

## **Act 1 of 1996**

### **on Radio and Television Broadcasting**

With a view to the freedom of radio and television program provision, the freedom of expressing opinions, the independence, balance and objectivity of providing information, the freedom of obtaining information, as well as supporting universal and national culture, and promoting the diversity of opinions and culture, as well as to prevent the development of monopolies in providing information, the Parliament has adopted the following Act in accordance with Article 61 of the Constitution:

#### ***CHAPTER I***

#### ***GENERAL PROVISIONS***

#### **Scope**

##### **Article 1**

##### **Article 1/A**

(1) This Act shall apply to program provision if the program provider has its registered office (residence) in the territory of the Republic of Hungary, and carries out the respective editorial decisions on programming in the territory of the Republic of Hungary.

(2) This Act shall apply to program provision also if:

a) either the registered office (residence) or the place where editorial decisions on programming are adopted by the program provider is located in the territory of the Republic of Hungary, while the other is situated in a Member State of the Community, and a significant part of the workforce involved in the pursuit of the program provision activity operates in the territory of the Republic of Hungary;

b) the registered office (residence) of the program provider is in the territory of the Republic of Hungary, however, the place where editorial decisions on programming are adopted by the program provider is located in a Member State of the Community, and a significant part of the workforce involved in the pursuit of the program provision activity operates in both countries;

c) either the registered office (residence) or the place where editorial decisions on programming are adopted by the program provider is located in the territory of the Republic of Hungary, while the other is situated in a Member State of the Community, and in neither country is there a significant part of the workforce involved in the pursuit of the program provision activity operating, however, the program provider has commenced program provision activities in the territory of the Republic of Hungary and has concrete and solid ties with the Hungarian economy by way of its activities.

(3) This Act shall apply to program provision also if either the registered office (residence) or the place where editorial decisions on programming are adopted by the program provider is located in the territory of the Republic of Hungary, while the other is situated in a third country outside the European Union, and a significant part of the workforce involved in the pursuit of the program provision activity operates in the territory of the Republic of Hungary.

(4) In the absence of the criteria specified under paragraphs (1) to (3) of this Act shall apply to program provision also if the program provider in question does not fall under the jurisdiction of a Member State of the Community, and the program provider:

a) uses a frequency assigned by the Hungarian authorities;

b) is not using any frequency assigned by the Hungarian authorities, but is using a satellite capacity appertaining to (leased by) the Government of the Republic of Hungary;

c) is not using any frequency assigned by the Hungarian authorities nor a satellite capacity appertaining to (leased by) the Government of the Republic of Hungary, however, the equipment used for the transmission of his programs, for satellite up-link, is situated in the territory of the Republic of Hungary.

(5) If any program that can be received in the territory of the Republic of Hungary is supplied by a program provider who falls under the jurisdiction of a Member State of the Community and exhausts the criteria set forth in Article 52/A, the program provider shall be subject to the provisions contained therein.

(6) Furthermore, this Act shall apply to program transmission in Hungary and broadcasting that is carried out by using equipment situated in the territory of the Republic of Hungary.

##### **Article 1/B**

This Act shall also apply to program provision that falls under the jurisdiction of the Republic of Hungary under the European Convention on Transborder Television signed in Strasbourg on 5 May 1989 and promulgated by Act 49 of 1998, and under the Protocol amending it.

## Definitions

### Article 2

For the purposes of this Act:

1. Total transmission time (air time) is the aggregate duration of the transmission time plus the time allocated for the transmission of information, other than programs. Information not qualifying as a program is the measuring signal, the monoscope, the broadcast signal, the interval signal, time display, any communication by the announcer not related to the program, and a pause/interruption in the broadcast due to technical reasons.

2. Basic service is the program distribution service rendered in the program distribution system to the subscribers for the lowest fee.

3. Controlling share is:

a) a direct and indirect share in a company, the total of which provides control in excess of twenty-five percent of the companies assets or voting rights; the direct and indirect ownership shares of close relatives [Civil Code, Article 685 b)] shall be applied concurrently;

b) any situation which makes a controlling influence in the company possible on the basis of a contract, the deed of foundation (charter) or preference shares, through the appointment (removal) of the decision-making or supervisory bodies, or in any other way.

4. Surreptitious advertising is any program or representation within a program, when such representation purports to be unbiased, intended to advocate the purchase of such goods or services, or to solicit any other business conduct.

5. Value added service is the dissemination of programs and services not related to program provision.

6. Cinematographic works are feature films, films made for television, television plays, television feature film series, documentaries, popular scientific films and animation films.

7. Prime time is on radio the period between 6:30 and 9:30 hours, and on television the period between 18:30 and 21:30 hours.

8. Networking is the interconnection of two or more program providers or program services for the simultaneous or virtually simultaneous program provision of the same program or broadcast.

9. Network program provider is any program provider whose broadcast or program is disseminated in a network, and who is responsible for the program provision.

10. Local program provision is where program provision is intended for local audiences, covering an area or a city whose population is, respectively, less than one hundred thousand or five hundred thousand on an annual average.

11. Charity appeal is a program or a part of a program disseminated in a broadcast without any consideration in cash or other consideration of an economic nature which requests the provision of assistance in the interest of a natural person, a group of natural persons, or civil organizations, foundations, etc. established to support them.

12. On-screen information is any screen text, still image, or computer graphics displayed before the beginning or after the end of the air time or of the daily television programs, or between programs, which is not part of the program.

13. Ancillary program provision is extra information transmitted simultaneously with radio or television program provision, with the aid of complementary technical means, through the same program distribution or free-to-air broadcast channel, which is closely related to program provision.

14. Conventional advertising is all commercial messages, other than teleshopping and teleshopping windows.

15. Regional program provision is program provision covering an area that is larger than the area covered by local program provision, but in which area less than half of the countrys population lives.

16. Public service announcement is:

a) any announcement made on behalf of and with the contents determined by an organization or a natural person fulfilling State or local, regional governmental responsibilities, which serves to attract the attention of the general public;

b) a program broadcast for the promotion of non-political objectives which calls for the support of an objective serving the interests of the public, promotes an event or object of this nature, and draws attention to circumstances jeopardizing the realization of such an objective.

17. Public program provider is a program provider that, based upon its own program provision rules approved by the National Radio and Television Board, broadcasts public service programs in the majority of its program provision time.

18. Public service broadcast is a broadcast in which public service programs play a decisive role, and that regularly informs the listeners and viewers living in the area covered by the program provider of issues that may be of interest to the public.

19. Public service program is a program serving the informational, cultural, citizenship and lifestyle needs of the audiences living in the area (national, regional, local) covered by the program provider, such as in particular:

a) artistic works or communication presenting universal and Hungarian culture and the cultures of the national and ethnic minorities living in Hungary, the life of the national and ethnic minorities living in Hungary, and the viewpoints of minorities;

b) dissemination of information serving educational and training purposes;

c) provision of information on scientific activities and research results;

d) broadcasts serving the concept of the freedom of religion, and presenting church and religious activities;

e) children and youth programs, and educational and general information programs on child protection;

f) dissemination of information making everyday life easier, serving to provide information to the general public concerning legal matters and public affairs, and promoting healthy lifestyles, the protection of the environment, the protection of nature and the landscape, public security and the safety of traffic;

g) programs created for underprivileged groups who are at a grave disadvantage due to their age, physical, mental or psychological state or social circumstances;

h) news services.

20. Public service program provider is a program provider governed by the provisions relevant to public service program provision whose main responsibility is to broadcast public service programs, that is financed primarily from public funds and supervised by social bodies, and whose basic rights and obligations are laid down in this Act.

21. Indirect control is when shares in the capital or the voting rights of a company are controlled through the shares or voting rights held by another company in that company (hereinafter referred to as intermediary company). If there is any proportional difference between the ownership share and the voting rights, the greater one shall apply. The extent of indirect control shall be determined by multiplying the share or voting right held in the intermediary company by the share or voting right held by the intermediary company in the original company. If the share or voting right in the intermediary company is higher than fifty per cent, it shall be treated as a whole. In the case of natural persons, the ownership shares and voting rights held or exercised by close relatives [Civil Code, Article 685b)] shall be applied concurrently.

22. Teleshopping is an advertisement which contains a direct offer for the sale or the use in other way of goods (including immovable property), services, rights and obligations, by way of establishing direct contact with the commercial distributor or service provider.

22/A. Teleshopping window is a spot of a minimum uninterrupted duration of at least fifteen minutes broadcast by a television channel that is not exclusively devoted to teleshopping. Unless defined otherwise in this Act, teleshopping shall also mean to be understood as a teleshopping window.

23. Transborder transmission of program services is program provision by means other than satellite that is addressed, based upon the characteristics of the program provision facilities used for dissemination, to audiences predominantly beyond the borders of the Republic of Hungary, or satellite program provision from Hungary addressed to international audiences only.

24.

24/A. Hungarian program transmission services is the transmission provided through equipment installed in the territory of the Republic of Hungary.

25. Broadcast is a series of radio or television programs edited and disseminated to the general public.

26. Program distribution is the transmission of the signals produced by the program provider unchanged, via a wire (cable) network, or via a not free-to-air broadcasting radiocommunications system, from the premises of the program provider, or from the end point of the program transmission network with the involvement of a third party to the receiving apparatus of eligible users, with the exception of the transmission of signals, with the aid of a network suitable for the connection of less than ten reception apparatuses. Program provision shall not cover any cable system installed within the boundaries of a property (e. g. condominium).

27. Transmission time is the total time of the programs transmitted, during a specific period, in the broadcast.

28. Program is sound or image, or the combination thereof forming a closed unit or edited into a closed unit from individual parts, which is distinguished by a main title individually designating the whole of the combination, and if necessary, by further distinctive signs, and by some type of communication indicating that it is coming to an end.

28/A. Preview is any broadcast for the purpose of promoting or drawing attention to a future program or programs of the program provider.

29. Program transmission is receiving and simultaneously transmitting complete and unchanged program services in the form of signals produced by the program provider via a wire (cable), network or via a surface or satellite not free-to-air broadcasting radiocommunications system to free-to-air radio and television broadcasters or program provision networks.

30. Program provision service is the production of radio or television programs by a program provider intended for reception by the general public, and their transmission to the receivers of the users in the form of electronic signals through any program transmission and distribution network.

31. Broadcaster is the natural or legal person, or entity without legal personality who has editorial responsibility for the composition of the schedules of programs, has editorial influence over the content of programs, and who transmits them or has them transmitted by a third party to the general public.

32. Free-to-air broadcasting is a one-way radiocommunications process for the emission by a terrestrial system or by satellite, intended for a theoretically unlimited number of users with suitable receiving apparatuses, of sounds, images or signals of whatever nature.

33. Broadcasting is the simultaneous transmission of the program provision signals generated by the program provider to the users receiving apparatus, unchanged (by way of free-to-air broadcasting or program distribution).

34. Non-profit program provider is a program provider who/which agrees to serve national, ethnic or other minority goals, cultural aims or an underprivileged group, or intends to serve as the public forum of a resident community, provided it uses the financial profit generated by the program provision, as recorded separately, solely for the purposes of providing program provision services, including improvements.

35. National bodies of interest representation and trade organizations are bodies of interest representation and trade organizations governed by Act II of 1989 on the Freedom of Association whose nation-wide operation is fixed in their respective charters.

36. National program provision is a program provision covering an area of at least fifty percent of the country's population.

37. Newspaper of nation-wide circulation is any daily newspaper that is sold in at least one thousand copies in each of at least ten counties daily, or forty thousand copies in Budapest, and any weekly paper that is sold in at least five hundred copies in each of at least ten counties weekly, or three thousand copies in Budapest.

38. Composite program is a combination of several programs bearing a single main title.

39. Political advertisement is a program which:

- a. calls upon, influences (the audience) to support the participation and success of a party or political movement, or its candidate, in the elections, or an initiative for a referendum;
- b. promotes the name, activity, objectives, slogan, emblem and the image formed of a party or political movement.

40. Advertising using subliminal techniques are advertising, in the transmission of which a stimulus generated by a sound effect or light effect of lower strength than the stimulus threshold necessary for conscious perception in the psychological sense has an effect on the viewer or listener of the program, this being a consequence of the brief duration of the transmission, or for another reason.

41. Advertising is any form of public announcement in return for payment or for similar consideration in order to promote the sale, purchase or rental of specific products (including immovable property), rights and obligations announced or displayed, or to promote the achievement of other goals intended by the advertiser or the program provider. Any spots allocated for self-promotion shall also be treated as advertising, apart from the preview defined under point 28/A.

42. Program of own production is a program, the majority of which has been made by:

- a. a natural person under contract with the program provider; or
- b. a natural person residing in Hungary, or a legal person or entity without legal personality established in Hungary, where production is financed by the program provider in exchange for all rights, as defined by law, attached to the program produced.

43. Specialized program provision is program provision where at least eighty percent of the daily transmission time is made up of the same type of programs as undertaken by the program provider in a public tender or notice.

44. Sponsorship is any financial contribution or any other form of contribution of a business nature made to a program provider by a natural or legal person or entity without legal personality, who is not engaged in program provision activities or in the production of audiovisual works, to the direct or indirect financing of a program with a view to promoting the name, the trade mark or other distinguishing mark, the image, the activities or the products of the sponsor or another person designated by the sponsor.

45. Company is a legal person, a entity without legal personality, and the activities and ownership status of natural persons as defined by this Act, irrespective of where they are established.

46. Cable program distributor is a program distributor who provides program distribution through a closed circuit telecommunications network.

47. Area of reception is:

a. in the case of program provision performed through the free-to-air broadcast system, the geographically identifiable territory in which the level of the effective signals of the free-to-air broadcast service within the framework of program provision and the calculated level of interference protection, reach the minimum values stipulated in the recommendations of the International Telecommunications Union;

b. in the case of program provision carried out through a wired program distribution system (cable network., the inhabited territory in which the cable network was developed and in which the population of the territory has the possibility of establishing connection to the main cable of the network in the inhabited territory in question, for a standard fee;

c. in the case of program distribution carried out through a radiocommunications program distribution transfer system, the geographically identifiable territory in which the level of the effective signals of the program transmission service within the framework of program provision and the calculated level of interference protection reach the minimum values declared necessary for reception at an acceptable level of quality, in accordance with the program distribution contract;

d. in the case of network broadcast transmission systems, all of the areas of reception of the individual systems.

