

## **Act I of 2004**

### **on Sports**

The citizens of the Republic of Hungary are entitled to the constitutional right to the best physical and spiritual health. Physical culture is part of universal culture as an important means of health protection (prevention and recreation) and a societally useful manner of spending leisure time. Physical education and sports play a major role in the moral and physical upbringing and the formulation of personality of the youth.

Therefore, the state is responsible for facilitating – out of public interest – the practical implementation of the right of citizens to physical education and sports, and to support fair sports activities performed within the scope of non-governmental organisations hallmarked by equal opportunities, including sports for the disabled. For the sake of a healthy development of youth, the state ensures physical education and sports within public education and higher education, and extracurricular school sports activities. By supporting leisure sports and school sports, the state promotes the development of a lifestyle rich in motion and regular physical activity. The state supports competitive sports, participation of our athletes in international sports, and attributes particular importance to the spirit of the Olympics and the Paralympics. The state strengthens the establishment of market conditions in certain areas of sports, business undertakings related to sports, and ensures the conditions of the training aimed at the development of physical culture. The development of physical education and sports must be aligned with health care objectives, environment and nature protection, and with territorial development. The state is responsible for contributing to the reduction of self-threatening negative tendencies related to sports (e.g. doping), for ensuring the security of sports events, the protection of athletes' privacy, and action against sports hooliganism.

With a view to these aims, and in line with the European Sports Charter the Parliament adopts the following act:

### *Chapter I*

#### ***LEGAL STATUS OF ATHLETES***

##### **General Rules**

**1. § (1)** Athletes are natural persons engaged in sports activities.

(2) Sports activity shall refer to physical workout performed under specific rules as part of spending leisure time without any constraints or in any organised form, and to activities performed competitively or within the branch of intellectual sports, which aim to preserve or improve physical condition and intellectual capacity.

(3) Competitive athletes (hereinafter referred to as competitors) are natural persons participating in competitions or competition systems invited, organised or licensed by a sports federation. Competitors are either amateur or professional athletes.

(4) Professional athletes are competitors engaged in sports activities as an occupation, with a view to earning income. All other competitors shall be regarded as amateur athletes.

**2. § (1)** For competitors engaged in sports activities within the scope of a sports organisation, the sports organisation must ensure the conditions required for the safe practice of the sports activity according to the nature of the particular branch of sport.

(2) In an extent in line with their sports performance and achievements, competitors may require their sports organisations to ensure conditions of the preparation and competition opportunities necessary for their successful sports activities.

(3) The relevant sports federations must ensure special conditions for the preparation and competitions of disabled competitors in line with the health condition and disability of the competitors.

(4) Competitors are obliged to:

- a) prepare and compete according to the principles of fair play;
- b) take part in medical aptitude and screening tests in line with the nature of the particular branch of sport – as defined in separate legislation (sports healthcare check-up);
- c) comply with the stipulations of the national and international competition rules and other regulations applicable to the particular branch of sport;
- d) consider, both the interests of the sports organisation with which they maintain a membership or contractual relationship and those which invited them to the national team. in the course of sports activities,

**3. § (1)** Competitors must hold an athlete's certificate (hereinafter referred to as competition license) issued by the sports federation meeting the conditions set forth in this Act authorising participation in the competition system or competitions. Unless otherwise stipulated in the sports federation's regulations, one competitor may only hold one competition license within a single branch of sport. If the competition license was issued without the conditions stipulated in the legislation or in the sports federation's rules,, the sports federation shall withdraw the competition license.

(2) As defined in its regulations, the sports federation can allow amateur and leisure-time athletes to take part in a competitions invited or organised by the federation with a competition license valid for a single competition (match) (start license).

(3) Sports federations are obliged to determine the detailed rules applicable to the issuing, registration and withdrawal of competition licenses in regulations. Competition licenses shall include:

- a) the competitor's name, place and date of birth;
- b) the description of the competition system,
- c) the description of the branch of sport falling within the scope of the competition license;
- d) the validity period of the competition license;
- e) the registration number of the competition license;
- f) the date of issue of the competition license; and
- g) everything prescribed by the sports federation in the regulations with a view to the nature of the particular branch of sport.

(4) In line with the nature of the branch of sport, the sports federation determines, in the regulations, the extent to which and the type of competition system or competition in which it prescribes insurance in relation to the athlete's sports activity as a prerequisite for awarding a competition license (start license). Competition licenses – unless exempted by separate legislation – are only valid with the document stating data on the sports health care check-up (sports physician's license).

(5) The sports federation must provide the state sports information system with data continually – in the manner prescribed in separate legislation – on the number of competition licenses issued, the actual participation of competition license holders in competitions and competition system. Such supply of data must not include personal details.

(6) Should the authorised panel of a sports federation refuse to award a competition license, applicant may file a complaint with the sports federation's executive panel within

eight (8) days after receipt of such decision. Should the executive panel fail to sustain such complaint within fifteen (15) days after its delivery, applicant may appeal to the court or the Standing Sports Arbitration Court against the decision of the sports federation decision within thirty (30) days after the delivery thereof as a deadline with lapse of such right. This rule shall also govern the withdrawal of competition licenses and legal disputes pertaining to recruitment and transfers.

(7) The sports federation may subject the issuing of competition licenses and start licenses to payment of fees set forth in its regulations.

**4. § (1)** Competitors may not use, apply or distribute prohibited performance-enhancing agents, preparations and methods – specified in separate legislation.

(2) Competitors are obliged to undergo tests aimed at checking compliance with doping prohibition (doping testing).

(3) The Government shall issue the detailed rules on doping prohibition and doping testing in a decree.

### **Provisions pertaining to amateur athletes**

**5. § (1)** Amateur athletes may engage in sports as members or pursuant to sports contracts within the framework of sports associations or solely pursuant to sports contracts within the framework of sports undertakings. Sports school students and members of school sports associations shall qualify as amateur athletes under their student legal relationship.

(2) In the sports contract, the sports organisation and the amateur athlete shall agree on the terms and conditions of their cooperation related to the sports activity. Sports contracts shall be governed by the provisions of Act IV of 1959 on the Civil Code (hereinafter referred to as the Civil Code) concerning contracts of assignment with the exceptions stipulated in this Act.

(3) Sports contracts shall be incorporated in writing. Sports contracts may only be concluded for a definite term of a maximum of five (5) years.

(4) Amateur athletes may not receive remuneration for their sports activity from the sports organisation with which they have a membership or contractual legal relationship pursuant to Paragraph (1) or from any other natural or legal entity. Unless otherwise provided for in the sports federation's regulations with a view to the nature of the branch of sport and the international federation's requirements, the following shall not qualify as remuneration:

*a)* the compensation of the amateur athlete's justified and attested costs in relation to preparation and competition, and benefits in kind related thereto;

*b)* the recognition of success for outstanding sports performance (financial recognition, medals, gifts, etc.);

*c)* the support provided within the framework of sponsoring contracts.

(5) The sports federation may stipulate terms and conditions in its competition regulations for amateur athletes to participate in national and international money-prize competitions and in professional competition systems.

(6) Upon establishment of membership or a sports contract, amateur athletes shall concede their license to their sports organisation for the duration of this legal relationship free of charge.

**6. § (1)** Amateur athletes may take part in the sports federation's competition system only if they hold a competition license. Competition licenses are awarded to amateur athletes as members of sports associations or as individuals maintaining a contractual legal relationship with the sports organisation.

(2) Amateur athletes may file applications with the sports federation for competition licenses only through their respective sports organisations.

(3) Applications for competition licenses may be filed with the sports federation

*a)* by students of sports schools operating as schools or members of school sports associations through the educational institution with which they maintain their student legal relationships;

*b)* by athletes of sports schools operating as budgetary agencies or public-benefit companies through the sports school.

7. § (1) Amateur athletes engaged in sports under a sports contract may transfer to another sports organisation during the term of such contract upon prior written consent from their sports organisations. Sports organisations may subject their granting of such consent to payment of a cost reimbursement.

(2) Sports federations may determine the extent of cost reimbursements in their regulations, in the absence of which the extent of such cost reimbursements shall be governed by the agreement between the relevant sports organisations.

(3) No cost reimbursement is payable to the previous sports organisations of amateur athletes engaged in sports outside a sports contract or the term of whose sports contracts expired or ceased lawfully. Any agreement to the contrary shall be void.

(4) Amateur athletes engaged in sports under a sports contract may be transferred to another sports organisation – temporarily or finally – during the term of their sports contract only upon prior written consent from them. Athletes may not subject the granting of such consent to payment of any equivalent.

### **Provisions pertaining to professional athletes**

8. § (1) Unless specified as an exception in an act, professional athletes shall pursue sports activities under a work contract concluded with a sports undertaking. Professional athletes may pursue sports activities in sports associations only if allowed by the regulations of a sports federation.

(2) The employment of professional athletes in connection with sports activities shall be governed by Act XXII of 1992 on the Labour Code (hereinafter referred to as the Labour Code) with the following deviations:

*a)* work contracts may only be concluded for definite terms;

*b)* no probation period may be stipulated;

*c)* if a professional athlete's competition license is withdrawn by the sports federation for reasons attributable to the particular professional athlete, the employer may terminate the employment by application of Paragraph (2) of Article 88 of the Labour Code. In case of termination, the professional athlete may not claim reimbursement of average income for the remainder of the contract term, save for health care incapacity;

*d)* the professional athlete may be engaged regularly even on holidays. In case of applying set framework working hours, unless otherwise agreed by the parties, the days off may be granted in aggregate in a maximum of every six months in part or in whole. Working hours may be set in a framework of maximum six months with a view to the daily working hours specified in the work contract;

*e)* the professional athlete may establish any additional employment unrelated to sports activities solely upon employer's prior written consent and may not establish any additional legal relationship for the pursuit of sports activity within the relevant branch of sport, while establishment of any additional legal relationship on sports activity in another branch of sport calls for employer's prior written consent;

f) the rules pertaining to detailing are applicable to the involvement of professional athletes in the national team subject to the professional athlete's prior consent to such detailing. The total duration of such detailing within a single calendar year may even exceed 44 workdays;

g) professional athletes may only be detailed to perform work for another sports organisation only in case of the temporary concession of license rights. The total duration of such detailing within a single calendar year may even exceed 44 workdays in this case.

(3) Work contracts concluded with professional athletes shall only come to exist if, beyond the mandatory content elements stipulated in the Labour Code, they cover an agreement on the method of performing work, the working hours and hours off, the granting of leaves and the remuneration of work.

(4) Contracts under which the sports organisation ensures financial benefits for the professional athlete beyond the stipulations of the work contract on sports activity are void.

(5) Accidents of professional athletes occurring in the course of sports activities pursued within the framework of their employment shall be regarded as occupational accidents. Employers are obliged to take out life and sports accident insurance policies for their professional athletes if prescribed by the relevant sports federation's regulations.

(6) Should a sports organisation be incapable of taking part in or become disqualified subsequently from the competition system (championship) for any public debt or any other reason, that shall be regarded as employer's severe breach of contract, for which the athlete may terminate the employment by extraordinary cancellation. After the cancellation, the athlete shall become forthwith transferable, irrespective of any prevailing transfer period. This rule shall be applied to amateur athletes with sports contracts *mutatis mutandis*.

**9. §** (1) Professional athletes must hold professional athlete competition licenses. Competition licenses shall be issued by the sports federation upon application from professional athletes.

(2) Athletes may conclude professional athlete work contracts with sports organisations only in possession of professional competition licenses.

(3) Professional athletes shall concede their license rights to the sports organisation for the term of employment in the work contract concluded with the sports organisation. Provision of the license right to a sports organisation shall be regarded as the professional athlete's recruitment, which the sports organisation must notify to the sports federation, in the manner stipulated in the sports federation's regulations. The sports federation shall register the recruitment. Professional athletes may claim special equivalent of their license rights as determined in their work contracts.

(4) Upon expiry of the term of the work contract or in case of any lawful termination of the work contract, the license right shall return to the professional athlete. Any agreement to the contrary shall be void.

(5) Any contract aimed at alienating or encumbering the license as a personal right of property value shall be void. This provision is applicable to the licenses of amateur athletes as well.

