance with the resolutions adopted
  - monitors the financial management of the Association
  - audits the end-of-year financial statements
  - assesses the draft budget of the Association prior to assessment by the Board of the Association and before submitting the draft to the Assembly of members.
7. The Supervisory Board is accountable to the Assembly of members of the Association and participates in the meetings of the Assembly.
  8. The Supervisory Board meets as appropriate, but at least twice a year. The meetings are convened by the chairperson of the Supervisory Board by written invitation circulated no later, than fourteen days prior to the meeting. Agenda for the meeting must be sent together with the invitation.

## **Article 5**

### **Expert, advisory and working bodies of the Association**

1. Permanent expert, advisory and working bodies are set up by the Board of the Association for various professional areas. These bodies have the form of commissions, sub-commissions and permanent working groups, eventually that of an advisory council. Members of these bodies are experts from the staffs of full and associate members. Also important experts from non-banking institutions may be invited to participate. Permanent professional bodies may have secretaries (gestion of affairs), usually from the staff of the Association's office. They facilitate contact between the respective body and the office of the Association and provide administrative support.
2. Permanent professional bodies elect their chairpersons, subject to approval and recall by the Board of the Association, eventually also their vice-chairpersons.
3. Commission may, for certain section of its activity, propose a set-up of a subcommission, to which similar rules as for the respective Commission are applied; subcommission is included into the respective commission through its chairperson.
4. For singular and time-limited tasks the Board or the Managing Director, eventually the chairperson of the respective professional body within the topical mandate of this body, may set up an interim expert (working) team.
5. Permanent professional bodies are subject to an organisational order and/or rules of procedure, approved by the Board of the Association. These rules apply similarly to the respective subcommission.

## **Article 6**

### **Secretariat of the Association**

1. Secretariat of the Association comprises of the Managing Director, Deputy Managing Director and of the Office of the Association.
2. The Managing Director and/or Deputy Managing Director within his terms of reference are the executive spokespersons of the Association. He/she is appointed by the Board of the Association for three years and selected from candidates meeting professional and moral criteria. The Managing Director and Deputy Managing Director may be recalled by the Board of the Association. By their appointment is established their employment by the Association.



3. The Managing Director is directed by the Board through the President or, in President's absence, through the Vice-President of the Association. Managing Director acts on behalf of and represents the Association to the outside both in inland and in abroad. Managing Director signs essential documents on behalf of the Association in accordance with the para 1 article 1 chapter VI.
4. The Managing Director is in charge of the secretariat of the Association and decides on employing and dismissing the staff of the office. He subsequently reports personnel changes and their reasons to the Board.
5. The office of the Association effects operational work and provides support for the interest activities of the Association. The details of its set-up and work are specified in the rules of procedure.

## **V.**

### **Financial Management and Assets of the Association**

#### **Article 1**

#### **Financial Management**

1. The main instrument of the Association's management is the budget, which is compiled by the Association's office for a period of one year; it is based on the normally established activities of the Association as well as on the policy for a current year.
2. The budget and the report on its implementation are approved by the Assembly of members. The budget may be – upon the recommendation by the Board – approved by members through written consents, sent by mail. The minimum time, given to members for their reply, is fifteen working days. The members must be notified on the expected amount of their contribution, required for a fiscal year in a period required for compiling their own budget.
3. The revenues for the budget are annual membership fees, members' entry fees, voluntary donations, other income and subsidies.
4. Budget expenditures must be divided into main cost categories (personal costs, material costs, purchase of non-manufacturing services, contributions and payments, connected with the Association's membership in other associations etc.).
5. The Managing Director is responsible for implementing the budget, for the financial management and for the assets of the Association.
6. At least once a year, the financial management and accounts are audited. The decision to conduct an audit is made together by the Board and the Supervisory Board, the audit report is approved by the Assembly of members.

#### **Article 2**

#### **Finance**

1. The members of the Association are obliged to contribute to the Association's activities and to participate in covering the costs incurred to the Association by
  - o members' entry fees
  - o regular membership fees
  - o extraordinary contributions if appropriate.



2. Newly admitted members make a single entry deposit to the Association amounting to 100,000 CZK. The deposit is payable within sixty days from the day of enrolment as a member.
3. Regular membership fees are paid by all the members annually on the basis of a calculation made according to an approved budget framework for the current year; the fees are payable by the end of December of the year preceding the respective budgetary year.
4. Regular membership fee is calculated as follows:
  - a. half of the budget expenditure approved for the current year is covered by all full members in equal and by all associate members of the Association in equal (parity component of the fee).

The fee of an associate member may reach a maximum of fifty per cent of the fee of a full member;
  - b. half of the budget expenditure is covered by the full members of the Association in proportion to the percentage of their personnel represented in the total number of personnel of the full members of the Association (proportionate component of the fee); associate members do not pay the proportionate component and their staff is not calculated in the number of personnel.
  - c. the data, (i.e. number of banks, divided into banks with full membership and institutions with associate membership, number of banks' employees) reflecting the state of 30th September of the year, preceding the respective budgetary year, are applied for the calculation of the annual membership fee.
5. The Association works on a principle of balanced budgetary income and expenditure. If budget expenditure is lower than budget income in a current year, the remaining surplus resources at the end of a fiscal year are used as resources for the next year; if budget expenditure should exceed budget income, the deficit shall be covered by an extraordinary membership fee stipulated analogically to ordinary membership fees under para 4 of this article.

### **Article 3**

#### **Assets of the Association**

1. Assets (i.e. material and financial resources and property rights) of the Association are owned by the Association as a whole.
2. Special provisions apply to the stocktaking and recording of assets of the Association.

## **VI**

### **Final and Interim Provisions**

#### **Article 1**

##### **Representing the Association and Signing on its Behalf**

1. The President of the Association acts and signs on behalf of the Association. Vice-President acts in his behalf, Managing Director and Deputy Managing Director within their powers on behalf of the Association, by single signature.

#### **Article 2**

##### **The Dissolution of the Association**



1. Upon decision to dissolve the Association, the Assembly of members of the Association also decides on the manner of property settlement and on appointing a liquidator.
2. In the process of liquidation
  - o all justified liabilities towards lenders must be paid
  - o all justified claims towards borrowers must be secured.
3. The property which would in the course of settlement be assigned to individual members of the Association shall be divided proportionately to the financial resources which the Association's members invested in the Association in the course of its existence.

### **Article 3**

#### **Joint and Interim Provisions**

1. This Statute comes into effect by the day of its adoption.
2. Every member of the Association shall receive one copy of the Statute, two copies are deposited in the office of the Association.

This Statute was approved by the Assembly of members of the Association on 9 June 2008 and replaces from the date of coming into effect the Statute adopted on 15 October 2007.

Prague, 9 June 2008