48. Music program is a program edited from musical works under copyright protection.

49. European works are:

a. any audio-visual works originating from any Member State of the European Union or from another European third country that is party to the European Convention on Transborder Television signed in Strasbourg on 5 May 1989, if the majority of the authors and other persons who have participated in its creation are established in one of the aforementioned States, provided that they comply with one of the following conditions:

- they are made by one or more producers established in one or more of those States; or

- production of the works is supervised and actually controlled by one or more producers established in one or more of those States; or

- the contribution of co-producers of those States to the total co-production costs is preponderant and the co-production is not controlled by one or more producers established outside those States;

b. an audio-visual work originating from a country other than those referred to in point a) made by a single producer or in co-production with a producer established in one or more Member States of the European Union, if the European country where the producer is established has an agreement with the European Community concerning audio-visual works, and if those works are mainly made with authors and workers residing in one or more European States;

c. the audio-visual works referred to in points a) and b), that originate from a non-Member State of the European Union shall be considered to be European works if works originating from any Member State of the European Union are not discriminated against;

d. any audio-visual works which are not recognized as European works under points a) or b), which are, however, produced under a bilateral co-production agreement concluded by and between any Member State of the European Union and a third country shall be considered to be European works if the contribution of co-producers of those States to the total co-production costs is preponderant, and if production is not controlled by a producer who is established in a country other than a Member State of the European Union;

e. any audio-visual works which are not recognized as European works under points a), b) or d), which are, however, made by authors and other persons participating in its creation established in a Member State of the European Union shall be considered to be European works to an extent corresponding to the proportion of the contribution of European Community co-producers to the total production costs.

50. Majority of local audiences is ten per cent of Hungary's population.

51. Major program provider is a program provider operating on a ground-base frequency, providing unencoded programs in Hungarian that are available for reception to at least ninety per cent of the population of Hungary.

52. Major foreign program provider is a program provider recognized as such by the State where established.

## ***CHAPTER II***

### ***PRINCIPLES AND RULES OF BROADCASTING***

#### ***PART A)***

## General principles and rules

### Title 1

#### Basic Principles

##### Article 3

(1) Program provision in the Republic of Hungary may be exercised freely within the framework of this Act, information and opinions may be transmitted through channels of program provision, and Hungarian and foreign programs intended for reception by the general public may be received freely. Program providers shall define the contents of their programs independently, within the scope of this Act, for which they shall bear full responsibility.

(2) Program providers shall operate with respect to the constitutional order of the Republic of Hungary, their activities may not violate human rights and may not contain facilities for inciting hatred against individuals, sexes, peoples, nations, national, ethnic, linguistic and other minorities, and church or religious groups.

(3) Program provision may not be aimed, openly or surreptitiously, at insulting or for the disassociation of any minority or majority group of society, or to depict any view of them, discriminating or otherwise, on the basis of racial considerations.

##### Article 4

(1) The information provided on domestic and foreign events which may be of interest for the general public, and on issues of dispute shall be diverse, factual, current, objective and balanced.

(2) The entirety of the programs transmitted, or any program group distinguished by content or genre may not serve the interests of any political party or movement and may not disseminate the views of such parties and movements.

(3) The regular staff of a program provider participating in the program provider's political and news programs as a host, newscaster or correspondent may not give any opinion or relay their personal views or evaluation, other than news commentary, to the political news regardless of the type of contract under which they are employed.

(4) Any opinion or evaluation relayed in connection with the news communicated shall be clearly identified as such with the name of the author specified, and shall be distinguished from the news.

##### Article 4/A

A program provider may not broadcast a copyrighted cinematographic work at times other than what is defined in an agreement with the proprietor of the copyright and neighboring rights.

##### Article 5

(1) Prior to program provision, any image or sound effects that has the capacity to infringe upon religious convictions or beliefs or to disturb public order in a violent or other manner, the audience must be given a fair warning.

(2) Programs intended for the purpose of religious or ideological education or suitable for that purpose may be broadcast by indicating this capacity in advance.

(3)-(5)

### Title 1/A

#### Protection of Minors

##### Article 5/A

(1) Program providers shall assign a rating to each and every program they wish to broadcast - other than previews, news programs, current affairs programs, sport events and advertisements - according to the categories specified under Article 5/B.

(2) A preview may not be broadcast at a time of the day when the program to which it pertains cannot be broadcast.

(3) Current affairs programs, sports events and advertisements cannot be broadcast at a time of the day when, according to the ratings of similar programs, they could not have been broadcast had they been rated according to their content.

##### Article 5/B

- (1) Category I shall include the programs which are rated to be viewed by all audiences.
- (2) Category II shall include the programs that may frighten viewers under twelve years of age, or that they cannot comprehend or may misunderstand due to their age. These programs shall be classified as 'Parental discretion is advised for viewers under the age of twelve'.
- (3) Category III shall include the programs which might impair the physical, mental or moral development of minors under the age of sixteen, in particular those that involve gratuitous violence or sexual content, or that are dominated by conflict situations resolved by violence. These programs shall be classified as 'Not recommended for viewing for audiences under the age of sixteen'.
- (4) Category IV shall include the programs which might impair the physical, mental or moral development of minors, in particular those that are dominated by direct, graphic scenes of violence and/or sexual content. These programs shall be classified as 'Not recommended for viewing for audiences under the age of eighteen'.
- (5) Category V shall include the programs which might seriously impair the physical, mental or moral development of minors, in particular those that involve pornography or extreme or explicit scenes of violence.

#### **Article 5/C**

- (1) Programs classified under Category II cannot be broadcast targeted to viewers under twelve years of age, or among such programs; they can be broadcast at any other time having the proper classification affixed.
- (2) Programs classified under Category III can be broadcast between 21.00 p.m. and 05.00 a.m., having the proper classification affixed.
- (3) Programs classified under Category IV can be broadcast between 22.00 p.m. and 05.00 a.m., having the proper classification affixed.
- (4) Programs classified under Category V cannot be broadcast.

#### **Article 5/D**

- (1) Subject to the exceptions laid down in this Act, all programs must be broadcast in accordance with their classification.
- (2) At the beginning of the broadcast the rating and classification of the program must be displayed.
- (3) During program provision the proper distinguishing symbol of the rating of the program must be displayed in either corner of the screen throughout the entire duration of the broadcast. The rating of programs classified under Category I need not be displayed. No distinguishing symbol needs to be applied for radio broadcasts.

#### **Article 5/E**

Program guides containing programs of television program providers shall indicate the rating of each program according to the classification defined under Article 5/B.

#### **Article 5/F**

The National Radio and Television Board shall determine the guidelines for the rating system specified in Article 5/B, the symbols to be applied prior to and during broadcast and the manner in which they are to be displayed by a decision passed by a two-thirds majority - in line with the required procedure -, and shall publish them in the *Kulturális Közlöny* (Official Gazette of Cultural Affairs).

## **Title 2**

### **Requirements Concerning Program Structure**

#### **Article 6**

#### **Article 7**

- (1) Television program providers shall devote over half of their annual transmission time for European works and over one-third of their transmission time for works that were originally made in the Hungarian language.
- (2) Television program providers shall reserve at least ten per cent of their annual transmission time for European works and at least seven per cent of their transmission time for works originally made in the Hungarian language that were created by producers who are independent of program providers or that were purchased from such producers within five years of their production.
- (3) The percentages specified in paragraphs (1) and (2), having regard to the program provider's informational, educational, cultural and entertainment responsibilities to its viewing public, should be achieved - if necessary - progressively. It shall be incumbent on any program provider who fails to achieve the

ratios specified in paragraphs (1) and (2) to provide evidence that such practice is legitimate under the provisions of this paragraph.

(4) Television program providers shall reserve at least twelve per cent of their programming budget for cinematographic works created by producers who are independent of program providers or that were purchased from such producers within five years of their production. These programs, with the exception of cinematographic works, shall have been originally made in the Hungarian language.

(5) For the purposes of this Article:

a) program provider is any program provider providing national and regional program provision services, as well as the program provider providing national program provision services as a result of a network connection;

b) transmission time appointed to news broadcasts, sports events, games, advertising and on-screen information services shall be excluded from the overall transmission time;

c) programming budget is the costs that are claimed as expenses according to the principles of profit and loss accounting for persons required to prepare annual reports and simplified annual reports under the Accounting Act;

d) independent producer is an enterprise in which the program provider has no ownership share, direct or indirect, or with which any director or executive employee of the program provider, or their close relative as specified in Article 685 b) of the Civil Code, has any employment or ownership relationship;

e) works and programs originally made in the Hungarian language are any work:

ea) that was originally made entirely in the Hungarian language;

eb) that was originally made in two languages, and more than half of its length was originally made in Hungarian;

ec) that was originally made in three languages, and the part that was originally made in Hungarian is longer than any of the parts of the other two languages;

ed) that was originally made in the language of an ethnic minority of Hungary, and if it addresses themes about the life and culture of that minority;

ee) that is a musical program performed in the Hungarian language, or in the language of any ethnic minority in Hungary and if it addresses the culture of that minority;

ef) that is an instrumental musical program, that is part of the Hungarian cultural heritage, or the cultural heritage of an ethnic minority in Hungary.

#### *Article 8*

(1) National and regional program providers, other than specialized program providers, shall broadcast public service programs in not less than ten percent of their daily transmission time.

(2) Public service programs shall be broadcast during prime time hours for not less than twenty-five minutes. If the program provider does not transmit during prime time, it shall broadcast public service programs between 7:00 and 18:30 hours for not less than twenty-five minutes.

(3) National television channels and national radio channels shall broadcast not less than twenty minutes and not less than fifteen minutes, respectively, independent and uninterrupted news broadcasts during prime time hours. News material received from other Hungarian program providers may not exceed twenty percent of the news broadcast.

(4) National television channels operating by terrestrial free-to-air broadcasting may not operate as specialized program providers.

### **Title 3**

#### **Broadcasting of Public Events**

##### **Article 9**

(1) If a program provider transmits to the audience an event that was intended for the general public under exclusive program provision rights, the broadcast or news broadcast of another program provider may cover a part of the event, simultaneously with or following the transmission in accordance with its needs, to the extent not to exceed the copyright limitations on free use of works in radio and television channels as defined in the Act on Copyright.

(2) The program provision of a part of an event shall be considered to satisfy the needs of the broadcast or news broadcast if it does not exceed ten percent of the duration of the transmission (program) concerned, or fifty seconds at the most.

##### **Article 9/A**



(1) Exclusive television program provision rights concerning events which are regarded as being of major importance for society may not be exercised in such a way as to deprive a substantial proportion of the domestic population of the possibility of following such events.

(2) The Government, in agreement with the National Radio and Television Board, shall draw up a list of designated events, which it considers to be of major importance for society, and the manner of broadcast to permit unrestricted access by the public via whole or partial live coverage or whole or partial deferred coverage.

(3) When there is any change in the list of designated events of major importance for society, the revised list of events shall apply only to the exclusive television program provision rights obtained after the promulgation of the government decree with regard to such events.

(4) Any event shall be assigned the designation defined in paragraph (2) if it is likely to interest a substantial proportion of the domestic population.

(5) In order to determine the designation of events as specified in paragraph (2), the National Radio and Television Board may hold public hearings subject to the provisions of Articles 93 and 94.

#### **Article 9/B**

(1) Subsequent to the entry into force of the act promulgating the international Treaty on Accession to the European Union, exclusive television program provision rights must be exercised in conformity with the provisions concerning the program provision of designated events considered by Member States of the European Union to be of major importance for society.

(2) Exclusive television program provision rights obtained subsequent to the operative date of the act promulgating the Protocol on the amendment of the European Convention on Transfrontier Television signed in Strasbourg on 5 May 1989, promulgated by Act 49 of 1998, must be exercised in conformity with the provisions concerning the provision of designated events considered to be of major importance for society by the States which are party to the Protocol.

#### **Article 9/C**

(1) Any program provider who has acquired exclusive rights for the television broadcasting of an event falling under Article 9/A (2) shall be required to make a contract proposal - subject to reasonable terms and conditions in exchange for appropriate consideration - to a major television program provider (hereinafter referred to as 'prospective contractor') when approached by such a program provider concerning the broadcast of the said event.

(2) Any program provider who has acquired exclusive rights for the television broadcasting of an event that has been designated in accordance with the applicable international regulations as being of major importance for society by any State being party to the Protocol on the amendment of the European Convention on Transfrontier Television signed in Strasbourg on 5 May 1989, promulgated by Act 49 of 1998, shall be required to make a contract proposal - subject to reasonable terms and conditions in exchange for appropriate consideration - to a major foreign television program provider, when approached by such a program provider concerning the broadcast of the said event, who falls within the jurisdiction of that State.

(3) Any program provider who has acquired exclusive rights for the television broadcasting of an event that has been designated in accordance with the applicable international regulations as being of major importance for society by a Member State of the European Union, shall be required to make a contract proposal - subject to reasonable terms and conditions in exchange for appropriate consideration - to a major foreign television program provider, when approached by such a program provider concerning the broadcast of the said event, who falls within the jurisdiction of that Member State.

(4) The terms and conditions of the contracts defined under paragraphs (1) to (3) shall be fixed in detail by the parties concerned.

(5) In the cases specified under paragraphs (1) to (3), the parties concerned shall be subject to contracting obligation. In the event of the parties' failure to reach an agreement, the contract may be conceived by court order upon request by the prospective contractor subject to the terms and conditions stipulated by the court. Such court proceedings shall be conducted under expedited procedure.

### **Title 4**

#### **Restrictions and Prohibitions on Advertising**

##### **Article 10**

(1) Under this Act, program providers shall not be held liable for the facts stated in an advertisement, other than deliberate misrepresentation.

(2) Questions of conscience and ideological convictions may not be disseminated through advertising in program provision.

(3) No advertising may be broadcast directly before and directly after the broadcasting of programs prepared in respect of the events of national holidays, religious and church services and ceremonies.

(4) The employees and external staff of program providers regularly appearing in news broadcasts and political programs communicating current issues may not appear in any commercial or political advertisement, either visually or in sound.