**10. §** (1) During the term of the work contract, the sports organisation obtaining a license right, by the professional athlete's prior written consent, may transfer this right to another sports organisation temporarily or finally. Professional athletes may claim an agreed equivalent from the transferring sports organisation for granting their consent.

(2) Temporary transfers pursuant to Paragraph (1) are without prejudice to the professional athlete's work contract; it shall be regarded as detailing under the Labour Code with consideration given to Section g) of Paragraph (2) of Article 8.

(3) The sports organisation may claim an equivalent from the other sports organisation for the temporary or final transfer of a license right pursuant to Paragraph (1), the extent of

which shall be resolved in the agreement between the two sports organisations. Such agreement shall be put in writing and shall be notified to the sports federation, which shall register the transfer.

**11. § (1)** Contracts related to the recruitment and transfer of professional athletes may be concluded through mediation by sales agents if the particular agent is registered by the relevant sports federation in case the terms stipulated in its regulations pursuant to Section b) of Paragraph (1) of Article 23 prevail, or if the agent is registered by the international sports. Agents are entitled to a commission for such mediation.

(2) Save for the agent's commission and the contributions payable to the sports federation under Paragraph (3), all agreements providing a share from the equivalent paid for the transfer of license right to any third party beyond the professional athlete and the sports organisation transferring such right temporarily or finally shall be void.

(3) In case the license right is transferred by the athlete, a fee is paid to the athlete, and in case of a temporary or final transfer of rights between sports organisations, to the sports organisation specified in the agreement between the sports organisations - the receiving sports organisation, unless specified separately in the agreement. From this fee,

*a)* one (1) percent shall be paid to the sports federation, and

*b)* four (4) percent shall be paid to the sports federation's fund supporting young athletes' training.

## **Sports disciplinary liability**

**12. § (1)** The sports federation may conduct sports disciplinary proceedings against competitors or sports nationals of they delinquently breach any of their obligations stipulated in the sports federation's competition, recruitment (registration) and transfer or other regulations.

(2) The following may be imposed on competitors or sports nationals as sports disciplinary penalty:

- a) oral warning,
- b) written reprimand,
- c) withdrawal (reduction) of allowances offered by the sports federation for a maximum term of one (1) year,
- d) pecuniary penalty.

(3) In addition to the stipulations of Paragraph (2), the following disciplinary penalties may also be imposed on competitors:

- a) ban from participation in the sports federation's competitions for a maximum term of five (5) years,
- b) exclusion from temporary or final transfers for a maximum term of two (2) years in case of a violation of recruitment (registration) and transfer rules.

(4) In addition to the stipulations of Paragraph (2), the penalty of ban from sports national activities within the sports federation's competition system for a maximum term of five (5) years may also be imposed on sports nationals.

(5) The extent of pecuniary penalties may not exceed the six-month amount of average annual income from the professional athlete's sports activity or the sports national's national activity. No pecuniary penalties may be imposed on amateur athletes and sports nationals engaged under *pro bono* contracts of assignment. Pecuniary penalties may also be imposed together with the disciplinary penalties specified under Section c) of Paragraph (2) and in Paragraphs (3) and (4), in all other instances, disciplinary penalties are not applicable simultaneously.

**13. § (1)** Sports disciplinary proceedings may be conducted against a sports organisation in case of its delinquent breach of stipulations stated in the sports federation's bylaws or other regulations.

(2) The sports federation may conduct the sports disciplinary proceedings against its members and sports organisations participating in competitions (competition systems) invited or organised by it.

(3) The following may be imposed on sports organisations as sports disciplinary penalties:

- a) written warning;
- b) reduction (withdrawal) of benefits granted by the sports federation;
- c) binding increase of the number of stewards;
- d) binding receiving an inspector from the sports federation and bearing the procedural costs
- e) prescribing the holding of the sports event without spectators in a closed sports facility or ordering the closing of a sector, both for a maximum term of six (6) months;
- f) withdrawal of the right of choosing the venue for a maximum term of six (6) months;
- g) annulment of match results, deduction of championship points;
- h) setting penalty points;
- i) ban from participation in international sports events for a maximum term of two (2) years;

- j)* withdrawal of rights to recruit (transfer) athletes for a maximum term of two (2) years;
- k)* relegation to a lower league in the competition system, in case there is a lower league in the particular competition system (professional, mixed, amateur);
- l)* exclusion from a specified number of (maximum five) competitions or competition systems (professional, mixed, amateur) for a maximum term of one (1) year;
- m)* binding to bear the procedural costs of the sports federation;
- n)* exclusion from the sports federation for a maximum term of one (1) year;
- o)* pecuniary penalty of a maximum of fifty (50) million Hungarian forints.

(4) Pecuniary penalties may be applied together with the disciplinary penalties specified under Sections *b)* through *m)* of Paragraph (3). The penalties specified under Sections *c)*, *d)* and *m)* are also applicable together with each other or any other penalty. The penalties specified under Sections *g)* and *h)* are also applicable together with each other and the penalties specified under Sections *i)* and *j)*.

**14. § (1)** Sports disciplinary proceedings of the first instance shall be conducted by the sports federation's sports disciplinary panel or the sports federation's territorial organisational unit's or section's sports disciplinary panel pursuant to the sports federation's sports disciplinary regulations, while of the second instance shall be conducted by the appeals body (executive body or appeals panel) specified in the sports federation's sports disciplinary regulations. Decisions adopted at the second instance are enforceable simultaneously with delivery thereof. The disciplinary panel of the first instance may declare the disciplinary penalties of ban from participation in the sports federation's competitions or from sports national activities to be forthwith enforceable until the adoption of the decision of the second instance.

(2) Parties affected may appeal in a petition to court or the Sports Standing Arbitration Court against disciplinary penalties of the second instance imposed by the sports federation on the competitor pursuant to Section *d)* of Paragraph (2) and Paragraph (3) of Article 12, on the sports national pursuant to Section *d)* of Paragraph (2) and Paragraph (4) of Article 12, and on the sports organisation pursuant to Sections *b)*, *e)*, *f)*, *i)-l)*, *n)* and *o)* of Paragraph (3) of Article 13 within thirty (30) days reckoned from the delivery of the decision as a deadline with lapse of such right.

(3) The Government shall adopt the detailed rules on sports disciplinary liability, sports disciplinary proceedings and sports disciplinary penalties in a decree. Sports federations must determine the detailed rules of the sports federation's sports disciplinary proceedings based on this Act and separate legislation in sports disciplinary regulations.

## *Chapter II*

### **LEGAL STATUS OF SPORTS ORGANISATIONS**

#### **Types of sports organisations**

**15. § (1)** Sports organisations refer to sports associations and sports undertakings.

(2) The rules on sports organisations are applicable *mutatis mutandis* to:

- a)* athletes on the national team and on sports federations operating national teams in relation to national teams (rosters);
- b)* sports federations engaged in sports of the disabled and leisure sports within the framework of which athletes directly pursue sports activities – as enabled by the sports federation's bylaws;
- c)* sports schools and school sport associations for the purposes of participating in competition systems and calls for proposals.



## **Sports associations**

**16. § (1)** Sports associations are non-governmental organisation operating under Act II of 1989 on the right of association (hereinafter referred to as the Associations Act) and the rules of the Civil Code – with the deviations resolved in this Act – the core activity of which is the organisation of sports activities and the establishment of conditions for sports activities.

(2) Sports associations are the traditional core organisational units of Hungarian sports, the workshops for leisure sports, competitive sports, talent nurturing and youth training. Sports associations may receive state (local government) subsidies directly.

(3) The court records kept on associations must explicitly identify the sports association character of sports associations.

**17. § (1)** Sports associations:

*a)* shall convene their general assemblies (delegates' meetings) at least once every year, where their annual financial plans and their accounts on the fulfilment of the previous annual financial plans prepared pursuant to the provisions of Act C of 2000 on Accounting (hereinafter referred to as the Accounting Act) shall be discussed;

*b)* may only pursue activities unrelated to sports or commercial activities related to sports (including the utilisation of the sports association's rights of property value) only as supplementary activities. Utilisation and operation of sports facilities shall be regarded as core activity of the sports association for the purposes of this provision.

(2) Sports associations may declare their departments and other organisational units as legal entities through a decision of their general assembly pursuant to the authorisation stipulated in their bylaws.

(3) Departments and other organisational units declared legal entities:

*a)* shall obtain their legal entities by their entry in court records;

*b)* shall register their names, registered seats, names of administrative and representative bodies with the court under separate sub-indices.

(4) In case of termination of a sports association without legal successor, the department's legal entity shall cease as well. Sports associations have voucher liability for the obligations of their departments with legal entities.

(5) The rules of Act IL of 1991 on bankruptcy proceedings, liquidation proceedings and final settlement (hereinafter referred to as the Bankruptcy Act) are applicable *mutatis mutandis* to sports associations, save for the provisions on final settlement.

(6) In case of a dissolution of a sports association by a court, assets remaining after the satisfaction of creditors shall become state property, which shall be devoted sports purposes in the interest of the general public.

## **Sports undertakings**

**18. § (1)** Sports undertakings shall refer to business companies the core activity of which is sports activity under Act CXLV of 1997 on company records, company publicity and judicial corporate proceedings with the aim of organising sports activities and establishing the conditions for sports activities in one or several branches of sport.

(2) Sports undertakings may be founded and operated in the form of limited liability company or a company limited by shares under the rules of Act CXLIV of 1997 on business companies.

(3) Sports activities may also be organised within the framework of public-benefit companies in the areas of sports for the disabled and leisure sports.

### *Chapter III*

## **NATIONAL SPORT FEDERATIONS AND OTHER SPORTS FEDERATIONS**

### **Types of sports federations**

**19. § (1)** Sports federations are self-ruling non-governmental organisations with legal entities set up to organise sports competitions within the scope of specific sports activities, to represent the interests of and to provide services to members, and to manage international relations.

(2) The provisions concerning sports federations are applicable to national national sport federation by branch of sport with the deviations specified in this Act and the Civil Code.

(3) Types of the sports federations also with a view to the stipulations of Paragraph (2):

- a) national sport federations by branch of sport,
- b) sport federations,
- c) leisure sports federations,
- d) sports federations of the disabled,
- e) school and university sports federations.

(4) The nature and type of sports federation must be indicated in the court records.

### **National sport federations**

**20. § (1)** National sport federations are sports federations fulfilling the responsibilities identified in this Act and other legislation solely within their respective branch of sport, and exercising special powers resolved in the act.

(2) National sport federations may solely have sports organisations as their members that take part in the competition systems of the particular branch of sport. Sports organisations active in the particular branch of sport may not be denied admission to the relevant national sport federation if the sports organisation recognises the national sport federation's bylaws as binding.

(3) National sport federations, unless otherwise stipulated in this Act, are governed by the rules of the Associations Act on non-governmental organisations and of the Civil Code on associations *mutatis mutandis*. Only one national sport federation may operate within each branch of sport.

(4) National sport federations may only be set up in branches of sport

- a) that are recognised by the International Olympic Committee, or
- b) whose international sport federation was admitted to the General Association of International Sports Federations (AGFIS).

(5) National sport federations, beyond the stipulations of Paragraph (4), shall only refer to sports federations that

- a) have at least ten (10) member sports organisations engaged in the particular branch of sport,
- b) have been running national competition systems (championships) for at least three (3) consecutive years,
- c) have at least hundred (100) licensed athletes in the particular branch of sport and participating regularly in its competition systems.

**21. § (1)** National sport federations shall be registered with the Budapest City Court with powers and sole jurisdiction as separate legal entity type.

(2) National sport federations are entitled to use the term “Hungarian” in their description and the coat of arms and flag of the Republic of Hungary. National sport federations may be rated as public-benefit or special public-benefit organisations under the rules of Act CLVI of 1997 on public-benefit organisations (hereinafter referred to as the Public-Benefit Organisations Act).