(5) Advertising shall not use subliminal techniques and surreptitious advertising shall be prohibited.

(6) All messages conveyed in advertisements must be true and accurate and fair.

(7) No advertisement may be published if it is offensive to religious or political beliefs.

(8) Advertisements shall not encourage behavior prejudicial to health, to safety or to the protection of the environment.

#### **Article 11**

(1) During elections, political advertising may be broadcast in accordance with the provisions of the acts on the election of Members of the Parliament, the representatives of local and regional governments and mayors, and the election of minority local governments. Outside election campaigns, political advertising may be broadcast exclusively in connection with an impending referendum.

(2) Political advertisement may not be inserted in transfrontier program services.

#### **Article 12**

(1) Any person on whose behalf an advertisement, a public service announcement, charity appeal and political advertising is broadcast, or any other person who has an interest in the broadcasting thereof, shall not exercise editorial influence concerning the contents of other programs.

(2) Under this Act, program providers shall not be held liable for the contents of public service announcements, charity appeals and political advertisements.

#### **Article 13**

(1) Advertisements promoting and describing tobacco products, weapons, ammunition, explosives, prescription medicines and the popularizing of therapeutic procedures shall be prohibited.

(2) Advertisements of alcoholic beverages:

a) may not be addressed to minors and cannot show minors consuming alcohol;

b) may not encourage abusive consumption of alcohol, may not show the abusive consumption of alcohol in a positive light, and may not show abstention from the consumption of alcohol in a negative light;

c) shall not convey an impression that with the consumption of beverages with low alcohol content alcoholism can be avoided, nor shall it place emphasis on high alcoholic content as being a positive quality of the beverages;

d) shall not claim that alcohol has therapeutic qualities or that the consumption of alcoholic beverages is a stimulant or a sedative, or that alcoholic beverages are a means of resolving personal conflicts;

e) shall not be broadcast during prime time hours, with the exception of low alcohol-content beverages;

f) shall not be broadcast directly before and directly after programs made for minors;

g) shall not link the consumption of alcohol to enhanced physical performance or to driving;

h) shall not create the impression that the consumption of alcohol contributes towards social or sexual success.

#### **Article 14**

(1) Advertisement shall not convey an outright suggestion to minors to persuade their parents or any other adults to buy or use toys and any other goods or services.

(2) Advertising shall not be misleading in respect of the actual nature and possibilities of a toy.

(3) Advertisements shall not show minors in violent situations and shall not encourage violence.

(4) Advertisements shall not exploit the special trust minors place in parents, teachers or other persons, nor shall they exploit their inexperience or credulity.

(5) Teleshopping shall not exhort minors to contract for the purchase (buying or rental) of goods and services.

#### **Article 15**

(1) Advertising, public service announcements, charity appeals and political advertising shall be broadcast:

a) describing it as such directly before and after transmission; and

b) readily recognizable as such and kept distinctly separate from other programs by optical and/or acoustic means, and by acoustic means in the case of radio.

(2) When broadcasting public service announcements and charity appeals the source thereof shall be distinctly identified. The program provider may not charge any consideration for the broadcasting of public service announcements referred to in point a) of Point 16 of Article 2.

(3) The duration of public service announcements may not exceed two minutes, with the exception of the public service announcements specified in Article 137.

#### **Article 16**

(1) The proportion of transmission time devoted to conventional advertising shall not exceed fifteen percent of the daily transmission time. The advertising time may reach twenty percent if it includes the spots allocated for teleshopping without the transmission time devoted to teleshopping windows.

(2) Within a given clock hour of transmission time, calculated in any way or form, the time devoted to conventional advertising may not exceed twelve minutes, not including the transmission time devoted to teleshopping windows.

(3) The maximum number of teleshopping windows per day shall be eight and their overall duration shall not exceed two hours per day.

(4) The provisions of paragraphs (2) and (3) shall not apply to television channels exclusively devoted to teleshopping. For these channels, the time to be allotted to conventional advertising within the daily transmission time shall be governed by paragraph (1).

(5) Non-profit oriented program providers may broadcast three minutes of advertising in an hour.

(6) The provisions of paragraphs (1) to (3) shall not apply to on-screen information services if their reception area does not extend beyond the reception area of local program provision.

(7) National and regional television program providers, with the exception of program providers specializing in programs other than cinematographic works, shall appropriate six percent of their advertising revenues for the creation of new Hungarian motion pictures. At least half of this shall be feature films, documentaries, popular scientific films and animation films, and thirty percent shall be works that are made by others. This obligation may be satisfied by financial contributions made to public foundations or state funds subsidizing the local film industry, without any restrictions other than the right of showing. For the application of this obligation the amount paid shall be taken into account by multiplying it with two.

#### **Article 17**

(1) Advertising may be inserted between programs.

(2) In accordance with the conditions defined in paragraphs (3) to (6) advertising may also be inserted during programs in such a way that the integrity and value of the program, taking into account natural breaks in and the duration and nature of, the program, and the rights and the lawful interests of the holders of copyright and neighboring rights are not prejudiced.

(3) In programs consisting of autonomous parts, or in sports programs and similarly structured events and performances comprising intervals, advertising shall only be inserted between the parts or in the intervals.

(4) The following programs may not be interrupted or reduced by advertising:

a) news programs and current affairs programs when their programmed duration is less than thirty minutes;  
b) programs intended for minors under the age of fourteen, when their programmed duration is less than thirty minutes;

c) reports on the events of national holidays; or

d) religious or church programs;

e) documentaries when their programmed duration is less than thirty minutes.

(5) Any advertising spots or series inserted within a program must be at least twenty minutes apart.

(6) The transmission of cinematographic works (excluding series, serials, light entertainment programs and documentaries), provided their programmed duration is more than 45 minutes, may be interrupted by advertising once for each complete period of 45 minutes. A further advertising interruption is allowed if their programmed duration is at least 20 minutes longer than two or more complete periods of 45 minutes.

### **Title 5**

#### **Sponsored Programs**

#### **Article 18**

(1) The sponsor of the program shall be identified immediately before or after program provision.

(2) Sponsored programs must not encourage or advocate the acquisition (purchase or rental) of the products or services of the sponsor or those of a third party designated by the sponsor, nor shall they discourage the acquisition (purchase or rental) of such products or services.

(3) The content and scheduling of sponsored programs may not be influenced by the sponsor in such a way as to affect the responsibility and editorial independence of the program provider in respect of programs.

(4) Programs in which the trade mark, distinctive logo or slogan of the sponsor of the programs appear, other than program previews, are prohibited from being broadcasted.

(5) News and current affairs programs may not be sponsored.

(6) This Article, with the exception of its paragraph (5), shall not apply to program provision specializing exclusively in the ordering of goods or services.

#### **Article 19**

(1) The following may not sponsor programs:

a) political parties and political movements;

b) companies whose main activity is the manufacture or wholesale of products which cannot be advertised in accordance with this Act, or providing services in connection with such products. This prohibition shall not apply to sponsorship requiring the communication of the name and trademark of a company involved in connection with pharmaceutical products and therapeutic processes.

(2) The name, slogan or emblem of a party may not appear in any reference to the name of the sponsor (name indicated).

### **Title 6**

#### **Ancillary Program Provision and Value Added Services**

#### **Article 20**

(1) Authorization shall not be granted for ancillary program provision as an exclusive activity.

(2) Only authorized program providers shall be authorized to engage in ancillary program provision.

(3) The application for the ancillary program provision shall be incorporated in the application for program provision or shall be submitted subsequently.

#### **Article 21**

(1) Program providers are primarily entitled to provide value-added services.

(2) If, within one hundred and eighty days of the commencement of exercising program provision rights, the program provider does not commence the use of any potential value-added service, other than a satellite system, the program distributor may submit a claim therefor.

(3) A notice for the claim referred to in paragraph (2) may be lodged within one hundred and eighty days of the date of availability to the National Radio and Television Board (hereinafter referred to as 'Board') and to the program provider. Following this deadline, entitlement to the value added service shall be granted to the program provider or the program distributor, whichever of the two submits a claim first to the Board. If neither the program provider nor the program distributor wishes to provide value-added services, a third party may conclude a contract in respect thereof with the program provider and the distributor.

(4) Provision of the value-added service shall commence within sixty days of the notice and shall be provided continuously in accordance with the contents of the notice.

(5) The right for providing value-added services shall terminate together with the right of program provision.

### **PART B)**

#### **Basic Principles and Regulations for Public Service Program Provision and Public Program Provision**

### **Title 1**

#### **General Provisions**

#### **Article 22**

(1) Public service program provision may be performed by the program providers defined in this Act only.

(2) Upon request, the Board may declare a program provider a public program provider if the latter undertakes the obligations pertaining to the providers of public programs.

(3) The Board's approval of a program provider's terms of program provision shall constitute its authorization to engage in public program provision. The Board shall publish the terms of program provision in the Művelődési Közlöny (Official Gazette of Education and Learning).

(4) Public service program providers and public program providers shall be exempt from the obligation to pay a program provision fee.

## **Title 2**

### **Common Provisions Applicable to the Broadcasts of Public Service Program Providers and Public Program Providers**

#### **Article 23**

(1) Public service program providers and public program providers are, in particular, obliged to respect the dignity and fundamental rights of the nation, the national, ethnic, linguistic rights and other minorities, and may not offend the dignity of other nations.

(2) Public service program providers and public program providers shall provide information on domestic and foreign events which may be of interest for the general public, events significantly affecting the lives of those living in the reception area, connections, disputed matters, the representative opinions formed of the events, including different opinions, on a regular basis, in a comprehensive, impartial, authentic and precise manner. In connection with these responsibilities, they shall provide for the provision of public announcements not mentioned in Article 137.

(3) Public service program providers and public program providers shall provide for the presentation of the diversity of programs and views and the viewpoints of minorities, and shall, through the variety of programs, provide for satisfying the needs of a wide range of audiences, and as many groups as possible, at a high standard.

(4) Public service program providers and public program providers shall pay special attention to:

- a) fostering the values of the universal and national cultural heritage, endorsing the diversity of culture;
- b) showing programs serving the physical, psychological and moral development and interest of minors, and to enhance their knowledge;
- c) presenting the values of religious, national, ethnic and other minority cultures;
- d) providing important information to groups that are severely disadvantaged due to age, mental and psychological state or social circumstances, in particular broadcasting programs on children's rights, on child protection and on conveying information regarding available services in prime time programming;
- e) showing programs presenting the social, economic and cultural life of the various parts of the country.

#### **Article 24**

(1) In the case of public service program providers and public program providers, the duration of advertising may not exceed six minutes in any given clock hour, calculated in any way. The duration of advertising may not exceed five minutes per hour calculated in the average of the daily transmission time.

(2) The transmission of on-screen information services containing advertising, other than the on-screen information services outside the program provision hours, shall also be included in the duration of the advertisement.

(3) In public service program provision and in public program provision, advertising shall be inserted between programs, and in composite programs between the individual programs only. In sports broadcasts and other broadcasts in which there are natural breaks, advertising may be inserted between the parts and in the breaks.

(4) Public service program providers and public program providers may not advertise alcoholic beverages in their broadcasts. The programs of public service program providers and public program providers may not be sponsored by any person whose main activity is the manufacturing or distribution of alcoholic beverages.

(5) The employees and external staff of public service program providers and public program providers regularly appearing in their programs may not appear in any commercial or political advertisement, either visually or in sound, regardless of the type of contract under which they are employed.

(6)

#### **Article 25**

Only the following programs may be sponsored in public service program provision and in the transmission of public programming:

- a) religious and church programs;
- b) programs presenting or broadcasting artistic and cultural events;

c) programs presented in the native tongues of national and ethnic minorities, and presenting the life and culture of national and ethnic minorities;

d) programs created for underprivileged groups who are at a grave disadvantage due to their age, physical, mental or psychological state or social circumstances.

### **Title 3**

#### **Special Provisions Pertaining to Public Service Program Provision**

##### **Article 26**

(1) It is the obligation of public service program providers to foster the culture and language of the national and ethnic minorities living in Hungary, and to provide information in their native languages on a regular basis by way of program provision programs through nation-wide and - with regard to the geographical location of the minorities - regional or local channels targeted for specific minorities, with subtitles in television programs where necessary or by multilingual program provision. The duration of the national minority programs may not be less than that on the day of entry into force of this Act on the aggregate on a national or regional level, separately for each national minority.

(2) The nation-wide self-government bodies of national and ethnic minorities, or failing this their national organizations, shall decide independently concerning the guidelines for the allocation of the transmission time made available to them by the public service program provider. The public service program provider shall abide by this decision, which may not affect the contents and editorial principles of the program.

##### **Article 27**

(1) Public service program providers shall provide for the preservation of the cultural values and documents of historic importance they have obtained in connection with their activities in their archives by way of properly categorizing, storing and maintaining them.

(2) The rules and conditions for archiving and the manner of utilization shall be laid down in a separate set of rules by the board of trustees in agreement with the Board.

##### **Article 28**

### **Title 4**

#### **Rules and Regulations of Public Service Program Provision and Rules and Regulations of Program Provision**

##### **Article 29**

(1) Public service program providers shall draw up and adopt the rules and regulations of public service program provision, and public program providers shall draw up and adopt rules and regulations of program provision.

(2) The following shall be governed in the rules and regulations of public service program provision and in the rules and regulations of program provision:

- a) guarantees of independence from political parties and political movements;
- b) the principles regarding the presentation of news and political programs of current issues and disputed matters in a broader perspective and in an objective and unbiased manner, and the presentation of the diversity of opinions and views;
- c) the professional requirements serving to foster culture in the native language;
- d) the guidelines for presenting the culture and life of the national and ethnic minorities living in Hungary, with due regard to the provisions of Article 26(2) of this Act;
- e) the system of the objective presentation of cultural, scientific, ideological and religious diversities;
- f) the manner of the program provision of programs to be provided with distinctive marks;
- g) provisions related to minors;
- h) advertising and the sponsoring of programs;
- i) the program provision of public service announcements;
- j) the extent and guarantees of the editorial independence and responsibility of the program makers employed by public service program providers and public program providers, the guarantees of their participation in the definition of principles with respect to making and editing programs, without prejudice to the right of citizens to the freedom of information;

k) the rules of conflicts of interest and rules of conduct applying to the staff, with special regard to those employed in political and news programs;

l) the professional requirements for program editorial activities;

m) the general responsibilities of transfrontier program provision and of the program provision referred to in Article 134(3), and the guidelines for the fulfillment thereof and for covering the proposed reception areas.

(3) The rules and regulations of public service program provision and the rules and regulations of program provision shall have facilities to prevent employees of public service program providers and public program providers from obtaining any unfair or unjust advantage by way of the orders of public service program providers and of public program providers as well as the service contracts of the external staff.

(4) The draft version of the rules and regulations of public service program provision shall be sent to the board of trustees of the public foundation for approval within nine months of the time of this Act entering into force. The board of trustees may approve the rules and regulations in agreement with the Board.

### **Article 30**

(1) Magyar Rádió (Hungarian Radio) and Magyar Televízió (Hungarian Television) shall provide public program provision services for the vast majority of the population of the country, while Duna Televízió (Duna Television) shall provide such services primarily for ethnic Hungarians living beyond the borders of the Republic of Hungary.

(2) In the case of radio program provision, service shall be construed as provided for the vast majority of the population if it can be received by eighty percent of the population in the 87.5-108.0 MHz frequency band; in the case of terrestrial transmission of television programs if available in at least ninety percent of the total reception area.

## ***CHAPTER III***

### ***NATIONAL RADIO AND TELEVISION BOARD***

#### **Title 1**

### **Legal Status and Organizational Structure of the National Radio and Television Board**

#### **Article 31**

(1) The National Radio and Television Board shall serve to preserve and promote freedom of speech by helping program providers enter the market, by breaking down any information monopolies and preventing the creation of new ones, and by protecting the independence of program providers; furthermore, it shall monitor the enforcement of the constitutional principles of freedom of the press and shall keep the Parliament informed thereof.

(2) The Board and its members are subject only to the law, and cannot be instructed within the sphere of their official capacity.

#### **Article 32**

(1) The Board is an independent legal entity under the supervision of the Parliament, which is financially managed by duly applying the legal regulations relating to the financial management of bodies governed by public law, including the maintenance of its accounts by the Hungarian State Treasury. The budget of the Board shall be approved by the Parliament in a separate Act, within the budget stipulated in Article 84(2) (3), for the debit of the funds specified in Article 77(3). The Parliamentary committee competent for budgetary matters shall submit the draft legislation to the Parliament by 31 October of the year preceding the current budget year, based on the proposition of the Board furnished by 31 August, or, failing this, based on the assessment of the expert(s) appointed by the Board. The State Audit Office shall audit the financial management of the Board.

(2) The Board shall operate on the basis of its current budget until the new budget is approved.

(3) The Parliament shall decide, by the approval of the proposed act on final accounting submitted as described in paragraph (1), on the implementation of the separate law set forth in paragraph (1), including the appendix set forth in Article 77(6). In respect of this law, the deadlines for submission shall be 31 May and 31 August of each year.

(4) The Board is seated in Budapest.

(5) The office of the Board functions as the official agency of the Board.

(6) The term of members of the Board in office shall be construed following termination as time served in employment, or in a public servant or civil servant legal relationship, in a service legal relationship, or in service with a court or a public prosecutor's office.

(7) Employers shall allow members of the Board to take unpaid leave for the entire term in office or any part thereof, as requested by the Board member affected, as of the date of the establishment of the Board. The term of such unpaid leave shall be treated as service time for the purposes of eligibility for pension benefits.

(8) If, prior to his election, a member of the Board terminated his employment, or public servant or civil servant legal relationship, service legal relationship, or service with a court or public prosecutor's office for reasons of conflict of interest in compliance with this Act, he shall be restored to his original position and service relationship on his written request submitted within thirty days of the termination of his term in office on the Board.

(9) The provisions applicable to persons in employment shall apply to the legal status of the members of the Board with respect to social insurance, where their remuneration shall qualify as income serving as the basis for the payments of social insurance and pension contributions. The payment of healthcare contributions shall be governed by Act 88 of 1996 on Healthcare Contributions. The payment and accounting of these contributions, the system of records and data disclosure shall be provided for in an agreement concluded by the Office of the National Radio and Television Board with the National Health Insurance Fund and the National Pension Insurance Fund.

(10) The employees of the office are civil servants, to whom the provisions of Act 23 of 1992 on the Legal Status of Civil Servants (hereinafter referred to as 'Ktv.')

shall apply subject to the exceptions set out in this Act. The head of the office shall be appointed by the Chairman of the Board who shall exercise the employer's rights over him. The legal status of the head of the office is the same as that of the specialised state secretary.

(11) The office may employ external experts by way of contract.

## **Title 2**

### **Election of the Board**

#### **Article 33**

(1) The Board is elected by the Parliament by more than half of the votes of its Members, for a term of four years. The Chairman and members of the Board (hereinafter jointly referred to as 'members of the Board') cannot be recalled.

(2) The Board shall be comprised of at least five persons.

(3) The Chairman of the Board shall be nominated jointly by the President of the Republic and the Prime Minister.

(4) The other members of the Board shall be nominated by the Parliament factions. Each faction may nominate one member. If there is only one faction on the governing side or the opposition side, that faction may nominate two members.

(5) Candidates may be nominated within eight days of the commencement of the proceedings opened for the election of the Board. The candidates shall be heard, without voting, by the Parliament committee competent in cultural and press matters. Any candidate who is renominated by a faction after an unsuccessful election shall not be heard again.

(6) The election shall be held within fifteen days of nomination. A new candidate shall be nominated in place of a non-elected candidate within fourteen days. A person who did not receive at least ten percent of the votes of all the MPs in the course of the previous election may not be renominated.

(7) The Board is considered established when all its members are elected. If one of the factions fails to nominate a candidate by the deadline specified in paragraph (5), the Board may be established nonetheless; if the faction exercises the right of nomination following the establishment of the Board, the Parliament shall thereupon elect a new member to the Board for the remaining term of the Board.

(8) If, following the election of the Board, a new faction is set up, the Parliament shall elect a new member to the Board on the basis of the nomination of this faction for the remaining term of the Board.

## **Title 3**

### **Conflict of Interest**

#### **Article 34**

(1) Members of the Board must be Hungarian citizens, must have a diploma of higher education and no criminal record, and at least five years of professional experience. Professional experience shall mean, in particular, activities in information service, program editing and production, program provision, telecommunications, frequency management, as well as any related technical, legal, administrative, financial, cultural, scientific and public survey activities.

(2) The following persons may not serve on the Board:



a) the President of the Republic, the Prime Minister, members of the Government, state secretaries, the Mayor of Budapest, mayors, chairmen of the county general assemblies and their deputies, MPs or their paid employees, civil servants, officers of the national or regional organizations of political parties;

b) directors and members of the management bodies and managers of program providers, program distributors, publishers and newspaper distributors, and those engaged under any form of work-related contractual relationship with program providers, program distributors, publishers and newspaper distributors;

c) program providers, program distributors, publishers and newspaper distributors and those holding a direct or indirect ownership interest in such entities;

d) members of the board of trustees of the Magyar Rádió Public Foundation, the Magyar Televízió Public Foundation and the Hungária Television Public Foundation, or the employees of these public foundations.

(3) The close relatives [Civil Code, Article 685 b)] of the persons to whom paragraph (2) a) to c) apply may not be members of the Board.

(4) Prior to their election, candidates shall make a written statement to declare of not being the subject of any conflict of interest, or, if elected, they will terminate such conflict of interest without delay.

### **Article 35**

(1) The members of the Board:

a) may not be engaged in any form of employment with any program provider, program distributor, publisher of weekly or daily newspapers, or any newspaper distributor under a contract of employment or otherwise;

b) may not be the owners (members, shareholders, members of the board of directors or the supervisory board, managing directors or auditors) of the organizations listed in point a), including the members of the managing organization of the foundation.

(2) The close relatives [Civil Code, Article 685 b)] of the members of the Board may not be the owners (members, shareholders), members of the board of trustees, board of directors or supervisory board, managers or auditors of the organizations listed in paragraph (1) a).

(3) The provisions on conflicts of interest as defined in paragraphs (1) and (2) shall continue to apply in the six-month period following the termination of Board membership.

(4) Members of the Board and close relatives [Civil Code, Article 685 b)] of the members of the Board may not enter into any work-related contractual relationship, respectively, during the whole term of the program provision right or during the first half of the term of the program provision right with a program provider that received the program provision right during their term in office. In respect of a registration as program distributor, these time limits shall be four years for members of the Board and two years for close relatives, from the termination of Board membership.

(5) The members of the Board may not pursue political activities and may not make political statements on behalf of a party.

(6) Members of the Board may not perform any gainful activities other than scientific, teaching, literary, artistic and other activities falling under copyright protection, and may not accept remuneration from program providers for their scientific, teaching, literary, artistic and other activities falling under copyright protection.

## **Title 4**

### **Obligations of the Members of the Board**

#### **Article 36**

(1) Members of the Board shall keep the state secrets, service and business secrets they may obtain in their official capacity strictly confidential.

(2) Upon entering office, members of the Board shall take an oath before the Speaker of the Parliament, the text of which is contained in the Annex to this Act.

(3) Upon entering office and upon termination of membership, members of the Board shall file declaration of personal wealth. These declarations of personal wealth shall be kept by the Speaker of the Parliament.

## **Title 5**

### **Termination of Board Membership**

#### **Article 37**

(1) Board membership shall terminate upon:

a) expiry of the term of the Board;

- b) resignation;
- c) any conflict of interest;
- d) dismissal;
- e) expulsion;
- f) loss of the mandate;
- g) death;
- h) termination of the nominating faction;
- i) termination of the mandate of the Board [Article 45(1)c)].

(2) The termination of membership of any members of the Board shall be established and announced by the Chairman of the Board in the cases listed under paragraph (1)b) and f) to i), or by the plenary meeting of the Board in the cases referred to in paragraph (1)c), d), e). Termination of the mandate of the Chairman of the Board, with the exception set out in paragraph (3), shall be declared jointly by the President of the Republic and the Prime Minister.

(3) If any conflict of interest arises in respect of a member or the Chairman of the Board, and the conflict of interest is not eliminated within ten days of the time of the meeting establishing the conflict of interest, the plenary meeting of the Board shall adopt a decision to terminate the Board membership of the member in question or the Chairman. The member or the Chairman of the Board may not exercise his vested powers as of the date of the adoption of the decision establishing the conflict of interest.

(4) Membership shall be terminated by way of dismissal of any member of the Board who is unable to fulfill his vested responsibilities for three consecutive months or more for reasons beyond his control.

(5) Membership shall be terminated by way of expulsion of any member of the Board who:

- a) fails to fulfill his vested responsibilities for three consecutive months or more for reasons within his control;
- b) is found guilty by a final verdict delivering a term of imprisonment.

(6) The investigating authority shall notify the Board of any criminal proceedings instituted against any member or the Chairman of the Board. The member in question or the Chairman may be suspended by the plenary meeting of the Board subject to a majority of votes or two-thirds of the votes, respectively, from exercising their vested competence, until the final verdict on the criminal act is passed.

(7) If the right of a faction to nominate two Board members ceases, the faction shall have fifteen days to decide which of the members who were elected at the same time they wish to keep in office. In the event of the faction's failure to make such statement, the membership of the members elected at the same time shall be terminated simultaneously, and the right of the faction to post a nomination shall be restored. If the two members were not elected simultaneously, the membership of the one who was elected later shall be terminated.

(8) In the decision-making process of the Board concerning any conflict of interest, dismissal or expulsion, the member affected may not take part in the voting, and the unanimous decision of those entitled to vote is required to resolve such matters. If a unanimous decision is not reached in the case of a repeated voting procedure concerning the issues mentioned above, the Chairman of the Board shall propose to transfer the case to the Parliament to make the decision. In this case, the Parliament shall adopt a decision on the conflict of interest, dismissal or expulsion with a two-third majority of votes of the MPs attending.

(9) In the case that the Chairman of the Board is affected the member designated in the rules of procedures shall substitute the Chairman in the proceedings defined in paragraphs (3), (6) and (8).

### **Article 38**

(1) In the case of the termination of the membership of any member of the Board the nomination procedure shall be launched within eight days. The new candidate may be nominated by the faction that had originally nominated a candidate for the vacated spot.

(2) The new member shall remain in office for the period remaining of the term of the Board.

## **Title 6**

### **Remuneration of Members of the Board**

#### **Article 39**

(1) The Chairman and Members of the Board shall be entitled to the same remuneration and benefits as the salary and benefits of ministers and of state secretaries, respectively. The Chairman and Members of the Board are each entitled to forty days of leave in a calendar year.

(2) Following the expiry of the term of members and the Chairman of the Board, unless re-elected, they shall be entitled to an amount of pay corresponding to their monthly remuneration for an additional period of six months.

(3) Any member of the Board, if released from his responsibilities for health reasons, shall be entitled to severance pay corresponding to six months' remuneration, or remuneration for the number of months spent in office if less than six.

(4) If dismissed for reasons of conflict of interest or in the case of expulsion, the member or Chairman is not entitled to severance pay.

## **Title 7**

### **Operation of the Board**

#### **Article 40**

(1) The Board shall define its rules of procedures itself, which shall be published in the Magyar Közlöny (Official Gazette).

(2) The rules of procedures shall govern the matters related to the activities of the Members and the Chairman which are not regulated in this Act.

(3) If the Chairman of the Board is unable to attend the meeting of the Board, the responsibilities of the Chairman shall be fulfilled by the members of the Board in the sequence defined in the rules of procedures. The member substituting the Chairman may take part in voting procedures.