**22. § (1)** National sport federations are essentially responsible for:

*a)* ensuring the operation of their respective branch of sport according to its intended purpose through issuing regulations;

*b)* establishing the competition systems of their respective branch of sport in line with the international rules of the particular branch of sport, and for organising competitions within the branch of sport based on this competition system (e.g. hosting the national championship, the Hungarian Cup, etc.), setting the national competition calendar of the branch of sport and participation thereof in international competitions and matches;

*c)* participating in the work of the international sport federation of the particular branch of sport, organising the participation of the branch of sport in international sports relations;

*d)* running the national team rosters, promoting participation of athletes within the particular branch of sport in international sports events;

*e)* identifying the strategic development concept of the branch of sport (including youth training development) and providing for implementation thereof;

*f)* representing the interests of the branch of sport before state agencies, the National Sports Federation, the Hungarian Olympic Committee, the other sports federations and other non-governmental organisations, and in international sports life,

*g)* providing services to their members in the manner defined in their respective bylaws, to take part in settling disputes among their members, promoting the training and in-service training of sports nationals operating within their respective branch of sport;

*h)* identifying the youth development concept of the branch of sport and ensuring implementation thereof.

(2) National sport federations fulfil the responsibilities identified in their respective bylaws, the regulations of their respective international federations by branch of sport, and in legislation; thus, in particular shall:

*a)* ensure the registration, recruitment and transfer of competitors in their respective branch of sport, and supply data from its registration system to the state sports information system;

*b)* grant or deny consent required by their respective international federations by branch of sport or by a foreign sports federation with a view to the competition of Hungarian competitors abroad and of foreign competitors in Hungary;

*c)* exercise sports disciplinary powers against competitors violating competition regulations and other regulations if their respective branch of sport, against sports nationals and sports organisations as defined in this Act and in separate legislation;

*d)* enforce the anti-doping regulation;

*e)* identify requirements by their respective branch of sport in relation to the utilisation of sports facilities and to sports events.

(3) In order to attain the aim of the particular branch of sport, national federations may conclude sponsoring and other commercial contracts, including the utilisation of rights of property value related to sports events within the particular branch of sport.

**23. § (1)** For the sake of running the branch of sport in line with its intended purpose – beyond other regulations prescribed in separate legislation – the national sport federation is obliged to draft the following regulations in relation sports activity:

*a)* competition regulations,

*b)* recruitment (registration) and transfer regulations,

*c)* sports disciplinary regulations.

(2) In case the national sport federation runs a professional or mixed (open) competition system (championship), then its competition regulations shall resolve requirements towards sports organisations and athletes participating in the professional or the mixed championship separately.

(3) The competition regulations must resolve the system of athletes' life, sports accident and property insurance in line with the nature of the branch of sport.

(4) With a view to the stipulations of Articles 36 and 37, national federations may resolve the utilisation of rights of property value related to sports events within their respective branch of sport in the regulations.

(5) In their regulations, national federations are obliged to enforce environment and nature protection and public security requirements, and in case animals are also involved in the sports activity, then the requirements stipulated in Act XXVIII of 1998 on protection and sparing of animals must also be enforced.

**24. § (1)** The organisational structure of national federations shall be governed by the requirements of the Associations Act with the following deviations:

*a)* the highest body of the national sport federation shall be the general assembly made up of the representatives of members. Under the provision of the national federation's bylaws, the powers of the general assembly may also be exercised through a delegates' assembly. The number of delegates and the method of electing delegates shall be resolved in the bylaws;

*b)* in case the bylaws allow it, one member organisation may send several representatives or delegates to the general assembly and the delegates' assembly, respectively, with a view to the principle of proportionality;

*c)* the administrative-representative body (executive body) of the national sport federation must convene the general assembly (delegates' assembly) at least once every year to discuss the technical report and the financial report of the executive body pursuant to the Accounting Act, and its national and financial plan for the subject year, and if the national sport federation is a public-benefit organisation, then the public-benefit report as well;

*d)* the national federation's general assembly (delegates' assembly) must elect a supervisory body consisting of at least three members to supervise the financial management of the national federation. If the national sport federation runs a professional or mixed (open) competition system (championship), then it must also employ an auditor in addition to the supervisory body. The general assembly (delegates' assembly) may not adopt any decision on the financial report in the absence of a written report by the supervisory body and the auditor.

(2) The following falls within the sole jurisdiction of the national federation's general assembly (delegates' assembly):

*a)* determining and modifying the bylaws;

*b)* accepting the strategic development concept of the branch of sport;

*c)* accepting the sport and financial report, the public-benefit report for the preceding year, and the financial and technical plan for the subject year;

*d)* electing and recalling the national federation's chairman, other members of the executive body, the supervisory body's chairman and members;

*e)* deciding the merger of the national sport federation with other national federations or its de-merger;

*f)* declaring the national federation's organisational units to be legal entities;

*g)* deciding the foundation of or the participation in a business company;

h) declaring the dissolution of the national sport federation and disposing of the remaining assets;

i) the transformation of the national sport federation into a federation by branch of sport pursuant to Article 28;

j) all matters delegated to the sole jurisdiction of the general assembly (delegates' assembly) by this Act, other legislation or the bylaws.

(3) The general assembly (delegates' assembly) forms a quorum if over half of the representatives of its members (delegates) are present. The general assembly (delegates' assembly) adopts its decision by over half the representatives (delegates) present (simple oral majority) and through open voting.

(4) The executive body is made up of at least five members – along the chairman. The general assembly may even elect a person as its chairman, member of its executive body or chairman or member of its supervisory body that is not the representative of a member. The national sport federation shall resolve requirements pertaining to the election of further officers in its bylaws.

(5) The chairman and the members of the executive body and the supervisory body may be elected for a maximum term of five (5) years. Such officials may be re-elected, but may also be recalled by the general assembly (delegates' assembly) prior to the expiry of their appointment.

**25. § (1)** Under authorisation in its bylaws, the national sport federation's general assembly (delegates' assembly) may attribute legal entity to the national federation's certain organisational units – for example, sections, territorial organisations, special branches. The national sport federation shall adopt the rules of management and operation of legal entity organisational units. The national sport federation has voucher liability for the obligations of its legal entity organisational units.

(2) If the national sport federation hosts a professional championship, it must set up a professional section and must declare it a legal entity. All members of the national sport federation may take part in the professional section that participates in the professional championship.

(3) In case the national sport federation sets up territorial (regional, county, city, etc.) organisational units and declares them legal entities, the national sport federation's general assembly:

a) may license the use of the description referring to the area (e.g. "county federation") to the organisational unit;

b) may resolve rules of management and organisation for the territorial organisation whereby members of the national sport federation established within the particular area may elect the heads of the organisational unit at their own assembly;

c) may render the membership fees of members established within the jurisdiction of the territorial organisation available to the territorial organisation, and may thus also ensure the opportunity of independent financial management for the organisational unit;

d) may allow territorial organisations to conclude sponsoring contracts and support contracts with local governments on their own behalf, and to dispose of revenues thus generated on their own;

e) may allow them to set up territorial-type non-governmental organisations with the territorial organisational units of other national sport federations (sports federations).

(4) The rules resolved for territorial organisational units are applicable to sections, bodies and special branches of the national sport federation declared as legal entity organisational units *mutatis mutandis*.

(5) The national sport federation's organisational unit declared as a legal entity:

a) shall obtain its legal entity upon entry in the records of the Budapest City Court;

*b)* shall register their name, registered seat, names of administrative and representative bodies with the Budapest City Court under a separate sub-index.

**26. § (1)** The national sport federation's financial management shall primarily consist of membership fees, sponsor revenues, revenues from sale of commercial rights, and from central budgetary, local government, sport public corporation, public foundation and other support.

(2) National sport federations may only take part in business or public-benefit companies with limited liability the extent of which may not exceed the assets contributed by it to the company.

(3) National sport federations shall bear the costs and the tort liability related to national team rosters, while they shall also be entitled to revenues generated by the operation of national team rosters.

**27. § (1)** The prosecutor's office shall exercise statutory control over the operation of the national federation.

(2) Based on a petition from the prosecutor, the court may suspend the activity of the administrative and representative body of the national sport federation and may appoint a supervising commissioner to manage the activity if the national sport federation produces losses under accounting legislation in two consecutive years and its liabilities exceed its assets by at least fifty percent. If due financial management may not be restored, then the supervising commissioner shall propose to the prosecutor the initiation of dissolution of the national sport federation by a court.

(3) *a)* In case the national sport federation is dissolved or terminated without a legal successor, the assets remaining after the satisfaction of creditors shall be rendered available to the sports sport public corporation the national sport federation was a member of which prior to its dissolution or termination without a legal successor.

*b)* If the national sport federation had been a member of several sports public bodies, the assets remaining after the satisfaction of creditors in case of its dissolution or termination without a legal successor shall be allocated among such sports sport public corporation equally.

*c)* If the national sport federation dissolved or terminated without a legal successor had not been a member of any sports sport public corporation, the assets remaining after the satisfaction of creditors shall become state property and shall be devoted sports purposes in the interest of the general public.

### **Sport federations**

**28. § (1)** Sport federations are federations of non-governmental organisations operating under the Associations Act, members of which may solely be sports organisations. One single national sport federation by branch of sport may be set up in a branch of sport, but a sport federation may operate not only nationally.

(2) The responsibilities of national sport federations specified in this Act and in separate legislation may be fulfilled by a sport federation if it fails to meet the conditions set forth in Paragraphs (4) and (5) of Article 20 and if

*a)* no national sport federation operates in its branch of sport, and

*b)* an international national sport federation from at least fifteen member countries from at least three continents operate in its branch of sport and a world or European Championship competition system has been operating in its branch of sport for at least five years;

*c)* is a member of the sport federation pursuant to Section *b)*;

*d)* has at least ten sports organisation members engaged in its branch of sport with at least hundred (100) competitors holding competition licenses and participating regularly in its competition system;

*e)* has been operating a national-type competition system for at least three consecutive years;

*f)* is enlisted in the register of non-governmental organisations of the competent court, and beyond its bylaws, has the regulations in place that are rendered mandatory in this Act and in separate legislation for national federations.

(3) Sport federations are entitled to the rights and bear the obligations stipulated in this Act and other legislation for national sport federations.

(4) Sport federations may apply for admission to the National Sports Federation.

(5) Sport federations may receive state support.

(6) If a federation by branch of sport is a national sport federation fulfilling the criteria specified in Paragraph (2), this must be indicated explicitly in the court records.

### **Leisure sports federations and sports federations for the disabled**

**29. §** (1) Leisure sports federations are national sports federations set up for leisure times sports activities and not necessarily organised by branches of sport.

(2) Federations for sports for the disabled are national sports federations essentially organised disability-specifically for sports activities aimed at competitive and leisure sports for the disabled.

(3) National sports federations for the disabled may fulfil the same responsibilities and may exercise the same powers as those fulfilled and exercised by national sport federations.

### **School and university sports federations**

**30. §** (1) School and university sports federations are national federations set up to organise school and university sports competitions (hereinafter collectively referred to as school sports competition) and participation in them.

(2) Athletes participating in school sports competitions organised by or with participation of national school and university sports federations shall be regarded as student athletes based on their student legal relationship irrespective of whether they are competitor or leisure-time athletes.

(3) School sports competitions shall be distinguished from competitions organised within the competition systems by national sport federations or sport federations.

(4) School sports competitions are organized independently by school and university sports federations in consultation with the federation of the particular branch of sport.

## ***Chapter IV***

### ***THE COMPETITION SYSTEM OF SPORTS***

**31. §** (1) Sports federations may run

*a)* amateur,

*b)* professional,

*c)* mixed (open)

competition systems (championships).

(2) In amateur competition systems (championships), in addition to amateur athletes and sports associations, professional athletes and sports undertakings may only take part under the terms and conditions resolved in the sports federation's competition regulations. Within the scope of such terms and conditions, the sports federation may restrict the number of professional athletes employed by sports undertakings.

(3) Sports federations may only organize professional competition systems (championships) in addition to amateur championships. Mixed (open) championships may also be organized instead of professional competition systems (championships).

(4) In professional competition systems (championships), in addition to professional athletes and sports undertakings, sports associations may only take part if allowed for in the sports federation's competition regulations, and if the sports association has declared its department involved in the professional competition system (championship) a legal entity. Sports associations and legal entity departments thereof taking part in the professional competition system (championship) must fulfil all financial, administrative, technical and national conditions required by the sports federation's competition regulations for participants of the professional competition system (championship).