## **Title 8**

### **Responsibilities of the Board**

#### **Article 41**

(1) The Board shall be vested with the following responsibilities:

a) invite tenders and evaluate the tenders submitted in connection with program provision rights and the satellite channels provided for the purpose of program provision and controlled by the Government;

b) carry out the supervisory and oversight responsibilities defined in this Act;

c) operate a Complaint Committee for the investigation of cases reported;

d) operate a program monitoring and analyzing service and shall deliver the reports and findings of investigations to the Magyar Rádió Public Foundation, the Magyar Televízió Public Foundation, Hungária Television Public Foundation, and the Hungarian News Agency, as well as to the public service program providers, on an ongoing basis and free of charge. The Public Foundations and the Hungarian News Agency may make recommendations concerning the principles for investigations;

e) review the drafts of any legislation relating to frequency management and telecommunications;

f) nominate members in the number defined in specific other legislation to the National Council for Communications and Information Technology;

g) fulfill the responsibilities related to program provision contracts;

h) maintain a public register of the program providers being parties to program provision contracts, and of the program providers, transmission operators and program transmitters who are registered by application;

i) control compliance with the program provision contracts on a regular basis;

j) draw up opinions and proposals in connection with the theoretical issues concerning the development and improvement of the Hungarian program provision system, including the multi-channel cable systems and the connections with the audio-visual sector, and shall partake in the preparations for the making of decisions in this area;

k) initiate the proceedings related to the protection of consumers and to the prohibition of unfair market practices;

l) supply the information necessary for the planning of the central budget and for controlling the implementation thereof;

m) establish the rate(s) of the program distribution and satellite transmission fees, and shall publish these rates;

n) report to the European Commission concerning the fulfillment of the requirements specified under Article 7(1) to (3);

o) carry out its other responsibilities conferred in this Act and in other legal regulation adopted under authorization granted in this Act.

(2) The Board shall discharge the responsibility specified in paragraph (1)i) through the reception and recording of the broadcast or through the investigation of the broadcast recorded by the program provider, and, if so requested, by the authorities.

#### **Article 42**

(1) The Board shall formulate its concept of frequency management affecting program provision in due observation of the needs of non-profit-oriented program provision services.

(2) The Board shall publish its concept relating to the management of the available frequencies affecting program provision in the Művelődési Közlöny (Official Gazette of Education and Learning).

## **Title 9**

### **Report of the Board**

#### **Article 43**

(1) The Board shall report to the Parliament concerning the previous year's activities by March 1 of each year. The report shall contain an evaluation of the following subjects in particular:

- a) the status of freedom of opinion and the dissemination of information in terms of balance;
- b) any changes in the respective ownership structures of program providers, and of the daily newspapers, weeklies, newspaper distributors and program program providers connected thereto as defined in Chapter VIII of this Act;
- c) the situation of frequency management serving to satisfy the needs of program provision;
- d) the economic situation of program provision and the development of the financial conditions thereof; and it shall propose amendments to this Act where deemed necessary.

(2) The report shall be published in the Művelődési Közlöny (Official Gazette of Education and Learning).

## **Title 10**

### **Provisions Governing the Decision-Making Process**

#### **Article 44**

(1) In the cases defined in Articles 45 and 46, the chairman shall not vote.

(2) The weight of the chairman's vote shall correspond to the value of the following fraction:

- a) if the numbers of the members nominated by the governing and opposition factions are equal, the numerator of the fraction is one, and its denominator is the total number of the members plus one;
- b) if the numbers of the members nominated by the governing and opposition factions are not equal, the numerator of the fraction is one, while its denominator is twice the number of Board members nominated in a higher number by the governing or opposition factions plus one.

(3) The weight of the votes of the Board members shall be calculated as follows:

- a) if the chairman is allowed to participate in the voting, the weight of the chairman's vote shall be deducted from the total votes, and fifty percent of the votes so determined shall be divided equally among the members nominated by the governing faction, while the other fifty percent shall be divided equally among the members nominated by the opposition faction;
- b) if the chairman is not allowed to take part in the voting, fifty percent of the votes shall be divided equally among the members nominated by the governing faction, while the other fifty percent shall be divided equally among the members nominated by the opposition faction.

(4) The Board shall adopt its decisions with a simple majority vote, based upon the votes calculated in accordance with paragraphs (2) and (3), with the exceptions laid down in Articles 45 and 46.

#### **Article 45**

(1) The tenders invited in connection with national radio and television program provision rights shall be evaluated as follows:

- a) in the first round of voting, the chairman of the Board is not entitled to vote. The decision shall be adopted subject to a two-thirds majority of those entitled to vote;
- b) if no decision was reached in the first round, the Board shall hold a new vote between three to eight days subsequently. In this round, the chairman, too, has the right to vote. The decision shall be adopted subject to a two-thirds majority of those entitled to vote;
- c) if the voting defined in point b) also fails, the mandate Board shall be terminated with the chairman remaining in office. Within thirty days of the termination of the mandate of the Board, the Parliament shall elect new Board members in accordance with the order of nomination and election described in Article 33, with the exception that in this round the members of the previous Board may not be nominated.

(2) The Board elected according to paragraph (1)c) shall, without publishing a new tender notice, decide upon the tenders submitted as follows:

a) in the first round, the chairman, too, has the right to vote. The decision shall be adopted subject to a two-thirds majority of those entitled to vote;

b) if no decision was reached in the first round, the Board shall hold a new vote between three to eight days subsequently. In this round too, the chairman has the right to vote. The decision shall be adopted subject to simple majority of those entitled to vote. If no decision is adopted in this round, a new tender notice shall be published within sixty days.

#### **Article 46**

(1) The general tender conditions and the national and regional program provision tender invitations shall be defined as follows, and the tenders invited in respect of the regional radio and television program provision rights shall be evaluated as follows:

a) in the first round of voting, the chairman of the Board is not entitled to vote. The decision shall be adopted subject to a two-thirds majority of those entitled to vote;

b) if no decision was reached in the first round, the Board shall hold a new vote between three to eight days subsequently. In this round, the chairman, too, has the right to vote. The decision shall be adopted subject to a two-thirds majority of those entitled to vote;

c) if no decision was reached in the second round of the voting in respect of the general tender conditions or the tender notices, the Board shall hold a new vote between thirty to sixty days subsequently. The chairman has the right to vote in this round as well. The decision shall be adopted subject to a simple majority of those entitled to vote;

d) if, in the course of the evaluation of tenders invited in connection with regional radio and television program provision rights, no decision was reached in the second round of voting, a new tender shall be invited within sixty days.

(2) The tenders invited in connection with local radio and television program provision rights shall be evaluated as follows:

a) the chairman of the Board is entitled to vote in the first round. The decision shall be adopted subject to a two-thirds majority of those entitled to vote;

b) if no decision was reached in the first round, the Board shall hold a new vote between three to eight days subsequently. In this round too, the chairman has the right to vote. The decision shall be adopted subject to a simple majority of those entitled to vote.

(3) If no decision was reached in the course of the evaluation of tenders, a new tender shall be invited within sixty days.

## **Title 11**

### **Complaint Committee**

#### **Article 47**

(1) Complaints lodged for any violation of the requirement of providing balanced information (Article 4) shall be heard by the Complaint Committee of the Board (hereinafter referred to as 'Complaint Committee'). Members of the Complaint Committee shall be appointed by the Board for a term of five years.

(2) Members of the Complaint Committee shall be independent. They shall be bound only by the law and shall not be bound by any instructions in their official capacity.

(3) The following may not be members of the Complaint Committee: Members of the Board, the boards of trustees of the Magyar Rádió Public Foundation, the Magyar Televízió Public Foundation and Hungária Television Public Foundation, and any person who would not be eligible for Board membership. The detailed regulation for the appointment of the members of the Complaint Committee is contained in the Board's rules of procedures.

(4) Members of the Complaint Committee shall forthwith report any conflict of interest to the chairman of the Board. The investigating authority shall notify the Board of any criminal proceedings instituted against any member or the Complaint Committee. The member in question may be suspended from exercising his powers.

(5) The Board shall terminate the appointment of any member of the Complaint Committee in the case of a conflict of interest, and if a court sentenced the member of the Complaint Committee to imprisonment by final verdict for an intentional criminal act.

#### **Article 48**

(1) Each case of complaint shall be heard by a panel of three. The panel shall include a member with a law degree.

(2) The rules of procedures of the Complaint Committee and the rules of procedures of the panels proceeding in the individual cases, including the rules relating to the exclusion of a member of the Complaint Committee on the grounds of bias, shall be established by the Board in due observation of the principles of the equal treatment, publicity and impartiality.

(3)

(4) The official duties related to the operation of the Complaint Committee shall be discharged by the office of the Board.

(5) The Board shall discuss and evaluate the findings of the Complaint Committee at least twice a year.

#### **Article 49**

(1) If a program provider is found biased in providing information on social issues affecting the population of a reception area, in particular, if it offers the opportunity for presenting or expressing a single or a prejudiced opinion on any controversial issue, or if it grossly violates the requirement of providing objective information in any other way, the advocate of the opinion not expressed or the injured party (hereinafter referred to as 'objector') may lodge an objection with the program provider.

(2) The objector may request the program provider in writing to disseminate its position under circumstances similar to those of the presentation of the protested communication within forty-eight hours of the program provision of the protested communication, or, in the case of multiple program provisions, of the last transmission; in the case of a person residing (staying, operating) outside the borders of the Republic of Hungary, within eight days. The objector may not exercise his right of protest if another advocate of the same position has already been given a chance to present the opinion that was not presented earlier, or if the objector has been given this opportunity but has failed to take advantage thereof.

(3) The program provider shall decide whether to accept or reject the objection within forty-eight hours following the receipt. The objector shall be informed of the decision without delay. The objector may submit a written complaint, identifying precisely the program in question and the program provider, to the Complaint Committee within forty-eight hours following the communication of the decision, or, in the absence of such a communication, within six days following the protested or injurious broadcast; in the case of foreigners, within twelve days. A complaint may be submitted to the Complaint Committee also if the program provider fails to comply with the contents of the objection in spite of a statement of acceptance. In this case, the complaint shall be submitted to the Complaint Committee within forty-eight hours following the expiry of the deadline specified for compliance with the objection.

(4) The Complaint Committee shall, within fifteen days of the submission of the complaint, make its opinion known concerning the issues presented by the objector.

(5) At the request of the Complaint Committee the program provider shall, without delay, make the recordings of the disputed program available for the Complaint Committee, and shall provide the Complaint Committee with the information required in connection with the matter.

(6) The Complaint Committee may hear the program provider and the objector and shall be able to form an opinion irrespective of either party's absence from the hearing.

#### **Article 50**

(1) The Complaint Committee shall reject unsubstantiated complaints and complaints submitted not in conformity with the conditions set out in this Act.

(2) If, based upon the findings of the Complaint Committee, the program provider has violated the requirement of the impartial provision of information, the program provider shall relay the opinion of Complaint Committee, without any commentary, without any alteration on the date and in the manner prescribed by the Complaint Committee, or shall enable the objector to present his views.

(3) In the case of more serious or repeated violations of the requirement of providing impartial information, the Complaint Committee may suggest to the Board to impose a fine.

#### **Article 51**

(1) Request for remedy against the opinion of the Complaint Committee may be submitted to the Board within forty-eight hours following the disclosure of the opinion. Any request lodged by the program provider for remedy shall have a suspensory effect.

(2) The Board shall deliver a decision concerning any request for remedy within eight days. In the event that the Board's decision is for the objector, or that the Board rejects the program provider's request, the opinion of the Complaint Committee shall be implemented without delay.

(3) A court may be requested to review the decision of the Board. The court shall proceed in accordance with the provisions of Chapter XX of Act 3 of 1952 on the Code of Civil Procedure, as amended (hereinafter referred to as "Pp."). The court may overturn the decision of the Board.

(4) In addition to presenting an objection that is found substantiated in the program of the program provider, the final decision incriminating the program provider shall be published in the Művelődési Közlöny (Official Gazette of Education and Learning).

## **Title 12**

### **Relationship of the Board and the National Communications Authority**

#### **Article 52**

(1) In the interest of the preparation of program provision tenders, the Board shall request the National Communications Authority, via the Minister responsible for communications, to draw up the list of program provision possibilities and the related frequency plans.

(2) If the National Communications Authority is unable to satisfy the request by the time indicated by the Board, the Minister responsible for Communications may allow for the extension of the deadline.

(3) The Board shall define the following in the request mentioned in paragraph (1):

a) the theoretical considerations necessary for frequency planning for free-to-air broadcasting purposes, in particular, in respect of the purpose of frequency use;

b) the preferences to be applied in frequency planning for free-to-air broadcasting purposes;

c) the schedule and guidelines of frequency planning for free-to-air broadcasting purposes.

(4) The frequency plan prepared by the National Communications Authority shall contain the following:

a) nominal business establishments of the free-to-air broadcasters, in the case of terrestrial transmission, and the other technical requirements of installation;

b) the proposed reception area that may be supplied by the transmitters;

c) the frequency band identified by the signals defined in the International Radio Rules.

(5) The Board may return the frequency plan for amendment.

(6) The Board shall post the frequency plan for public display for a period of at least fifteen days prior to approval. The Board shall publish a notice concerning the posting and its location in at least two national daily newspapers at least two weeks prior to the initial date of posting; in this notice the Board shall identify the place and time of the public hearing to be held in ten days following the closing of the public display, at the earliest. Article 94 shall apply to the public hearing.

(7) The frequency plans and the theoretical considerations for planning are public information, available to anybody with the National Communications Authority.

## **Title 13**

### **Cooperation with the European Commission**

#### **Article 52/A**

The Board may provisionally suspend transmissions and distribution of the broadcasts specified under Article 1/A(5) if the following conditions in points a) to d) are fulfilled:

a) a broadcast, or any component thereof, falling under the Category specified in Article 5/B(5) or under the Category specified in Article 5/B(4), if the latter is not broadcast in compliance with Article 5/C(3), or if the program, or any component thereof, infringes Article 3(2) or (3);

b) during the previous 12 months, the program provider has infringed point a) on at least two prior occasions;

c) the Board has notified the program provider and the European Commission in writing of the alleged infringements and of the measures it plans to take should any such infringement occur again;

d) consultations with the Member State of the European Union having jurisdiction over the program provider and with the European Commission have not produced an amicable settlement within 15 days of the notification provided for in point c), and the alleged infringement persists.

## **CHAPTER IV**

### **PUBLIC SERVICE PROGRAM PROVIDERS**

#### **Title 1**

#### **Public Foundations**

#### **Article 53**

(1) In accordance with Articles 140 and 141, the Parliament shall establish the Magyar Rádió Public Foundation and the Magyar Televízió Public Foundation, and, at the initiative of its founder, reorganize Hungária Television Public Foundation (hereinafter jointly referred to as 'public foundations') with a view to providing for public service program provision and the protection of its independence.