(5) Sports undertakings participating in professional competition systems (championships) may engage amateur athletes while sports associations may employ professional athletes. Sports federations may resolve mandatory rules on the number and ratio of professional and amateur athletes in their regulations.

(6) Amateur and professional athletes, sports associations and sports undertakings may all participate in mixed (open) competition systems (championships) without restriction.

**32. § (1)** Only sports organisations without public debts overdue beyond ninety (90) days may take part in competition systems.

(2) Sports organisations must attest that they do not have public debts overdue beyond ninety (90) days upon their nomination for the competition system (championship) or at the first annual nomination if nomination by competition is required within the competition system.

(3) Operation without public debts overdue beyond ninety (90) days must continue throughout the competition system (championship). If such public debt is stated during the competition system (championship), the sports organisation must be disqualified from the competition system (championship) – outside any disciplinary proceedings. Such disqualification is without prejudice to the results which had been achieved during competitions prior to disqualification from the competition system (championship) in individual branches of sport by athletes maintaining a legal relationship with the disqualified sports organisation

(4) The state tax authority must provide information within fifteen (15) days after the receipt of the sports federation's relevant written application on the public debts of sports organisations taking part in the sports federation's competition system (championship). The fact and extent of such public debt shall be regarded as data of public interest.

**33. § (1)** The following may not take part in the competition system (may not nominate for the championship) beyond the case specified in Paragraph (1) of Article 32:

*a)* sports undertakings or sports associations subjected to bankruptcy or liquidation proceedings pursuant to the Bankruptcy Act;

*b)* sports associations having decided their dissolution or subjected to dissolution by petition from the prosecutor's office to a court;

*c)* sports undertakings subjected to final settlement proceedings.

(2) The right of participating in (nominating for) a competition system (championship) is not transferable, any contracts aimed at this shall be void, except when



a) a sports association sets up (taking part as a member in) a business company with a view to participation in the professional competition system (championship) and transferring the relevant participation right to this company;

b) sports undertakings entering an amateur competition system (championship) with no public debts and transferring their participation right to a sports association functioning as their member.

(3) If a sports organisation is terminated with a general legal successor, the right of participation shall pass onto the general legal successor. If a sports organisation is terminated without a general legal successor, the right of participation shall cease.

(4) If a sports organisation alters its registered seat, site or name and such alteration affects the participation right of the sports organisation, the sports federation's body designated in its regulations may examine *ex officio* or on application whether such alteration aims at a transfer implementing an abuse of the participation right. Based on the outcome of such examination, the sports federation's executive body will decide with consideration to all circumstances of the case on whether the sports organisation implementing the alteration may take part in the competition system. The relevant sports organisation may appeal to a court or the Sports Standing Arbitration Court pursuant to Article 47 against the executive body's decision denying the right of participation within thirty (30) days after the delivery thereof as a deadline with lapse of such right.

**34. § (1)** Sports federations must identify identical financial, administrative, technical and sport requirements in their competition regulations for sports organisations taking part in their professional or mixed (open) competition systems (championships).

(2) In their regulations pertaining to professional or mixed competition systems (championships) sports federations may

a) prescribe the depositing of a security of a specific amount simultaneously with the submission of nominations. Sports federations must manage such security deposit on a separate interest-bearing account and must repay that to the relevant sports organisation within eight (8) days reckoned from the end of the championship along with interest. If the sports organisation fails to end the championship, the sports federation shall become entitled to the security deposit;

b) resolve additional requirements in relation to the technical standards of the sports facility or the hosting of sports events with reference to amateur championships;

c) determine the number of professional athletes to be employed obligatorily by the sports organisation and the number of teams and competitors to participate in youth (reserve) championship(s);

d) prescribe the submission of the sports organisation's financial report for the preceding year and financial plan for the subject year with the sports federation;

e) prescribe that the sports organisation must provide access for the sports federation's auditor to the books of the sports organisation and must authorise the tax authority and its account managing bank to inform the sports federation's auditor on the sports organisation's public debts and financial turnover – on request thereof.

(3) In their regulations pertaining to professional or mixed (open) competition systems, sports federations may determine a ceiling for wages and other benefits payable by sports organisations to professional athletes, and a cap on recruitment and transfer benefits, and a ceiling for total benefits payable to all professional athletes of the sports organisation engaged in the particular branch of sport.

(4) The sports federation's professional section may conclude a collective contract with the trade union representing the interests of professional athletes.

## *Chapter V*

## **COMMERCIAL CONTRACTS**

**35. § (1)** In sponsoring contracts, sponsoring natural or legal entities or unincorporated organisations commit to support the sports activity of the sponsored athlete, sports organisation, sports federation or sports sport public corporation through pecuniary services or services in kind, while the sponsored entity allows the sponsor to utilise the sports activity in the course of marketing activities thereof.

(2) In the course of sponsoring, sports activities may not be displayed in connection with lifestyles or services or other activities detrimental to health or with practices threatening or damaging the environment.

(3) Under an image transfer (market building) contract, the user utilises the name, portrait of the athlete and the name of the sports organisation, sports federation or sports public or other intellectual property related to the sports activity on bulletin boards, souvenirs and gifts, clothing, other objects and electronically to influence consumer choices within the scope of its marketing activity against a fee.

(4) Natural and legal entities, and unincorporated organisations may conclude image transfer contracts as users with athletes, sports federations, sports undertakings or sports public bodies.

(5) If the contract is concluded with the user by a sports organisation, sports federation or sports sport public corporation, the athlete's name and portrait may only be used within the framework of the image transfer contract upon the athlete's prior written consent, any agreement to the contrary shall be void. This rule shall also govern advertising and other contracts affecting the athlete's name or portrait. The protection of the goodwill and privacy of athletes, sports organisations, sports federations and sports public bodies shall be governed by the provisions of the Civil Code.

(6) In all other aspects, the general provisions of the Civil Code pertaining to contracts shall apply to sponsoring and image transfer contracts.

**36. § (1)** Licensing the broadcasting of sports activities and sports competitions through television, radio and other electronic-digital technologies (e.g. Internet) shall constitute rights of property value.

(2) Rules related to the rights of property value of licensing broadcasts are applicable to other rights of property value related to sports activities.

(3) The rights of property value may not be contributed to the equity (share) capital of business companies in kind and may not qualify as ancillary services either. Such rights of property value may also be utilised through agency or consignee contracts.

(4) The athletes or the sports organisation – on the basis of the athlete's membership or contractual relation - is entitled to the rights of property value related to sports activities.

(5) The sports federations are entitled to the rights of property value related to the matches (competitions) of national rosters.

**37. § (1)** Sports federations are entitled to stipulate in their regulations concerning the competition systems they invite and organise that they retain certain rights of property value of its members pursuant to Article 36 for utilisation for a fixed term. In this case, the sports federation shall conclude the sales contract with the user.

(2) Sports federation must pay an amount preferably determined in advance and proportionately with the market value of broadcasting rights to entitled entities specified in Paragraph (4) of Article 36 for the retention of rights of property value. Prior to determining such amount and to concluding the sales contract, sports federations must invite the positions of relevant sports organisations. Thereafter, the amount shall be determined in the manner set forth in the regulations, in line with the specificities of the particular branch of sport with a proportionate view to

- a) the number of broadcasts and viewing rates;
- b) the competition results achieved by the sports organisation;
- c) the principle of cooperation (solidarity) with all other members of the sports federation, including the support to amateurs and youth training.

(3) Sport organisations are entitled to the amount of the utilisation of property rights, and sports federations may only retain a part to cover organisational costs related to broadcasts.

(4) If a competition (sports event) does not constitute part of the sports federation's competition system, the organizer may resolve to retain the utilisation of rights of property value related to the competition in the competition rules.

## *Chapter VI*

### ***SPORTS PUBLIC BODIES, SPORTS STANDING ARBITRATION COURT AND SPORTS PUBLIC FOUNDATIONS***

#### **The Hungarian Olympic Committee**

**38. §** (1) The Hungarian Olympic Committee (hereinafter referred to as HOC) is a sport public corporation that qualifies as a special public-benefit organisation under the Public Benefit Organisations Act without registration in the public-benefit company records. The HOC is entitled to use the coat of arms and the flag of the Republic of Hungary.

(2) The prosecutor's office shall exercise statutory control over the HOC.

(3) The responsibilities of the HOC primarily include

a) implementation of objectives and responsibilities stipulated in the bylaws and other regulations of the International Olympic Committee (hereinafter referred to as IOC) for National Olympic Committees;

b) promotion of the competitors' Olympic preparation and participation in cooperation with national federations, development of the Olympic movement;

c) protection of the symbols of the Olympic Games for the sake of the Olympic movement;

d) facilitating the physical, moral and cultural education of the youth in the name of the Olympic movement, supporting competition in the spirit of fair play, combating phenomena detrimental to the sports movement;

e) participation in running the sports scholarship system;

f) cooperation with state agencies, the National Sports Council, the Hungarian Paralympic Committee and the national sports federations in determining and implementing the strategic development goals of sports;

g) formulation of opinions on sports-related legislation drafts, initiation of sports-related governmental measures.

(4) The responsibilities of the HOC are the following in relation to state support to sports provided from the budgetary chapter of the ministry headed by the minister in charge of sports policy – as defined in this Act and in separate legislation:

a) involvement in developing a proposal for the allocation ratio of Hungarian state support to sports within the National Sports Council in representation of the Olympic movement;

b) together with the National Sports Federation and the Union of Sport Associations, elaboration of a joint proposal for competitive sports and youth training, as well as for the utilisation of state support to competitive sports and the youth training through calls for applications;

*c)* decision on state support rendered available to the HOC.

(5) In line with IOC requirements, the HOC is solely entitled to

*a)* nominate sports and athletes for the summer and winter Olympic Games, and for summer and winter European Youth Olympiads;

*b)* commercial or other use of the Olympic flag, badge, motto and the terms “Olympics” and “Olympic”, authorisation of the use of these, as well as exercising of and disposal with related property rights.

(6) The HOC shall be involved in developing the Olympic centres and in elaborating the national activities thereof.

**39. §** (1) Members of the HOC are Hungarian citizens with no criminal record and representative of Olympic sports who recognise and identify with the Olympic idea and are ready to facilitate the workings of the HOC as delegated by the entities and organisations enumerated in the bylaws of the HOC as their representatives or become members through personal eligibility as stipulated in the bylaws of the HOC.

(2) The highest body of the HOC is the general assembly comprising all members. The general assembly must ensure the numbers specified in the bylaws for individuals nominated by the national national federations of Olympic sports whereby their number must exceed half the total number of HOC members.

(3) The members of the HOC’s executive body are elected by the general assembly. Hungarian citizens with no criminal record may become members of the executive body. State leaders may not be members of the HOC’s executive body.

(4) The head of the sports administration agency, the chairman of the National Sports Council, the chairman of the Hungarian Paralympic Committee, and the chairmen of the national sports federations may take part in the HOC’s general assembly with consultative powers.

(5) Any decision on the use of state support rendered available to the HOC falls within the sole jurisdiction of the general assembly. The HOC’s general assembly must elect an auditor to supervise the financial management of the HOC.

(6) The detailed rules of the HOC’s operation shall be resolved in the bylaws adopted by the general assembly with consideration given to IOC rules and the provisions of this Act and of separate legislation.

(7) The state shall annually contribute to the operating expenses of the HOC.

### **Hungarian Paralympic Committee**

**40. §** (1) The Hungarian Paralympic Committee (hereinafter referred to as HPC) is a sport public corporation that qualifies as a special public-benefit organisation under the Public Benefit Organisations Act without registration in the public-benefit company records. The HPC is registered by the sports administration agency. The HPC is entitled to use the coat of arms and the flag of the Republic of Hungary.

(2) The prosecutor’s office shall exercise statutory control over the HPC.

(3) The responsibilities of the HPC primarily include

*a)* implementation of objectives and responsibilities stipulated in the bylaws and other regulations of the International Paralympic Committee for National Paralympic Committees;

*b)* national promotion of the athletes’ preparation for and participation in the Paralympic Games in cooperation with national federations and sports federations, development of the Paralympic movement;

*c)* protection of the symbols of the Paralympic Games for the sake of the Paralympic movement;

*d)* facilitating the physical, moral and cultural education of relevant youth in the name of the Paralympic movement, supporting competition in the spirit of fair play, combating phenomena detrimental to the sports movement;

*e)* cooperation with state agencies, the National Sports Council, the HOC and the national sports federations in determining and implementing the strategic development aims of sports.

(4) The responsibilities of the HPC are the following in relation to state support to sports provided from the budgetary chapter of the ministry headed by the minister in charge of sports policy – as defined in this Act and in separate legislation:

*a)* involvement in developing a proposal for the allocation ratio of Hungarian state support to sports within the National Sports Council in representation of the Paralympic movement;

*b)* elaboration of a joint proposal with the National Sports Federation for the Disabled and the National sport federation of Sports Associations for the responsibilities of competitive sports for the disabled, and for the utilisation of state support to competitive sports for the disabled through calls for applications;

*c)* decision on state support rendered available to the HPC.

(5) The HPC is solely entitled in line with the requirements of the International Paralympic Committee to

*a)* nominate branches of sport and athletes for the Paralympic Games;

*b)* commercial or other utilisation of the Paralympic flag, badge and motto, and licensing thereof to others for use and utilisation.

(6) The HPC shall be involved in developing the Olympic centres and in elaborating the national activities thereof.

**41. §** (1) Admission to the HPC may be requested by national federations, national federations by branch of sport and national sports federations for the disabled the branches of sport of which are enumerated in the Special Olympics programme.

(2) The highest body of the HPC is the general assembly comprising all members. The general assembly must ensure the numbers specified in the bylaws for individuals nominated by the national sports federations and national federations of Paralympic sports whereby their number must exceed half the total number of HPC members.

(3) The members of the HPC's executive body are elected by the general assembly. Hungarian citizens with no criminal record may become members of the executive body. State leaders may not be members of the HPC's executive body.

(4) The head of the sports administration agency, the chairman of the National Sports Council, the chairman of the HOC, and the chairmen of the national sports federations may take part in the HPC's general assembly with consultative powers.

(5) Any decision on the utilisation of state support rendered available to the HPC falls within the sole jurisdiction of the general assembly. The HPC's general assembly must elect an auditor to supervise the financial management of the HPC.

(6) The detailed rules of the HPC's operation shall be resolved in the bylaws adopted by the general assembly with consideration given to the rules of the International Paralympic Committee and the provisions of this Act and of separate legislation.

(7) The state shall annually contribute to the operating expenses of the Hungarian Paralympic Committee.

### **The National Sports Federation**

**42. §** (1) The National Sports Federation is a sport public corporation registered by the sports administration agency operated with voluntary participation of national sport

federations and sport federations. It is qualified as a special public-benefit organisation under the Public Benefit Organisations Act without registration in the public-benefit company records.

(2) National federations – upon acceptance of the National Sports Federation’s bylaws – by subjective right, national federations by branches of sport upon a decision by the National Sports Federation’s general assembly adopted with a two-thirds majority of all member votes may become members of the National Sports Federation.

(3) The National Sports Federation:

*a)* represents the shared interests of its members before state agencies, local governments, the National Sports Council, the HOC, the HPC, the two other national sports umbrella federations, the sports public foundations and other non-governmental organisations;

*b)* coordinates the activities and competition systems of its members, compiles the consolidated national competition calendar, and provides sports national, business, legal and other services and issues call for applications to its members;

*c)* cooperates with the sports administration agency, the National Sports Council, the HOC, the HPC and the two other national umbrella sports federations in order to improve the Hungarian sport;

*d)* formulates opinions on sports policy matters, initiates governmental measures, formulates opinions on sports-related legislation drafts;

*e)* takes part in the activities of non-governmental international sports organisations, in particular of the Federation of European Non-Governmental Sports Organisations (ENGSO);

*f)* operates the Sports Standing Arbitration Court;

*g)* promotes youth training primarily through its members;

*h)* cooperates with the sports administration agency in operating the state sports information system;

*i)* organises Hungarian participation in and preparation for the AGFIS World Games.

(4) The responsibilities of the National Sports Federation are the following in relation to state support to sports provided from the budgetary chapter of the ministry headed by the minister in charge of sports policy – as defined in this Act and in separate legislation:

*a)* involvement in developing a proposal for the allocation ratio of Hungarian state support to sports within the National Sports Council in representation of its members;

*b)* elaboration of a joint proposal with the HOC and the Union of Sports Associations for competitive sports and youth training, and for the utilisation of state support to competitive sports and youth training through calls for applications;

*c)* decision on state support rendered available to the National Sports Federation.

(5) The National Sports Federation’s general assembly must elect at least half the members of National Sports Federation’s executive body on the basis of proposals from members representing Olympic sports.

### **National Leisure Sports Federation**

**43. §** (1) The National Leisure Sports Federation is a public umbrella body registered by the sports administration agency operated with voluntary participation of National Leisure Sports Federation that qualifies as a special public-benefit organisation under the Public Benefit Organisations Act without registration in the public-benefit company records.

(2) The National Leisure Sports Federation:

*a)* represents the shared interests of its members before state agencies, local governments, the National Sports Council, the HOC, the HPC, the additional two national

sports federations, the sports public foundations and other non-governmental organisations;

*b)* coordinates the activities of its members, provides sports national, business, legal and other services and issues call for applications to its members;

*c)* formulates opinions on sports policy matters, initiates governmental measures, formulates opinions on sports-related legislation drafts;

*d)* takes part in international cooperation related to leisure sports;

*e)* cooperates with the sports administration agency, the National Sports Council, the HOC, the HPC and the two other national umbrella sports federations in order to improve the Hungarian sport;

*f)* promotes youth training primarily through its members.

(3) The responsibilities of the National Leisure Sports Federation are the following in relation to state support to sports provided from the budgetary chapter of the ministry headed by the minister in charge of sports policy for leisure sports, school sports and collegiate-university sports – as defined in this Act and in separate legislation:

*a)* involvement in developing a proposal for the allocation ratio of Hungarian state support to sports within the National Sports Council in representation of its members;

*b)* elaboration of a joint proposal with the Wesselényi Miklós Sports Public Foundation and in the National Sports Council with the representatives designated by the national federations of local governments and school and university sports federations for leisure sports, school sports and collegiate-university sports, and for the utilisation of state support to leisure sports, school sports and collegiate-university sports through calls for applications;

*c)* decision on state support rendered available to the National Leisure Sports Federation.

(4) National leisure sports federations may become members of the National Leisure Sports Federation by subjective right upon acceptance of the bylaws thereof.

### **National Sports Federation for the Disabled**

**44. §** (1) National Sports Federation for the Disabled is a sport public corporation registered by the sports administration agency operated with voluntary participation of national sports federations operating in the area of sports for the disabled that qualifies as a special public-benefit organisation under the Public Benefit Organisations Act without registration in the public-benefit company records.

(2) The National Sports Federation for the Disabled:

*a)* represents the interests of the sports for the disabled before state agencies, local governments, the National Sports Council, the two other national umbrella sports federations, the sports public foundations and other non-governmental organisations;

*b)* coordinates the activities of its members, provides sports national, business, legal and other services and issues call for applications to its members;

*c)* takes part in the activities of international sports organisations for the disabled;

*d)* formulates opinions on sports policy matters, initiates governmental measures, formulates opinions on sports-related legislation drafts;

*e)* promotes and coordinates the participation of Hungarian athletes in the special world games in cooperation with relevant sports federations;

*f)* cooperates with the sports administration agency, the National Sports Council, the HOC, the HPC and the additional two national sports umbrella federations in order to improve the Hungarian sport.

(3) The responsibilities of the National Sports Federation for the Disabled are the following in relation to state support to sports provided from the budgetary chapter of the ministry headed by the minister in charge of sports policy to sports for the disabled – as defined in this Act and in separate legislation:

*a)* involvement in developing a proposal for the allocation ratio of Hungarian state support to sports within the National Sports Council in representation of its members;

*b)* elaboration of a joint proposal with the HPC and in the National Sports Council with the representatives designated by the national federations of local governments for the responsibilities of sports for the disabled, and for the utilisation of state support to sports for the disabled through calls for applications;

*c)* decision on state support rendered available to the National Sports Federation for the Disabled.

(4) National Sports Federations for the Disabled may become members of the National Sports Federation for the Disabled by subjective right upon acceptance of the bylaws thereof.



## **Joint provisions concerning national umbrella sports federations**

**45. § (1)** The highest body of the National Sports Federation, the National Leisure Sports Federation and the National Sports Federation for the Disabled (hereinafter collectively referred to as national umbrella sports federations) is the general assembly comprising the representatives of members.

(2) The sole jurisdiction of the general assembly include:

- a) setting and amending the bylaws;
- b) electing and recalling the chairman and other members of the executive body, the chairman and other members of the supervisory body;
- c) deciding the use of state support rendered available to the national sports federation and of own revenues generated, and on the purpose and scope of calls for applications to be invited by the national sports federation;
- d) accepting the national and financial report for the preceding year, the financial and technical plan for the subject year, and the public-benefit report;
- e) all matters delegated to the sole jurisdiction of the general assembly by the bylaws.

(3) The head of the governmental sports administration, the chairman of the National Sports Council, the chairmen of the HOC, the HPC, and the two other national umbrella sports federations may take part in the national sports federation's general assembly with consultative powers.

(4) The prosecutor's office shall exercise statutory control over the national umbrella sports federations.

(5) The national umbrella sports federations are entitled to use the coat of arms and the flag of the Republic of Hungary.

**46. § (1)** The administrative and representative body of national umbrella sports federations is the executive body, members of which Hungarian citizens with no criminal record may become. State leaders may not be members of the national sports federations' executive body.

(2) In addition to the supervisory body, the financial management of national umbrella sports federations is also supervised by an auditor elected by the general assembly. The general assembly may not adopt any decision on the report pursuant to the Accounting Act and on the public-benefit report in the absence of a written report by the supervisory body and the auditor.

(3) The state shall annually contribute to the operating expenses of the three national umbrella sports federations separately. In addition to this, national sports federations shall manage membership fees, other contributions by members, sponsoring and other revenues.

(4) The detailed rules of the operation of national umbrella sports federations shall be resolved in the bylaws adopted by the general assembly with consideration given to the provisions of this Act and of separate legislation.

## **The Sports Standing Arbitration Court**

**47. § (1)** The Sports Standing Arbitration Court shall proceed pursuant to the provisions of Act LXXI of 1994 on arbitration court proceedings with the deviations resolved in this Act – with the aim of reaching an agreement based on the mutual binding statements of the parties – in the following sports-related matters:

- a) sports-related legal disputes between sports federations and members thereof, between members arising within the scope of their activity pertaining to sports federations;

b) sports-related legal disputes between sports federations, athletes and sports specialists;

c) sports-related legal disputes between sports organisations, athletes and sports specialists.

(2) The Sports Standing Arbitration Court may proceed, on request from the relevant athlete, sports specialist, sport organisation or sport federation, in matters related to issuing and withdrawal of competition licenses, recruitment and transfer, sports disciplinary actions and starting rights if judicial proceedings are available in such matters pursuant to Paragraph (6) of Article 3, Paragraph (2) of Article 14, or Paragraph (4) of Article 33.

(3) The provisions of Act LXXI of 1994 on arbitration court proceedings are applicable in matters specified under Paragraph (2) unless otherwise stipulated in this Act, save for the mutual binding statements of the parties.

(4) In matters specified under Paragraph (1), the Sports Standing Arbitration Court must hold a hearing within thirty (30) days reckoned from the election of the arbitration panel (single arbitrator) and must complete the case with the adoption of a decision within fifteen (15) days reckoned from the closing of the hearing.