(2) This Act shall not affect the name, purpose and assets of Hungária Television Public Foundation.

(3) The charter documents of the public foundations (the amendment to the charter document of Hungária Television Public Foundation) shall be approved by the Parliament subject to a two-thirds majority of the MPs present. The issues of the operation and organizational structure of public foundations not regulated in this Act shall be governed in the charter document.

(4) In the absence of any provision of this Act to the contrary, the general rules relating to public foundations shall apply to the above-specified public foundations.

#### **Article 54**

(1) The starting capital of the public foundation shall be established by the Parliament in the charter document.

(2) The founder shall, through supplementary asset allocation, transfer the following assets as earmarked assets:

a) the state-owned movable and immovable property and rights of Magyar Rádió (Hungarian Radio), a publicly financed body, to the Hungarian Radio Public Foundation;

b) the state-owned movable and immovable property and rights of Magyar Televízió (Hungarian Television), a publicly financed body, to the Magyar Televízió Public Foundation;

c) the state-owned movable and immovable property used jointly by Magyar Rádió and Magyar Televízió, bodies funded by the central budget, following the division of property or, as is defined in the charter documents of the companies, to the Magyar Rádió Public Foundation and/or the Magyar Televízió Public Foundation.

### **Boards of Trustees**

#### **Article 55**

(1) The managing organizations of public foundations are the boards of trustees.

(2) The boards of trustees shall be comprised of the members elected by the Parliament and of members delegated by the organizations defined in this Act.

(3) The members elected by the Parliament shall form the bureau of the board of trustees.

(4) The Parliament shall elect at least eight members to each of the three boards of trustees, voting separately for each one, requiring the votes of more than one half of the MPs.

(5) One half of the members who may be elected by the Parliament to the board of trustees shall be nominated by the governing faction and the other half by the opposition faction; at least one candidate of each faction shall be elected.

(6) Nominations for candidates shall be made within eight days of the opening date of the election procedure. The election shall be held within fifteen days of the nomination of candidates.

(7) In the event of any faction's failure to make a nomination, another (the other) faction(s) of the given side may nominate four persons each. A new candidate shall be nominated in place of a candidate not elected, and the new election shall be held within fifteen days. A person who did not receive at least ten percent of the votes of all the MPs in the previous round of election may not be renominated.

(8) The bureau of the board of trustees comes to existence when all members are elected. However, if either the governing faction or the opposition faction fails to nominate a candidate, the bureau of the board of trustees may be established nonetheless.

(9) The bureau of the board of trustees is elected for a term of four years.

If, during the term of the bureau, there is a change in respect of the governing and opposition factions, this shall not affect the term of the members of the bureau, however, a new member or members shall be elected on the basis of new nomination(s) for the remaining term of the bureau if it is necessary with a view to maintaining equal ratios. If the factions of the given side are unable to come to an agreement in nominating a joint candidate (candidates), the nomination shall be decided by drawing.

(10) The president of the board of trustees, and also of the bureau, shall be elected by the Parliament from among the members of the bureau on the basis of the nomination of the governing faction(s), while the vice president shall be elected by the Parliament from among the members of the bureau on the basis of the nomination of the opposition faction(s).

(11) If the factions are unable to come to an agreement concerning the nomination of the president and the vice president, the nomination shall be decided by drawing.



## Article 56

(1) The following organizations shall delegate a total of twenty-one members to each of the board of trustees of the Magyar Rádió Public Foundation and to the board of trustees of the Magyar Televízió Public Foundation:

- a) the national self-governments of the national and ethnic minorities living in Hungary, or failing these their national federations, one person;
- b) the Hungarian Catholic Church, the Reformed Church in Hungary, the Evangelical-Lutheran Church in Hungary and the Association of the Hungarian Jewish Religious Communities, one person;
- c) the churches other than those mentioned in point b), one person;
- d) the national human rights organizations, one person;
- e) the national associations of professionals operating in the areas of literature, theatre, film, performing arts, music, dance, fine arts and crafts and in other areas of culture, four persons;
- f) the national associations of professionals operating in the areas of education and science, two persons;
- g) the national federations of trade unions, one person;
- h) the national trade organizations of interest representation of employers and entrepreneurs, one person;
- i) the national trade organizations of interest representation of journalists, one person;
- j) the national organizations of environmental protection, nature preservation and animal protection, one person;
- k) the national organizations of interest representation of women, one person;
- l) the national organizations of interest representation of children and youth, one person;
- m) the national organizations of interest representation of pensioners, one person;
- n) the national organizations of interest representation of the disadvantaged due to their physical handicap, one person;
- o) the national organizations of interest representation of sports, one person;
- p) the national organizations of interest representation of the local governments of communities, one person;
- r) organizations of ethnic Hungarians living in minority status, one person.

(2) The following organizations shall delegate a total of twenty-three members to the board of trustees of Hungária Television Public Foundation:

- a) the national self-governments of the national and ethnic minorities living in Hungary, or failing these their national federations, one person;
- b) the Hungarian Catholic Church, the Reformed Church in Hungary, the Evangelical-Lutheran Church in Hungary and the Association of the Hungarian Jewish Religious Communities, one person;
- c) the churches other than those mentioned in point b), one person;
- d) the national human rights organizations, one person;
- e) the national associations of professionals operating in the areas of literature, theatre, film, performing arts, music, dance, fine arts and crafts and in other areas of culture, three persons;
- f) the national associations of professionals operating in the areas of education and science, two persons;
- g) the national trade organizations of interest representation of journalists, one person;
- h) the national organizations of environmental protection, nature preservation and animal protection, one person;
- i) the national organizations of interest representation of women, one person;
- j) the national organizations of interest representation of children and youth, one person;
- k) the national organizations of interest representation of the disadvantaged due to their physical handicap, one person;
- l) the national organizations of interest representation of sports, one person;
- m) the representatives of organizations of ethnic Hungarians in the neighboring countries, seven persons; the body entitled to represent the Hungarians scattered around the world in the World Federation of Hungarians, one person.

(3) The bodies referred to in paragraph (1)r) and paragraph (2)m) shall be notified by the Board on the recommendation of the Government Office for Hungarian Minorities.

## Article 57

(1) With the exception of the organizations mentioned in Article 56(3), the ones registered by the Board are entitled to delegate members.

(2) The Board shall publish the notice concerning registration in the Magyar Közlöny (Official Gazette) by 31 January of each year. Applications for registration may be submitted by 15 March of each year.

(3) From among the applicants the Board shall register the organizations which had been registered by the court (authorities) in accordance with the applicable regulations at least two years before the publication of the notice inviting applications. The applicant shall specify the group defined in Article 56 to which it belongs.

(4) Members of the board of trustees are delegated for a term of one year.

(5) The organizations falling into the same group according to Article 56 and registered by the Board are entitled to delegate representatives annually to the board of trustees. If the participants cannot fully agree upon the delegation, the decision shall be adopted by way of public drawing. The drawing shall be performed by the Board in front of a notary public, by April 1 of each year, simultaneously for all three boards of trustees. Those organizations whose representatives are present may participate in the drawing. The agreement or drawing concerning delegation shall be for one year.

(6) By way of drawing one organization may delegate a representative to only one board of trustees at any given time. If the organization is entitled to nominate more than one delegate, it shall specify the board of trustees to which it wishes to delegate a member. In respect of the other board(s) of trustees the drawing shall be repeated.

(7) If an organization has already exercised its right of delegation and there are other organizations in the same group that have not yet delegated a member, this organization may not take part in the agreement or in the drawing within three years of the expiry of its term on the board of trustees.

#### **Article 58**

(1) The provisions pertaining to conflicts of interest defined in Article 34(2), with the exception of its point d), and in Article 35(1) shall apply to the members and chairmen of the boards of trustees. The close relatives [Civil Code, Article 685b)] of the chairman and the members of the bureau may not be employed by the public service program provider concerned in an executive position.

(2) Members of the boards of trustees may not establish a work-related contractual relationship with the public service program provider on the board of trustees of which they were members, within one year of the termination of their membership, or within two years with respect to the chairman and the members of the bureau.

(3) The mandate of the board of trustees may be withdrawn prior to the expiry thereof by the Parliament upon the recommendation of the competent parliamentary committee on the basis of the provisions defined in Article 74/C(6) of the Civil Code. The decision for the dismissal of any member or the chairman (deputy chairman) of the board of trustees for reasons of conflicts of interest or for the reasons set out in Article 37(4)-(5) of this Act shall be adopted by the Parliament; in respect of the delegates of the organizations the decision shall be taken by the delegating organization. The decision of the Parliament is subject to a two-thirds majority of the MPs present.

(4) The members (chairman) of the board of trustees may not be employed by a public foundation and they are subject to the provisions of Article 35(5). They may not accept any valuable consideration under any title from the public service program provider they are liable to supervise.

### ***Powers and Responsibilities of the Board of Trustees and the Bureau***

#### **Article 59**

(1) Powers of the board of trustees:

a) in respect of the public service program provision companies exercising the rights conferred upon the general meeting under Act VI of 1988 on Companies (hereinafter referred to as 'Gt.'), subject to the exceptions set out in this Act;

b) approval of the annual plan for financial management of the public foundation and establishing its balance sheet;

c) making recommendations to the Board in the interest of increasing the revenues from usage charges;

d)

e) that which is delegated by the charter document of the public foundation, in accordance with this Act, to its competence.

(2) The bureau shall manage the assets of the public foundation in the capacity of the manager of the public foundation.

### **Financial Management of Public Foundation**

#### **Article 60**

(1) The revenues of the public foundation shall comprise the following:

a) the proportion of the revenues from usage charges specified in this Act;

b) the proportion of the revenues from program provision fees specified in this Act;

c) the proceeds from the assets of the public foundation;

d) other receipts serving the purposes of foundations (subsidies and target subsidies from the central budget, payments made to the foundation).

(2) The following comprise the expenditures of the public foundation:

- a) contributions to the operating and development expenses of the public service program provider;
  - b) the public foundation's own expenses (expenditures).
- (3) Public foundations may not engage in any business operations, may not found any entity or public-benefit organization, may not acquire shares in other existing entities, and are not entitled to establish foundations.
- (4) Public foundations shall cover their operating expenses from their share of the usage charges and shall allocate any unused sums for supporting public service program providers.
- (5) The financial management of public foundations shall be controlled by the State Audit Office.

## **Operation of the Board of Trustees and the Bureau**

### **Article 61**

(1) The board of trustees shall meet at least quarterly and the bureau shall meet at least monthly, or they shall meet as often as they deem necessary to discharge their respective responsibilities. The meeting shall be convened by the chairman of the board of trustees (bureau) also when the subject falls within the competence of the general meeting. The general manager of the public service program provider shall be invited for these items on the agenda. The chairman is required to call an extraordinary meeting of the board of trustees (bureau) when so requested by the majority of the members of the board of trustees (bureau) presented together with the agenda within eight days. In the event of non-compliance, the members lodging the request shall be entitled to convene the extraordinary meeting jointly.

(2) Members of the board of trustees (including the members of the bureau, the chairman and the deputy chairman) shall have equal voting rights.

(3) The meeting has a quorum if more than half of the members and the chairman or the deputy chairman are present. The majority vote of those present is necessary for adopting decisions. However, a two-thirds vote of the members attending the meeting of the board of trustees is required for the election of the general manager of the public service program provider and for the one-time extension of his term in office [Article 66(1)b)].

(4) By way of derogation from the provisions of paragraph (3), decisions for the dismissal of the general manager or for the prohibition of the appointment or the withdrawal of the appointment of the deputy general manager [Article 66(1)c)] must be supported by two-thirds of all the members, as well as the matters defined in Article 66(2)b) at bureau meetings. Dismissal of the general manager shall be supported by more than one half of all members of the board of trustees [Article 66(1)d)].

(5) The chairman shall draw up the agenda of the meeting and shall also preside over the meeting. Any member may make a proposal as to the items on the agenda in writing, in advance, and the meeting shall decide whether or not to accept them.

(6) If the bureau is unable to make a recommendation concerning the person of the general manager of the program provider under Article 66(2)b) with the two-thirds majority of all the members, and if fails to obtain the same percentage of support for inviting new applications within thirty days of the deadline for submitting applications, its appointment shall terminate. The Parliament shall elect a new bureau within one month where the members of the previous bureau may not be nominated.

(7) The administrative, management and procedural responsibilities of the board of trustees shall be fulfilled by the secretariat. Other provisions concerning the organizational structure and operation of the secretariat of the board of trustees shall be laid down in the charter document.

## **Supervisory Organizations of the Public Foundation**

### **Article 62**

(1) The activities of the board of trustees of the public foundation are controlled by the supervisory body.

(2) The supervisory body shall be comprised of a chairman and two members.

(3) The chairman and one member of the supervisory body shall be nominated by the opposition factions of the Parliament, while the other member shall be nominated by the governing faction in accordance with the provisions applicable to the bureau of the board of trustees, with the exception that MPs may also be nominated. They shall be elected according to the provisions applicable to the members of the bureau of the board of trustees.

(4) The supervisory body may request the board of trustees to provide information and may have access to documents. It may not adopt decisions binding on the board of trustees. In the case of any unlawful decision of the board of trustees, discrepancies related to the financial management of the public foundation, and decisions violating or endangering the implementation of the objectives of the foundation, the supervisory body shall inform the Speaker of the Parliament and/or the State Audit Office. The annual report of the board of trustees shall be presented to the Parliament together with the assessment of the supervisory body.

## **Remuneration of the Members of the Board of Trustees and the Supervisory Body**

### **Article 63**

Members of the bureau are entitled to a remuneration corresponding to one hundred and forty percent of the basic remuneration of MPs, the chairman is entitled to a remuneration corresponding to two hundred percent of the above basic remuneration, the deputy chairman is entitled to a remuneration corresponding to one hundred and eighty percent of the basic remuneration, the members of the supervisory body are entitled to seventy percent of the basic remuneration, while the chairman of the supervisory body is entitled to an amount corresponding to one hundred percent of the said basic remuneration, plus expenses. Other members of the board of trustees shall also be reimbursed for their expenses.