(5) The chairman of the Sports Standing Arbitration Court must designate the arbitrator or the arbitration panel of three proceeding in matters specified under Paragraph (2) within eight (8) days reckoned from the receipt of the relevant application. The Sports Standing Arbitration Court must hold a hearing within fifteen (15) days reckoned from the designation of the arbitrator, and within fifteen (15) days reckoned from the closing of the hearing must

a) annul or alter the sports federation's decision if sustaining the application (with or without ordering new proceedings), or

b) overrule the application.

(6) The Sports Standing Arbitration Court is affiliated with the National Sports Federation. Chairman and at least fifteen (15) members thereof are elected by the National Sports Federation's executive body for four (4) years from attorneys with legal national examination possessing at least five years of legal and sport experience. Two members of the Sports Standing Arbitration Court are elected by the executive body on the proposal of the HOC.

(7) The Sports Standing Arbitration Court adopts its own rules of procedures. The entry of such rules into effect calls for prior approval by the National Sports Federation's executive body based on the opinion of the minister in charge of justice.

### **Sports public foundations**

**48. §** (1) The Wesselényi Miklós Sports public foundation and the Mező Ferenc Sports public foundation (hereinafter collectively referred to as sports public foundations) fulfil responsibilities defined in this Act and in their respective deeds of foundation within the system of state support to sports.

(2) The Wesselényi Miklós Sports public foundation disburses the Gerevich Aladár sports scholarships, contributes to the operation and development of special public educational institutions dealing with sports talents, and within the scope of state support to leisure sports – through calls for applications – may provide support to sports associations and to school sports associations. Its operating expenses may not exceed five percent of the support disbursed from the central budget every year.

(3) The Mező Ferenc Sports public foundation provides for the moral and financial recognition of retired Olympic and World Championship medallists, widows and

widowers thereof, and of retired sports nationals involved in attaining such outstanding sports achievements.

(4) The board of trustees of the Wesselényi Miklós Sports public foundation comprises nine members appointed for five years. The Prime Minister appoints two members of the board of trustees proposed by the HOC, one by the National Sports Federation, one by the National Leisure Sports Federation, one by the National Sports Federation for the Disabled, one by the HPC, one by the Union of Sports Associations, and two by the head of the sports administration agency through the minister in charge of sports policy (hereinafter referred to as the minister), one of which is proposed by the school and university sports federations. The board of trustees of the Mező Ferenc Sports public foundation comprises nine members appointed for five years. The Prime Minister appoints the members of the board of trustees proposed by the head of the sports administration agency through the minister. Hungarian citizens with no criminal record may become and state leaders may not become members of the board of trustees of sports public foundations.

(5) Activities of the board of trustees of sports public foundations are overseen by a supervisory board of three (3) members each elected by the parliamentary committee on sports with a term of appointment of five (5) years.

(6) The board of trustees adopts the organisational and operational regulations of the sports public foundations based on their respective deeds of foundation.

## *Chapter VII*

### ***STATE AND LOCAL GOVERNMENTAL RESPONSIBILITIES RELATED TO SPORTS***

#### **State responsibilities and organisation system of fulfilling them**

**49. §** In order to realise the societally useful aims of sports the state shall

*a)* provide for the legislative conditions for exercising sports activities in an organised form;

*b)* provide for the establishment of conditions for everyday physical workout in public education – as defined in Act LXXIX of 1993 on public education (hereinafter referred to as the Public Education Act) – and shall be involved in ensuring these in higher educational institutions and higher educational dormitories;

*c)* promote the establishment of conditions for a healthy way of life and for exercising leisure sports;


*d)* take part in financing competitive sports, youth training, school and student sports, collegiate-university sports, leisure sports and sports for the disabled;

*e)* support, in the name of equal opportunities, children and youth sports, women's and family sports, sports for disadvantaged social groups and for the disabled;

*f)* restrict self-threatening detrimental manifestations related to sports and control compliance with the doping prohibition;

*g)* stimulate the development and functions of the sports market;

*h)* set up facilities suitable for hosting sports events with a view to environment and nature protection, health care and other requirements ensuring equal opportunities;

 *i)* ensure maintenance and utilisation of state-owned sports facilities for their intended purposes;

*j)* support construction, maintenance, upgrading and development of, and provision of access for the disabled to non-state-owned sports facilities;

*k)* provide for public security at sports events and contribute to the secure hosting of sports events;

*l)* take part in sports-related international cooperation;

*m)* support the Olympic movement, the participation of athletes and sports organisations of the Republic of Hungary in Olympic Games and in other major international sports competitions, including special world games and other major international sports competitions for the disabled;

*n)* support the training of sports specialists the sports-related scientific activities, facilitate the provision of conditions for higher education in physical culture;

*o)* maintain the state institutions and national network of sports health, and support sports physician's activities;

*p)* operate the state sports information system;

*q)* support training aimed at the improvement of physical culture and sports sciences.

**50. § (1)** The Parliament shall draft acts and resolutions determining the conditions for exercising sports activities, and shall monitor implementation thereof continually.

(2) The Government shall elaborate the long-term sports strategy and development plan, and shall accordingly propose the drafting of sports-related acts and resolutions and adoption of other decisions to the Parliament.

(3) Based on the decisions of the Parliament, the Government shall

*a)* identify the fundamental objectives, system and methods of state support to sports in line with the budgetary act with a view to environment and nature protection interests;

*b)* take part in sports-related international cooperation, including participation in the work of international organisations fulfilling sports-related responsibilities. Prepare and conclude sports-related international contracts within its scope of powers and shall offer the guarantees requested by international sports organisations to hosting major international sports events (Olympics, special world games, world championship, European Championship) in Hungary based on a proposal by the minister upon inviting the opinion of the head of the sports administration agency;

*c)*

**51. § (1)** Also with a view to the stipulations of Paragraph (3), the minister shall provide for the fulfilment of responsibilities specified in this Act and in separate legislation in relation to sports management, regulation and inspection through the sports administration agency.

(2) The sports administration agency shall

*a)* prepare sports-related governmental decisions,

*b)* fulfil, with a view to the stipulations of Paragraph (3) of Article 56, the responsibilities specified in this Act and in separate legislation in relation to the allocation of central state funds for sport purposes, resolve the detailed requirements of allocating funds, oversee the utilisation of funds, and provide for repayment of state support utilised without eligibility;

*c)* provide for the implementation of sports-related governmental decisions;

*d)* provide professional support to fulfilment of responsibilities of local governments in relation to sports;

*e)* cooperate with the National Territorial Development Council, the regional development councils, the county territorial development councils and the micro-regional development councils;

*f)* cooperate with the National Sports Council, the HOC, the HPC and the national sports federations, and liaise with sports public foundations and interest-representing bodies active in the area of sports;

*g)*

- h)* exercise official powers specified in this Act and in separate legislation;
- i)* elaborate programmes to support leisure time, children and youth sports, women's and family sports, sports for the disabled, sports for disadvantaged social groups, sports in public and higher education, and development of sports market, ensure equal opportunities in such programmes, and elaborate the programmes in cooperation with the competent ministry in order to enforce public health care interests effectively;
- j)* shape and operate the state sports information system;
- k)* be involved in the training and in-service training of sports nationals, in the fulfilment of responsibilities within the powers of the minister, and in order to ensure the (educational, in-service training, research, sports scientific, sports health care) background to sports nationals, cooperate with ministries supervising institutions fulfilling such responsibilities;
- l)* fulfil other responsibilities set forth in legislation and by the Government.

### **National Sports Council**

**52. § (1)** The National Sports Council (hereinafter referred to as Council) is a proposal-making and opinion-expressing body affiliated with the Government, the core responsibility of which, for the sake of national unity in the essential matters of a long-term sports policy, is to take position and to make recommendations for the strategic issues of Hungarian sports development, and to conciliate sports-related central state, local government and business interests, the societal and people's health care interests of the sports movement.

(2) The Council elaborates its position and informs the Government on essential legislation and strategic development concept drafts affecting sports. The Council elaborates proposals for the extent state support to sports, the principles, ratios and essential directions of allocation of such state support.

**53. § (1)** The Council's bylaws are resolved by the body itself – within the framework of this Act.

(2) The Council's chairman is appointed by the President of the Republic on a proposal of the Prime Minister after the hearing of the designated competent Parliamentary Committee. The Council's co-chairman is the minister, its secretary is the deputy chairman of the National Sports Agency (NSH).

(3) The Council is made up of eighteen (18) members, including the chairman and the co-chairman. Its members are:

*a)* the minister in charge of health care, the minister in charge of children and youth protection, the minister in charge of education;

*b)* the chairman of the HOC, the chairman of the HPC, the chairmen of the national sports federations, the chairman of the board of trustees of the Wesselényi Miklós Sports public foundation, the chairman of the Union of Sports Associations, and the chairmen of the Parliamentary Committee on sports;

*c)* the member nominated by the national federations of local and territorial governments, the school and university sports federations, and the association of physical education teachers – as agreed by them, and by the sports-supporting business undertakings (Sponsors' Council), and finally, the member selected by the Nation's Athletes from its own ranks.

(4) Those specified under Section c) of Paragraph (3) and the Council's chairman may only take part in the work of the Council personally.

(5) The appointment of the Council's chairman shall expire on the sixtieth (60<sup>th</sup>) day after the Government has been formed after the Parliamentary elections. The appointment

of those specified under Section c) of Paragraph (3) is for four (4) years, but may be recalled by their nominating bodies or may resign from their office at any time.

**54. §** (1) The Council holds sessions as required, but at least on four occasions per annum to elaborate its positions. Participation in the Council's activity entails no remuneration.

(2) The Council's administrative and financial management responsibilities are fulfilled by the Secretariat operating within the sports administration agency. The Council's operating costs shall be resolved separately within the budgetary chapter of the ministry headed by the minister in charge of sports policy.

### **Sports-related responsibilities of local governments**

**55. §** (1) With a view to the long-term development concept of sports, local governments shall

*a)* identify the local sports development concepts and provide for implementation thereof;

*b)* cooperate with local sports organisations and sports federations in line with the objectives specified under Section a);

*c)* maintain and operate sports facilities within their property;

*d)* create the terms and conditions of exercising local government's school physical education and sports activity.

(2) Beyond the stipulations of Paragraph (1), the local government shall ensure the terms and conditions required for running local government's school sports associations as defined in the Public Education Act.

(3) Beyond the stipulations of Paragraphs (1) and (2), within the scope of their sports organising responsibilities, county (city) local governments shall

*a)* facilitate the essential operating conditions of sports federations active within their jurisdictions;

*b)* participate in the training and in-service training of sports nationals;

*c)* assist the establishment of sport competition systems and territorial school competition systems and the administration of sports events within this scope, with a particular view to family sports, sports of disadvantaged social groups and sports for the disabled;

*d)* take part in international sports relations according to their specificities;

*e)* fulfil territorial responsibilities related to the state sports information data service;

*f)* participate in promoting sports, in organising awareness-raising activities related to sports sciences;

*g)* participate in providing the conditions for sports medicine activities.

(4) Local governments in towns of county rank shall fulfil responsibilities specified in Paragraph (3) within their respective jurisdiction in line with their specificities.

(5) Local governments shall receive normative contribution pursuant to the budgetary act for the fulfilment of their sports-related responsibilities.

(6) Under their responsibilities specified in this Act, local governments with more than ten thousand inhabitants shall resolve their sports-related detailed responsibilities and obligations, and the amount allocated from their budgets to sports in line with local specificities in a decree.

## ***Chapter VIII***

### ***FINANCIAL SYSTEM OF STATE SUPPORT TO SPORTS***

## **Support funds and terms of utilisation thereof**

**56. § (1)** The state provides financial support to the pursuit of sports activity as defined in the budgetary act. State support is available under normative contribution and contract. The conclusion and fulfilment of contracts, monitoring their contents shall be governed beyond the stipulations of this Act by legislation on the rules of operation of public finance.

(2) Twelve (12) percent of gaming tax on lottery-type gambling, fifty (50) percent of gaming tax on bets in bookmaker systems, and all gaming tax on sports betting (TOTÓ) shall be allocated to sports support as defined in separate legislation, and shall be budgeted within the budgetary chapter of the ministry headed by the minister in charge of sports policy.

(3) Based on a proposal from the National Sports Council – through the head of the sports administration agency – the minister shall adopt the detailed rules of using state support for sports within the budgetary chapter of the ministry headed by the minister in charge of sports policy in a decree.

**57. § (1)** State support may only be provided to those

- a)* with no overdue public debt;
- b)* pursuing financial management in line with legislative requirements; and
- c)* having presented accounts for grants received previously.

(2) No support may be granted to

- a)* sports undertakings subjected to final settlement, bankruptcy or liquidation proceedings pursuant to the Bankruptcy Act;
- b)* sports federations and sports associations the operation of which was suspended by a court and subjected to proceedings aimed at dissolution pursuant to the Associations Act;
- c)* sports associations subjected to bankruptcy proceedings pursuant to the Bankruptcy Act, or against which a petition was filed with a view to launching liquidation proceedings pursuant to the Bankruptcy Act, and the liquidation of which was ordered by a court finally.

(3) The provider of support must withdraw from the support contract if the supported organisation:

- a)* supplied unrealistic or false data when the support was applied for;
- b)* failed to fulfil the conditions pursuant to Paragraph (1) or a situation pursuant to Paragraph (2) occurred;
- c)* has public debts having become overdue since contracting and has not been granted a payment deferral;
- d)* used the support for purposes other than specified in the contract.

(4) Upon a written request from the sports administration agency, the state tax authority must provide information on the public debts of sports organisations and sports federations within thirty (30) days reckoned from receipt thereof.

## **Gerevich Aladár Sports Scholarship**

**58. §** (1) In order to attain outstanding sports achievements at the Olympics and the special world games, athletes members of the Olympic and the special world games national team and sports nationals involved in preparing them may be granted Gerevich Aladár sports scholarships for a maximum term of four (4) years. Sports scholarships may also be granted to facilitate the studies of athletes of the national team.

(2) The extent and detailed terms and conditions of granting Gerevich Aladár sports scholarships shall be determined by the board of trustees of the Wesselényi Miklós Sports public foundation, and the scholarships shall be disbursed by the public foundation. Scholarships shall be proposed by the HOC in Olympic sports, by the HPC in case of Paralympic sports, and by the National Sports Federation for the Disabled in case of other branches of sport featured in the special world games.

### **Olympic rent**

**59. §** (1) Hungarian citizens are entitled to a life-time Olympic rent (hereinafter referred to as rent) from 1 January of the year following their turning thirty-five years of age who achieved first, second or third place as members of the Hungarian national team in either an individual or a team sport (hereinafter referred to as medallists):

*a)* at the Summer or Winter Olympic Games organised by the IOC or the Chess Olympiad organised by the FIDE; or

*b)* at the Paralympics or the Olympics for the Hearing Impaired from 1984.

(2) Widows and widowers of medallists are entitled to a life-time rent from the date of the athlete's death if they are Hungarian citizens and have permanent residence in Hungary.

(3) Coaches of medallists are entitled to a rent until the death of the athlete from 1 January of the year following their turning forty-five years of age from the date of eligibility of the medallist for rent – irrespective of the date of the medallist's eligibility for rent. Coaches are only entitled to a rent if they are Hungarian citizens and have permanent residence within the Republic of Hungary. Olympic rent may also be granted to head coaches fulfilling national team's captain responsibilities.

**60. §** (1) The extent of first-place medallists shall equal the national gross nominal average income of wage and salary earners as calculated by the Hungarian Central Statistical Office. The extent of second-place medallists shall equal sixty (60) percent that of the rent determined for first-place medallists, the extent of third-place medallists shall equal forty (40) percent that of the rent determined for first-place medallists.

(2) Medallists having achieved two, three or four first places shall be entitled to a rent increased by additional twenty (20) percent for each medal, medallists having achieved five or more first places shall be entitled to a double rent.

(3) Widows and widowers of medallists shall be entitled to a widow's/widower's rent equivalent to half the medallist's rent.

(4) Coaches' rent shall be determined based on the medallist's placement constituting the basis for the coaches' rent. Coaches' rent shall be fifty (50) percent of the rent for the medallist's placement specified in the coach's application.

(5) Only one coach preparing the athlete for the Olympics may receive rent by each placement achieved by the medallist at the Olympics, Paralympics and Olympics for the Hearing Impaired, unless exempted by legislation, save for national team's captain who may be granted a rent in addition to the coach.



(6) Medallists – after their best placement – their widows and widowers, and coaches are only entitled to a single rent, but those with entitlements as medallists, widows and widowers, and coaches as well shall be entitled to cumulative rent.

**61. § (1)** The sports administration agency shall establish eligibility for rent and the rent within the framework of state administration proceedings on an application from the eligible person, and shall provide for its monthly disbursement. The coverage of rent and the costs of implementation shall be provided for in the budgetary chapter of the ministry headed by the minister in charge of sports policy.

(2) The Government shall adopt the detailed rules on Olympic rent in a decree.

(3) For the purposes of this Act:

*a)* Olympic Games shall also refer to Category “A” international competitions hosted for competitors of socialist countries in 1984;

*b)* chess Olympiads hosted by FIDE member organisations for the hearing impaired and the sight impaired from 1984 shall also qualify as Chess Olympiads.

## **The Nation's Athlete**

**62. § (1)** The Government shall grant the title of the “Nation's Athlete” and may grant the corresponding life-time rent on a proposal from the head of the sports administration agency through the minister to twelve athletes of Hungarian sport having turned sixty (60) years of age and having attained outstanding achievements who had played important roles in Hungarian sports life even beyond their active sports career.

(2) The Government shall resolve the detailed rules of granting the title of the “Nation's Athlete” and the extent of life-time rent in a decree. Olympic rent may not be disbursed to those receiving a life-time Nation's Athlete's. rent

## ***Chapter IX***

### ***SPORTS FACILITIES***

**63. § (1)** Construction and upgrading of sports facilities may be authorised if it

- a) complies with all safety conditions, thus, in particular with the secure placement of spectators;


- b) provides accessibility for disabled athletes and spectators;

- c) complies with environment and nature protection requirements.


(2) Schools, dormitories and nursery schools may not be constructed without gymnasiums, workout rooms or sports facilities of sizes determined in separate legislation with reference to the number of students. Inhabitant demands should also be considered in the course of construction, if possible.


(3) Sports facilities suitable for administering competitions organised within the competition system shall be inspected in respect of security technology by the police, the fire department, the disaster management, the emergency medical service and the owner (operator) at least once every year. The operator of the sports facility must notify the relevant organisations on the date and time of such inspection at least fifteen (15) days in advance.

(4) Competitions of sports federations may only be hosted in sports facilities under licenses issued annually by the sports federation prior to the commencement of the first competition. Operators may file a complaint against the denial of a license with the sports federation's executive body within fifteen (15) days.

 **64. § (1)** State-owned property classified by the Government in separate legislation as Olympic centres – under the asset management contract concluded with the Hungarian National Asset Management Closed Co. Ltd. – shall fall within asset management by the sports administration agency. The sports administration agency must use the property primarily for sports purposes, which purpose may not be jeopardised in the course of secondary utilisation of the property.

(2) The head of the sports administration agency fulfils the sports national supervision of Olympic centres with the involvement of the HOC and the HPC.

 (3) The sports administration agency may transfer the asset management right of state-owned property managed by the sports administration agency free of charge and without tendering to a public-benefit company set up for this purpose.

 (4) State-owned property registered in the property records as sports sites may only be given into local government ownership free of charge or preferentially upon prior consent from the head of the sports administration agency.

(5) Local governments must use properties received in ownership as free of charge or preferential and registered in the property records as sports sites primarily for sports purposes for fifteen (15) years following their obtaining of ownership, which purpose may not be jeopardised in the course of secondary utilisation of the property. Local governments may alienate or encumber the property received in ownership as free of charge or preferentially only by agreement from the head of the sports administration agency for fifteen (15) years following their obtaining of ownership.

👉 (6) State-owned property for sports purposes may only by agreement from the head of the sports administration agency.

## *Chapter X*

### **ORGANISATION OF SPORTS EVENTS**

#### **Terms and conditions of organisation**

**65. §** (1) Sports events may be organised by legal entities or natural persons with no criminal record (hereinafter collectively referred to as organizers) save for the exception specified in Paragraph (2).

(2) Only sports organisations, national sport federations or sport federations may organise sports events specified in separate legislation.

#### **Organizer's liability**

**66. §** (1) The organizer has – or if a security staff agency (host) is employed, the organizer and the security staff have joint and several – liability for administration of the sports event in compliance with the requirements set forth in this Act, in other legislation and in the regulations of the national sport federation or the sport federation.

(2) The organizer must take or initiate at the competent authority all measures required in order to protect the personal safety and asset security of the participants of the sports event and to prevent crime.

(3) The organizer's liability shall extend from the appearance of participants at the venue of the sports event to the departure of participants from the venue of the sports event.

(4) In case of non-compliance with the requirements set forth in Paragraph (1), the national sport federation or the sport federation shall employ the legal disadvantage specified in separate legislation.

**67. §** (1) Sports event may be organised pursuant to the requirements set forth by the national sport federation or the sport federation and to the stipulations of separate legislation.

(2) Sports events may only be organised in sports facilities not jeopardising the identity and property of participants of the sports event with a view to the nature of the sports event.

(3) If a sports event is not held in a sports facility, the organizer must fulfil the requirements concerning the personal safety and asset security of participants and environment and nature protection in line with the nature of the sports event.

(4) The organizer must ensure accessibility, arrival to and exit from the venue in line with the nature of the sports event for disabled participants, and must perform the removal of all communications barriers at the venue.

(5) When organising sports events in which disabled athletes participate, attention shall be paid to the special needs of disabled people, which are set forth by the National Sports Federation for the Disabled.

**68. §** (1) The organizer must organise ticket sales, entry to the venue of the sports event, placement and ongoing monitoring of fan sectors, and the clearing of the venue of the sports event in case of sports events specified in separate legislation by taking the necessary technical and security measures to ensure the separation of spectator groups.

(2) For the sake of the security of sports events, when organising the participation of spectator factions in the sports event, during the sports event and prior to and after the

sports event, as required by the police, the organizer must cooperate with and provide the required assistance to the competent senior police officer.

(3) In addition to the security staff appointed by the organised, the police shall as a public task secure sports events rated by the police, the National Chamber of Personal and Asset Protection and Private Investigators, and the national sport federation (sport federation) – according to proceedings set forth in separate legislation – as representing priority security risk. The organizer must initiate the securing of the sports event not rated as representing priority security risk against a fee by the police – as defined in separate legislation – in case justified by the circumstances.

(4) If the conditions for hosting the sports event safely – as identified in this Act and in separate legislation – are missing, the police may prohibit hosting of the sports event with spectator participation in a resolution.

(5) Should the conduct of the participants of a sports event jeopardise secure administration thereof and should the order not be possible to be restored in any other way, the organizer must interrupt or suspend the sports event. The sports event must be interrupted if initiated by the police.

(6) If order may not be restored in manner set forth in Paragraph (5), the person managing the sports activity (referee) shall declare the competition (match) to be over.

**69. § (1)** Both outside and inside the sports facility, the organizer must display the terms and conditions of attending the sports event on visible announcements, which must also be indicated on entry tickets and season tickets as well, summarised as general contractual terms.

(2) If a sports event is cancelled, the equivalent of entry tickets must be refunded within three (3) workdays. If a sports event is interrupted, entry tickets shall be valid for the repeated sports event.

### **Stewards**

**70. § (1)** The organizer may contract security staff or stewards to administer the sports event securely, and to maintain order and ensure organisational conditions on site (hereinafter referred to as hosting).

(2) Heads or employees of undertakings falling within the scope of the act on personal and asset protection and private investigation activities may be assigned as security staff – meeting qualification requirements specified in separate legislation and prepared for keeping order in sports events, individuals with qualifications in personal and asset protection and private investigation may be assigned as stewards.

(3) Stewards must be visibly identifiable in this quality of theirs.

(4) The organizer must prepare stewards regularly in keeping order at sports events and in cooperating with the police. The organizer may engage the police in their preparation as a service specified in separate legislation.