## **Title 2**

### **Magyar Rádió Részvénytársaság, Magyar Televízió Részvénytársaság and Duna Televízió Részvénytársaság**

### **Article 64**

(1) With a view to discharging the responsibilities of the national public service radio and television, the Magyar Rádió Public Foundation and the Magyar Televízió Public Foundation shall establish the Magyar Rádió Részvénytársaság (hereinafter referred to as 'MR Rt.')

(2) Magyar Rádió (Hungarian Radio) and Magyar Televízió (Hungarian Television) shall operate as a single member private limited company formed by the Magyar Rádió Public Foundation and the Magyar Televízió Public Foundation following the procedures specified in Articles 141 to 143 of this Act, as of the date defined therein.

(3) The provisions of the Gt. applicable to private limited companies shall duly apply to MR Rt., MTV Rt. and Duna TV Rt. (hereinafter jointly referred to as 'companies'), subject to the exceptions set out in this Act, including the common provisions of entities as well.

(4) The companies shall each have a share that is non-negotiable.

### **Article 65**

Public foundations shall exercise the founder's and shareholder's rights defined in Articles 288 to 300 of Gt. in respect of the companies. However, they are not entitled:

- a) to change the basic scope of activities of the companies;
- b) to terminate, merge, demerge or transform the companies into another organizational form;
- c) to disappropriate assets or profits (dividends) from the companies;
- d) to define the program structure, and the contents of the broadcasts and programs of the companies;
- e) to give the general manager of the company instructions in respect of the employer's rights conferred upon him;
- f) to adopt a decision in any matter that is conferred under the competence of another organization or the general manager of the company by this Act.

## **Competence of the General Meeting**

### **Article 66**

(1) The following shall fall within the competence of the board of trustees:

- a) establish and amend the charter document of the public service program provider as a private limited company, and publish it in the Magyar Közlöny (Official Gazette);
- b) elect the general manager of the company, and to renew his appointment once;
- c) recall the general manager of the company, prohibit the appointment or the withdrawal of the appointment of the deputy general manager - at the meeting of the board of trustees following the action taken by the general manager of the company;
- d) propose the recall of the general manager of the company;
- e) protect the independence of the company;
- f) approve the rules and regulations of public service program provision and publish it in the Művelődési Közlöny (Official Gazette of Education and Learning), enforce the requirements it contains and evaluate compliance annually;
- g) approve the rules for archiving procedures;
- h) evaluate the objectives contained in the application of the general manager of the company annually;

- i) increase and reduce the initial capital;
  - j) approve the principles and key accounts of the annual financial management and financial plan;
  - k) approve the annual transmission time and authorize any amendment thereof;
  - l) define the amounts of money to be used for new motion picture works produced in Hungary to be used in program provision, with due respect to the ratio of those made externally;
  - m) approve the balance sheet and the profit and loss account;
  - n) elect and recall the members of the supervisory boards of the companies, with regard to the provisions of Article 13 of the Gt.;
  - o) elect the auditor and terminate his appointment.
- (2) The bureau of the board of trustees shall be vested with the following exclusive powers and responsibilities:
- a) invite applications publicly in respect of the office of the general manager of the company, evaluate the applications received, establish the remuneration of the general manager;
  - b) make proposals concerning the election of the general manager, or invite new applications, make proposals concerning the recall of the general manager and for the one-time extension of his term in office without inviting applications;
  - c) control the financial management of the company;
  - da) grant prior authorization for negotiating contracts of more than one billion forints or for ten percent of the proposed annual turnover;
  - db) grant prior approval for borrowing and for contracts of more than three hundred million forints, or three percent of the proposed annual turnover;
  - dc) authorize the alienation of immovable property, and the alienation of rights valued at over one hundred million forints;
  - e) make proposals concerning the election and recall of the members of the supervisory board, establish their remuneration;
  - f) make proposals concerning the appointment of the auditor and the termination of his appointment, establish his remuneration;
  - g) monitor the enforcement of the rules and regulations of public service program provision, make preparations for the annual evaluation of the board of trustees;
  - h) monitor the implementation of the objectives defined in the application of the general manager of the company on a regular basis, make preparations for the annual evaluation of the board of trustees.

#### **Article 67**

(1) Companies shall be managed by the general manager; there is no board of directors. The general manager shall exercise all the powers which are delegated by the Gt. to the board of directors of private limited companies. The general manager shall be signed to a personal service contract, and his remuneration shall be established, once annually, at a monthly amount to the debit of the company.

(2) The deputy general manager(s) of the companies shall be engaged under contracts of employment.

#### **Article 68**

The general manager of the company shall report to the board of trustees (bureau) concerning the activities of the company.

#### **Article 69**

(1) Persons who held the offices of President of the Republic, Prime Minister, member of the Government, state secretary, specialised state secretary, MP, the Mayor of Budapest, officer of the national or regional organization of a political party in the preceding two years may not be elected to be the general manager of the company.

(2) Based on the application, the general manager of the company shall be elected by the board of trustees by secret ballot for a term of four years. The application shall contain the detailed plans and concepts of the applicant concerning the information and cultural broadcast policies and business policy of the company, and other issues defined by the bureau.

(3) The bureau shall invite applications one hundred and twenty days prior to the expiry of the term of the acting general manager of the company, or, in the case of the termination of the general manager for any other reason, within fifteen days following his termination.

(4) The board of trustees may renew the term of the general manager of the company on one occasion, without inviting applications, for an additional four years from the expiry of the original term.

#### **Article 70**

(1) During his term in office the general manager of the company may not be:

- a) an MP;
  - b) a member of a political party;
  - c) a member or chairman of the board of trustees or the Board;
  - d) a member holding a share in the capital of a entity, or the executive officer or supervisory board member of an entity which is engaged in any business relationship with any of the companies;
  - e) a member holding a share in the capital of another entity that is engaged in program provision or publishing;
  - f) a member holding a share in the capital of an entity, or the executive officer or supervisory board member of any entity in which the Hungarian State has a majority share.
- (2) During his term in office, the general manager of the company may not pursue any gainful activity other than scientific, educational, literary, artistic and other activities under copyright protection and is not entitled to any fees from the company under his direction on these legal grounds, and is obliged to offer the royalty due to him from the company under his direction for charitable purposes.
- (3) The general manager of the company may not pursue any activities on behalf of a political party and may not make any public statements on behalf of a political party.
- (4) The general manager of the company shall, prior to the commencement of his activity, make a written statement declaring that no conflict of interest prevails in respect of him.
- (5) The general manager of the company may not accept an executive office in an entity that is controlled by the State for two years following the expiry of his term in office.

### **Article 71**

The general manager shall direct the company in accordance with this Act, other legal regulations, the charter document, the decisions of the board of trustees (bureau) and the rules and regulations of public service program provision.

Within the framework of the above, he shall:

- a) decide upon the order of program provision;
- b) draw up the organizational and operational regulations;
- c) submit the rules and regulations of public service program provision, and provide for the implementation thereof;
- d) submit the rules for the archiving procedures, and provide for the implementation thereof;
- e) draw up and present for approval the annual financial management plan, and provide for the implementation thereof;
- f) prepare the balance sheet and the profit and loss account, and submit them to the board of trustees for approval;
- g) submit the proposals concerning the authorization of contracts [Article 66(2)dc)];
- h) submit the proposals requiring authorization for negotiation, or prior approval [Article 66(2)da) and db)];
- i) exercise the employer's rights in respect of the employees of the company, including the deputy general manager(s);
- j) provide for the preparation of all other proposals which are prescribed by this Act and the charter document or the decision of the board of trustees;
- k) exercise all the rights, with the exceptions set out in this Act, which are delegated by the Gt. to the competence of the board of directors of private limited companies.

### **Article 72**

The general manager of the company may not receive remuneration on any grounds from the owner of the company.

## **Supervisory board of the Company**

### **Article 73**

(1) The management of the company shall be controlled by the supervisory board. It is entitled to request information from the general manager and the employees of the company, to inspect the books, bank accounts, documents and cash holdings of the company at any time, or to have them inspected by an expert at the expense of the company.

(2) The supervisory board shall be made up of three members elected by the board of trustees for a term of four years, with the exception of the member elected by the employees. In the case of any changes in the members of the supervisory board or of any addition of new members to the supervisory board, the term of the new member(s) shall expire simultaneously with the original term of the supervisory board.

(3) The supervisory board shall elect a chairman from among its members at its first meeting.

(4) The supervisory board shall establish the rules of its operation itself, and its rules of procedures shall be approved by the bureau of the board of trustees.

(5) The supervisory board has a quorum if at least two members are present at the meeting.

(6) The supervisory board shall inspect all reports to be presented to the board of trustees (bureau) which relate to matters of a financial nature of the board of trustees or the bureau falling within the competence of the general meeting of the company.

(7) The department of internal control of the company shall be under the direction of the supervisory board.

(8) In other respects the provisions of the Gt. and the charter document shall apply to the organizational structure and operation of the supervisory board.

## **The Auditor of the Company**

### **Article 74**

(1) The auditor of the company shall be elected by the board of trustees for a term of four years.

(2) The responsibilities, powers and competence of the auditor shall be defined in the charter document in accordance with the Gt..

## **Financial Management of the Company**

### **Article 75**

(1) The State shall provide funding as appropriate for the program provision-related expenditures of the companies as allocated in the "the Parliament" Chapter of the Central Budget.

(2)-(3)

(4) The State may grant budgetary subsidies to the Magyar Rádió Részvénytársaság through the public foundation, in the "The Parliament" Chapter of the central budget, under the title of subsidizing art ensembles.

(5) With a view to promoting its main activity, the company may engage in pursuing business activities and may use the profit it generates for the maintenance and development of public service program provision and for the development of its enterprises only.

(6) The company may not hold shares in the capital of another program provider.

(7) The works of art owned by Magyar Rádió, Magyar Televízió and Duna Televízió, created prior to the day of this Act entering into force and underlying copyright entitlements, may be used by the public service program providers, without infringing the proprietor's broadcast plan, mutually and free of charge, only in their own broadcasts. This provision shall not apply to the application of copyright laws, with the exception of associated legal entitlements of Magyar Rádió, Magyar Televízió and Duna Televízió.

### **Article 76**

(1) The general manager and deputy general manager of the company and the employees not exempted from this restriction in the organizational and operational rules may not conclude a contract on behalf of the company to which the other party is himself, his close relative [Civil Code, Article 685b)], or a company in which he himself or his close relative [Civil Code, Article 685b)] has an indirect or direct share, other rights or personal interests. If another employee of the company concludes the contract falling within the sphere of interests of those concerned by the restriction, the contract shall be sent to the supervisory board of the company without delay.

(2) The company shall keep records of the contracts with a contractual value in excess of HUF five hundred thousand separately. The corporate details necessary for the identification of the contracting party shall be regularly updated in the records, as well as the services and consideration to be provided by the contracting parties. The contracts concluded with the same contracting party in the same calendar year shall be taken into consideration on the aggregate.

## **CHAPTER V**

### **SYSTEM OF THE SUBSIDIZATION OF BROADCASTING**

#### **Title 1**

#### **Program Provision Fund**

### **Article 77**

(1) The Program provision Fund (hereinafter referred to as 'Fund') is a monetary fund appropriated for the supporting of public service program provision, public program providers, non-profit program provision companies, public service broadcasts and programs, to preserve and enhance cultural heritage, to provide for the diversity of programming, and to support the other responsibilities conferred under this Act.

(2) The assets of the Fund can be appropriated for the purposes defined in this Act only.

(3) The Fund's revenues shall comprise program provision fees, tender and application fees, penalties and compensations for damages payable in connection with any breach of the program provision contract, fines, usage charges, subsidies payable from the central budget in the form of a flat-rate contribution and supplementary contributions, as well as donations.

(4) Donations made to the Fund shall be treated as public commitments.

(5) The manager of the Fund is the Board. The Fund is a legal entity whose accounts are maintained by the Hungarian State Treasury.

(6) The annual budget of the Fund shall be approved by the Parliament, as an appendix to the separate law referred to in Article 32(1).

(7) The detailed provisions for the management of the Fund shall be laid down by the Board, in agreement with the Minister responsible for fiscal administration, and shall be published in the Művelődési Közlöny (Official Gazette of Education and Learning).

## **Article 78**

(1) Minimum half percent and maximum one percent of the annual revenues of the Fund shall be allocated to each of the non-profit program provision companies and public program providers in the form of repayable or non-repayable financial support. The financial support may be provided for a specific period of the continuous activity of the program provider.

(2) Minimum fifty percent of the amount of the program provision fees paid by program providers to the Fund shall be allocated for the program providers' production of public service programs in Hungary in the form of repayable or non-repayable financial support, with special regard to the provisions relating to the production of motion pictures.

(3) The financial support provided to any one public service program provider may not exceed one-third of the total amount to be allocated in accordance with paragraph (2).

(4) Financial support may be provided to public service programs and broadcasts, to non-profit program provision companies and public program providers by way of public tenders. The tender notice shall be published by the Board and the tenders received shall be assessed by the evaluation committee of the Board on a case-to-case basis.

(5) The members of the evaluation committee shall be selected by the Board from among public personalities of repute subject to the provisions on conflicts of interest applicable to Board members. Civil servants may not be elected to the evaluation committee. The parties required to pay program provision fees, non-profit program provision companies and the trade organizations of interest representation of public program providers shall be represented in the evaluation committee.

(6) The Board shall make its decision available to the public.

(7) In respect of the program provision of programs described in Article 117(1), the administrator of the Fund shall pay the remuneration due pursuant to copyright laws from the Fund, instead of the operator.

## **Title 2**

### **Usage Charges**

#### **Article 79**

(1) Usage charges shall be paid by any person who has an apparatus suitable for the reception of television programs (hereinafter referred to as 'television set') engaged. Usage charges shall be paid for each television set, unless this Act provides otherwise.

(2) The amount of usage charges shall be determined each year in the Act on the Central Budget.

(3) The amount of usage charges shall be determined with regard to the competitive and cost-effective operation of public service program providers, the maintenance of the program provision system, and the funding requirement of public service programs.