(5) Separate legislation may identify sports events

a) for which security staff or stewards need to be assigned;

b) for which the organizer must take out a liability insurance policy for the sports event's participants.

(6) Sports events specified pursuant to Section b) of Paragraph (5) may not be held without liability insurance. It must be indicated on the entry tickets that a liability insurance policy is in place.

### **Admission**

- 71. § (1)** Spectators may be admitted to the venue of a sports event if they
- a)* hold a valid entry ticket, season pass or other certificate authorising entry to the venue of the sports event;
  - b)* are under no influence of alcohol, drugs or other narcotic agent;
  - c)* possess no alcohol, drug or any object threatening the keeping of the sports event or the personal safety and asset security of others, or the carrying of which into the sports event was prohibited by the organizer prior to the purchasing of entry tickets, and the purchaser of the entry ticket had been informed properly on this;
  - d)* keep no banners or flags instigating hatred towards others or symbols of tyranny otherwise stipulated by legislation;
  - e)* are not subjected to any ban pursuant to Paragraph (1) of article 73 or Act LXIX of 1999 on minor offences.
- (2) The organizer must warn participants threatening the keeping of the sports event or the personal safety and asset security of others, or displaying racist conduct instigating hatred to abandon such conducts.
- (3) If a spectator does not meet the conditions stipulated in Paragraph (1) during the sport event, the organizer must remove him/her from the sports event.
- (4) The proceeding police agency and the members of the security staff are authorised to apply the means of coercion pursuant to the stipulations of separate legislation against participants of the sports event and to search individuals or personal belongings.

**72. § (1)** The organizer may apply a security admission and inspection system suitable for identifying spectators individually (hereinafter referred to as entry system).

- (2) If an entry system is applied, the organizer
- a)* may only sell entry tickets and season passes registered to the names of spectators when selling entry tickets and season passes;
  - b)* inspects the identities of the holders of entry tickets and season passes through members of the security staff during the entry, and matches that with personal details stated on entry tickets and season passes. If the details do not match, then entry must be denied.
- (3) The organizer upon selling entry tickets and season passes, members of the security staff during the entry are entitled to establish and inspect the spectator's identity based on an ID card suitable for certifying personal identity.

### **Ban**

**73. § (1)** The organizer is entitled to refuse the sale of entry tickets to and prevent from participating in the sports event individuals removed from a sports event in case of sports events organised by the organizer (hereinafter collectively referred to as ban from attending the sports event). The organizer must give information on the possibility of a ban from attending the sports event outside and inside the sports facility on visible announcements, which must also be indicated on entry tickets and season tickets as well, summarised as general contractual terms.

(2) The term of a ban from attending the sports event may not exceed two (2) years if valid for all sports events organised by the organizer or four (4) years if valid to specific sports facilities only.

(3) The spectator may appeal to a court against the organizer's decision on a ban from attending the sports event.

(4) Individuals who should have been removed pursuant to Paragraph (3) of Article 71 but was not because spectator action was foreseen due to the organizer's (host's) intervention at the venue of the sports event that would have disproportionately

jeopardised the security of the sports event may also be banned from attending the sports event.

(5) The organizer may register the natural personal ID and address of the banned individual in order to implement the ban and to prevent the commission of additional actions giving rise to removal. The terms of such registration shall coincide with the term of the ban, but may not exceed two (2) or four (4) years according to the stipulations of Paragraph (2). Upon expiry of the ban, the organizer must ensure the destruction of registered personal details within 24 hours.

(6) The police, the authorities on minor offences, the prosecutor's office and the relevant individual may request data from the register specified under Paragraph (5) for the purposes of fulfilling law enforcement, minor offence and justice administration responsibilities set forth in separate legislation.

### **Camera surveillance**

**74. § (1)** The organizer is entitled to monitor participants during sports events specified in separate legislation at the venue thereof with a view to the personal safety and asset security of participants through a camera or other video recorder (hereinafter collectively referred to as camera) and to capture the recording.

(2) Spectators must be informed on their camera surveillance, the location of cameras and the handling of captured data both outside and inside the sports facility, on visible announcements, which must also be indicated on entry tickets and season tickets as well.

(3) In order to provide data and information required for initiating and conducting minor offence and criminal proceedings related to the sports event, the police may instruct the organizer within 48 hours from the end of the sports event to store data captured according to Paragraph (1) for thirty (30) days reckoned from such instruction. In case of no instruction, the organizer must destroy captured data within 24 hours.

(4) In case the police require all data captured by the cameras, the organizer must fulfil such request without delay.

(5) The police, the authorities on minor offences, the prosecutor's office and the court, and the relevant individual may request data from the recordings pursuant to Paragraph (1) for the purposes of fulfilling law enforcement, minor offence and justice administration responsibilities set forth in separate legislation.

(6) The organizer and, if necessary, the assigned representative of the police are entitled to monitor the information recorded through the camera surveillance system simultaneously, continuously and in a consolidated form in special premises set up for this purpose within the area of the sports event.

**75. § (1)** In case of sports events specified in separate legislation, the organizer must summarise in an annual status report the experiences of hosting sports events organised by the organizer and must evaluate measures taken and omitted, and impacts thereof.

(2) The organizer must provide the sports federation and the police with the status report by 31 January.

(3) The sports federation shall regularly assess the annual status reports with the participation of the police and the organizers.

### **Spectator participation in sports events**

**76. § (1)** Spectators must comply with security requirements prescribed by the organizer and may not engage in activities disturbing or failing the sports event or impairing or jeopardising the physical safety and property of the participants of sports events.

(2) Spectator or in case of more than one damager, spectators involved in causing damages shall have joint and several tort liability for damages arising from a breach of the obligation specified under Paragraph (1) pursuant to the general rules of the Civil Code on compensation for damages. Such tort liability is without prejudice to spectator's minor offence or criminal law liability.

(3) Spectators must leave the venue of the sports event at the time of closing the sports event or upon notice from the organizer, the stewards or the police due to the development of a situation threatening personal safety and asset security.

(4) The detailed requirements concerning the security of the sports event and the safety of spectators shall be resolved in separate legislation.

## *Chapter XI*

### *INTERPRETING AND CLOSING PROVISIONS*

#### **Interpreting provisions**

77. § For the purposes of this Act:

*a) state sports information system:* the set of data on athletes, sports organisations, sports public bodies, sports public foundations, activities thereof, and on sports facilities sorted by the state and rendered publicly accessible;

*b) coach:* a natural person holding a professional qualification set forth in separate legislation who prepares the athlete for the sports activity;

*c) team sport:* the set of branches of sport in which sports activities may solely be pursued owing to the nature of the game and the rules of the competition system by at least three natural persons constituting one participant with no individual version of the particular branch of sport;

*d) accessibility:* the provision of convenient, safe and independent use of the constructed environment for all individuals, including the disabled who require special facilities, means or technical solutions for this;

*e) disabled person:* natural persons with physical or mental disability, hearing impairment, organ transplants, or sight impairment;

*f) license:* the right of the athlete to use his or her physical and intellectual capacities pertaining to sports activity within the framework of sports activity;

☞ *g)*

*h) communication accessibility:* the provision of access by a disabled person to information at the venue of the sports event to perceive and interpret it properly;

*i) public area:* roads, streets and squares accessibly by all without restriction;

*j) public venue:* buildings, structures or parts of public areas closed for hosting a sports event where all may enter or stay under the terms and conditions specified by the organizer of the sports event;

*k) national organisation in the areas of leisure sports and sports for the disabled:* the organisation qualifies as having public benefit, and operates in at least eight (8) counties and with at least twenty (20) legal entity members nationally;

*l) special world games:* the Paralympics, the Special Olympics, the Olympics for the Hearing Impaired and the World Games for People with Organ Transplants;

*m) sports school:* a budgetary agency or public-benefit company engaged in youth training and schools involved in youth training under the Public Education Act;

*n) venue of a sports event:* a public venue or a specific part of a public area where the sports event is held and where spectators may stay;



*o) participant of a sport event:* the natural person staying at the venue of a sports event during the term, ninety (90) minutes prior to or after the sports event. Spectators (fans) shall qualify as participants;

*p) sport professional:* a natural person holding a professional qualification according to KSH notice 9029/1993. (SK 1994. 1.) of the Chairman of the Hungarian Central Statistical Office (KSH) on the uniform classification system of occupations (FEOR) and employed by a sports organisation or fulfilling direct or indirect responsibilities in relation to sports activities within a civil law legal relationship. Sports professionals shall in particular refer to coaches, heads of teams, referees and umpires, race marshals, sports physicians, and masseurs. Sports federations may resolve the scope of individuals qualifying as sports professionals within the particular branch of sport in their respective regulations;

*q) competition system:* contests measuring physical or intellectual sports performance organised under the rules specified by the international sport federation of a branch of sport and by a national sport federation— except for leisure sports federations. Championships shall qualify as competition systems. Competition systems may be professional, amateur and mixed (open) systems;

*r) competition regulations:* the set of requirements on sports activities pursued within the scope of a competition system and on activities directly related thereto incorporated in a single system, which features the rules of procedures of the sports federation operating the competition system beyond the general and sports-specific obligations of athletes, sports organisations and sports professionals taking part in the competition system.

### **Entry into effect and transitory provisions**

**78. §** (1) This Act shall enter into effect on the sixtieth (60) day reckoned from its announcement.

(2) The minister shall convene the kick-off session of the National Sports Council within one-hundred-and-twenty (120) days reckoned from this Act entering into effect.

(3) Professional athletes may not conclude civil law contracts with sports organisations after the entry of this Act into effect as self-employed entrepreneurs within the scope of their activities as professional athletes. Civil law contracts already concluded shall remain in effect until the end of the term specified in the contract but until 31 December 2006 at the latest.

(4) No bankruptcy or liquidation proceedings may be brought against sports federations after the entry of this Act into effect. Proceedings underway shall be terminated and costs incurred so far shall be borne by the state.

(5) Except for the public-benefit companies identified in Paragraph (3) of Article 18, sports undertakings operating in this form shall transform into limited liability companies or companies limited by shares within one (1) year reckoned from the entry of this Act into effect.

(6) The Government shall modify the deed of foundation of the Wesselényi Sports public foundation within ninety (90) days reckoned from the entry of this Act into effect.

(7) Where legislation mentions “national sport federation by branch of sport”, that shall refer to a “national sport federation” after the entry of this Act into effect.

(8) The HPC shall be set up by the Sports Federation of Hungarians with Physical Disabilities, the Sports Federation of Hungarian Sight and Hearing Impaired, and the Sports Federation of Hungarians with Mental Disabilities, and sports federations meeting the criteria set forth in Paragraph (1) of Article 41 may apply for admission to the HPC after its foundation. Within sixty (60) days after the entry of this Act into effect, the HPC

must convene a founding general assembly to resolve its bylaws and to elect the administrative-representative body (executive body) and the supervisory body.

### **Authorising provisions**

**79. § (1)** The Government is authorised to resolve detailed provisions on the following in a decree:

- a)* doping prohibition and doping testing;
- b)* sports disciplinary liability and sports disciplinary proceedings;
- c)* security of sports events;
- d)* Olympic centres;
- e)* Olympic rent and the title of the “Nation’s Athlete”;
- f)* exercising of activities subject to qualifications in the area of sports;
- g)* sports medicine rules and sports health care network;
- h)* state sports information system;
- i)*
- j)* the appointment of the sports administration agency or agencies.

(2) The minister is authorised to resolve the following in a decree:

*a)* scope of documents, plans and data to be attached to applications for equitableness consent specified in Paragraph (5) of Article 5 of Act LXV of 1996 on settling the ownership status of certain property for sports purposes, and the rules of equitableness proceedings.

*b)*

(3) The minister is authorised to resolve the following in a decree in agreement with the minister in charge of public finance:

*a)* detailed rules of utilisation and allocation of state support to sports;

*b)* detailed rules of state support and hosting conditions of world sports events hosted in Hungary.

(4) The minister in charge of education and the minister are authorised to resolve detailed rules pertaining to the organisation of the activities of school sports associations, to the establishment and operation of sports schools, and sports opportunities to be ensured obligatorily by operators of schools without gymnasiums in a joint decree.