(4) Where a television set for which usage charges must be paid is owned and used by more than one private individual, such persons shall agree in writing as to the payment of the fee. In these cases, the party indicated as the obligor in the agreement shall assume the obligation of notification, declaration and payment. Such agreement shall also be indicated in the tax return. If no agreement is reached, the parties involved shall be subject to joint and several liabilities for the fulfillment of the obligation.



## **Article 80**

(1) No usage charge is payable:

a) for the second and each additional television set used by a private individual and the persons living in the same household;

b) for the second and each additional television set used by healthcare and children's institutions, the armed forces, law enforcement agencies, sanatoriums, kindergartens, public education and cultural institutions, public collections, student hostels and social institutions providing personal care, when used in the same building or group of buildings;

c) for rented television sets;

d) for television sets received for testing for a maximum period of fifteen days;

e) for television sets used by the operators of program provision, program distribution, program transmission, and free-to-air broadcasting systems, the Board or the National Communications Authority for industrial, reception observation and controlling purposes on the premises of a permanent establishment, or in a place of observation of reception and in a vehicle;

f) for television sets used by a foreign citizen staying in the territory of the country for a maximum period of thirty days;

g) for television sets engaged by diplomatic and consular missions and international organizations, and the members thereof, their employees, including family members, of citizenship other than Hungarian, and by other organizations and persons entitled to exemption on the basis of international agreement;

h) for television sets operated in a closed circuit television system as monitors.

(2) Any person who:

a) is engaged in the distribution and presentation of television sets shall pay usage charges for one television set per sales outlet;

b) is engaged in the renting of television sets, as well as the legal persons and entities without legal personality other than those mentioned in paragraph (1)b), d), g) and h), shall pay usage charges for all the television sets falling within their sphere of activity.

(3) For television sets operated in any restaurant or hotel, other commercial outlets, with the exception defined in paragraph (2)a), or on public premises, the usage charges shall be tripled.

## **Article 81**

(1) The following shall be exempt from usage charges:

a) persons over the age of seventy if living alone;

b) married couples and registered partners living in an independent household if one of them is over the age of seventy and the other is over the age of sixty;

c) persons over the age of sixty who support a close relative [Civil Code, Article 685b)] with no pension, salary or income of his/her own;

d) disabled veterans and widows of casualties of war;

e) the visually or hearing impaired, and disabled persons falling in groups I and II.

(2) In the annual Act on the Central Budget, usage charges shall be allocated in the form of a flat-rate fee on behalf of those defined in paragraph (1), and the fee shall be transferred to the Fund monthly in the amount appropriate.

(3) The persons entitled to exemption shall be exempt from the obligation of payment as of the first day of the month following verification of the exemption. Exemption need not be verified by the persons who had already verified it prior to the time of this Act entering into force.

## **Article 82**

(1) Usage charges shall be due and payable as of the first day of the month following the month when the television set is installed, and shall be paid until the last day of the month when removed from operation.

(2) If the party liable for the usage charges payable fails to meet the obligation of payment, he shall pay a penalty corresponding to the amount of the fee in addition to the fee that was originally payable.

## **Article 82/A**

(1) Within the meaning of paragraph (1) of Article 3 of Act 91 of 1990 on the Rules of Taxation (hereinafter referred to as 'Art.') the usage charges shall be regarded as a form of tax, with the exception that the tax regulatory duties in connection with this liability, not including on-site inspections and the consequent tax administration proceeding, shall be performed by the agency contracted to collect the usage charges (hereinafter referred to as 'Collection Agency').

(2) The Collection Agency shall register the parties required to pay usage charges on basis of the data reported or disclosed, or obtained by inspection.

(3) For the purposes of Article 57(3) of the Art., the inspection to determine as to whether a television set is installed in a private residence shall be subject to the same provisions governing the inspection of a residence, as a property asset. The tax authority shall not be entitled to enter the residence of a private individual for the purpose of inspection related to the payment of usage charges, if, prior to the inspection, the person liable to pay the fee:

- a) provides adequate proof of having fulfilled his obligation of notification; or
- b) acknowledges his failure to report his payment obligation.

(4) The tax authorities of local governments shall be entitled to perform on-site inspections, whether requested by the Collection Agency or not, regarding the private individuals, legal persons or other organizations within the relevant area of competence which are not included in the list containing the parties subject to payment of the usage charges and the places where television sets are installed, reported by the Collection Agency to the local tax authority by 1 October of each calendar year within the area of competence.

(5) If according to the findings of the inspection conducted by the local tax authority the taxpayer is found in non-compliance with the requirement to report the occurrence of his usage charges payment obligation, the local tax authority shall impose a fine payable to the community's local government.

(6) The fine shall be twice the amount of the unpaid usage charges, not to exceed the total amount charged for 30 months by a factor of two.

(7) When paragraph (5) applies, no tax penalty, default penalty or the surcharge described in Article 82(2) of the Media Act may be imposed for the period that was not reported. The tax authority shall send a copy of the administrative decision on the discovered fee evasion and the imposed penalty to the Collection Agency.

(8) All data and information obtained by the Collection Agency in the process of the collection of the usage charges shall be handled as confidential tax information and may be used or disclosed to other bodies under the provisions of Article 47 of the Art.

(9) Network program provision companies and AM micro program provision companies shall disclose data to the Collection Agency quarterly, by the 15th day of the month following the quarter concerning the names and addresses (registered offices and places of business) of their subscribers on record.

(10) The party liable for the usage charges payable,

a) regarding private individuals, shall state in his/her personal income tax return for the tax year or in the statement given to his/her employer granting authority for tax assessment whether he/she has a television set and if it falls under the obligation for the payment of usage charges;

b) regarding legal persons and other organizations, shall state in the final annual tax return described in Article 20(5) of the Art. as to the number of television sets it uses, and the pertaining degree of usage charges of payment obligation;

c) private individuals, legal persons and other organizations not required to file tax returns shall fulfill the obligation described in points a)-b) to the Collection Agency.

(11) The state tax authority shall process the data from the tax returns regarding usage charges separately, and shall deliver the results by way of electronic means or by magnetic data media to the Collection Agency within fifteen days. The Collection Agency shall cross-examine such data against its own records on the parties liable for the usage charges payable and shall collect fees from the subscribers that were not previously included in the records.

(12) The administrator of the Fund shall be entitled to receive the information described in Article 47(3) of the Art., stipulating the right of administrators of extra-budgetary funds to such information concerning the sum of collected fees and of the fulfillment of fee payment obligations, and shall be entitled to monitor the work of the Collection Agency.

(13) The declaration obligation described in paragraph (10) shall be first applied in the tax return for 1997 regarding the fee payment obligation due as of 1 January 1998, and the provisions of paragraph (6) shall be applied in respect of the declaration and reporting obligations established after 1 January 1998.

(14) In connection with the collection of usage charges, regarding the matters not regulated in this Act, the provisions of the Art. shall apply.

### **Article 83**

Those parties liable for the usage charges payable shall report:

- a) the use of the television set, and termination of such use;
- b) the activity defined in Article 80(2)b) and (3), as well as the number of television sets, any increase therein, and the amount payable within eight days of the commencement of the payment obligation to the organization responsible for collection.

### **Article 84**

(1)

(2) Forty percent of the usage charges received by the Fund under any title, with collection costs deducted, shall be due to the Magyar Televízió Részvénytársaság, twenty-eight percent shall be due to the Magyar Rádió Részvénytársaság and twenty-four percent to Duna Televízió Részvénytársaság by way of transfer through the owner public foundation; one percent shall serve to cover the operating expenses of the Board, one percent, divided equally, shall serve to cover the operating expenses of the Magyar Rádió Public Foundation, the Magyar Televízió Television Foundation and Hungária Public Television Foundation, while six percent shall serve the purposes of the tenders to be invited for sponsoring public service programs.

(3) The Parliament may supplement the budget of the Board by up to four percent of the usage charges received by the Fund under any title, and the budgets of the boards of trustees by up to three percent, to the debit of the Fund. The boards of trustees shall present their joint proposal to that effect to the committee of the Parliament competent in budgetary matters.

## **CHAPTER VI**

### **BROADCASTING RIGHTS**

#### **Title 1**

#### **General Provisions**

##### **Article 85**

(1)

(2) Program providers operating in the form of a limited company may issue registered shares only.

(3) National and regional television channels and national radio channels may operate only in the form of limited companies or in the form of public benefit companies owned outright by local and regional governments, or (and) the self-governments of national and ethnic minorities.

##### **Article 86**

(1) Companies and public service program providers authorized by the Board in the procedure defined by law may operate as program providers or network operators.

(2) The following persons may not be granted entitlement to broadcast:

a) the President of the Republic, the Prime Minister, MPs, members of the Government, state secretaries, the ombudsman for civil rights, constitutional judges;

b) mayors, the Mayor of Budapest, chairmen of the county general assemblies, their deputies, notaries and chief notaries of communities;

c) judges and public prosecutors;

d) employees, national or regional officers of political parties;

e) members of the supervisory boards and boards of trustees of public service program providers;

f) general managers and deputy general managers of public service program providers, and any person engaged in employment with public service program providers under contract;

g) members of the Board, and any person engaged in employment with the Board under contract;

h) executive officers of administrative bodies, the National Bank of Hungary, the Office for Economic Competition, the Hungarian Privatization and State Holding Company and the State Audit Office, official auditors, members of the Economic Competition Council;

i) any person employed by the National Communications Authority under contract.

(3) The following organizations may not be granted entitlement to broadcast:

a) political parties and the entity established by them;

b) government agencies and administrative bodies, unless otherwise prescribed by the Act adopted for the implementation of the provisions of Articles 19/D and 19/E of the Constitution;

c) the entity in which the Hungarian State has a controlling share;

d) the entities in which any of the entities listed in paragraph (2) have a direct or indirect ownership interest, or have acquired the right to influence their decisions on the basis of an agreement or in any other way, or persons and organizations subject to any restriction on the acquisition of ownership interest.

(4) Providers of telecommunications services in the area of reception proposed for program provision shall not be granted program provision rights before 31 December 2002, except:

a) if they received the authorization for providing telecommunications services after the conclusion of the program provision contract for the purpose of distribution of their own programs by way of free-to-air broadcasting;

b) for any program provider who is not engaged in providing other telecommunications services.

(5) Any person who is entitled to broadcast on the basis of a contract or notification may simultaneously be entitled to operate not more than:

- a) one national program provision; or
- b) two regional and four local program provisions; or
- c) twelve local program provisions.

(6) The restriction specified in paragraph (5) shall not apply to specialized program provision, however, the advertising time authorized under Article 16(1) to (3) may only be taken into account by a factor of 0.3 in respect of the programs broadcast in excess of the requirements of paragraph (5).

#### **Article 87**

An entity may not be authorized to broadcast in an area, at least twenty percent of which falls within the limits of a community, if any member or employee of the representative body, the mayor or the Mayor of Budapest, or any close relative [Civil Code, Article 685b)] of these persons holds an office on the board of directors, management or supervisory board of such entity, or on the board of trustees, if a foundation.

#### **Article 88**

Only network operators are entitled to provide network program provision services. The provisions relating to program program provision shall also apply to network program provision.

#### **Article 89**

(1) Program providers shall retain the authentic documentation relating to their programs, including the full record of the output signal of the whole broadcast, for a period of thirty days following transmission (sixty days for national and regional program providers), and shall supply them to the Board without delay and free of charge when so requested. In connection with any proceedings or litigation in progress relating to program provision, the documents shall be retained for a period of one year following the final and binding conclusion of the proceedings.

(2) Program providers are required to utilize self-audit and probing, and to carry out data disclosure and storage on the strength of law or under contract.

(3) Unless otherwise provided by law, the costs of self-audit shall be covered by the person required to utilize the self-audit.

(4) Program providers shall supply data to the Board as instructed, in particular:

- a) for the enforcement of advertising restrictions and prohibitions, provisions relating to program sponsoring and to the production of programs by others, and to public service program provision;
- b) for the control of obligations assumed in the program provision contract;
- c) for compliance with the obligations conferred upon public program providers;
- d) for establishing the inter-connections indicated in Chapter VIII of the Act;
- e) for the control of the fulfillment of the requirements of Article 7(1) to (3), including the timetable and explanation specified in Article 7(3) for achieving the ratios defined therein.

(5) Program providers shall be required to supply the Board with any and all data and information as is necessary to determine whether their activities fall within the scope of this Act.

## **Title 2**

### **Key Elements of Program provision Contracts**

#### **Article 90**

(1) The program provision contract is concluded between the Board and the program provider selected in the tender procedure. A program provision contract shall be concluded in connection with programs distributed by way of terrestrial free-to-air broadcasting or through a satellite up-link that is controlled (leased) by the Government, or by way of a radiocommunications system.

(2) The program provider has the right and is required to broadcast for the length of time and during the air time agreed to in its tender, in accordance with the transmission time table, under its own distinctive signal, programs consistent with the program structure agreed upon, on its own network and with its own equipment and devices, or with the involvement of a telecommunications service provider (free-to-air broadcaster). In connection with free-to-air distribution and program transmission carried out with one's own equipment no authorization for providing telecommunications services is required, however, the other authorizations prescribed in specific other legislation shall be obtained.

(3) The right-holder shall pay a consideration in the form of a quarterly program provision fee, in advance. At the time when the right of program provision is awarded, the fee shall be paid for six months in advance. In the event of any delay in payment, the Board may terminate the contract subject to a fifteen-day notice.

(4) Any violation of the provisions of paragraph (3) shall be treated as a serious infringement of the law.

(5) The penalty that may be stipulated for any breach of the contract may not exceed fifty percent of the annual program provision fee.

(6) Non-profit program provision companies are not required to pay the program provision fee. Compliance with the conditions of being non-profit-oriented shall be determined by the Board. The program provider shall report on having satisfied the conditions at the end of each year, at the time specified by the Board.

### **Title 3**

#### **General Tender Conditions**

##### **Article 91**

(1) The Board shall publish the general tender conditions relating to the contents and the evaluation of the program provision contracts in at least two national daily newspapers. The general tender conditions shall be laid fixed with a view to providing for the freedom and diversity of information and culture, and the preservation and enrichment of the universal and national cultural heritage.

(2) The following shall be defined in the general tender conditions:

a) the material conditions of program provision;

b) criteria for the evaluation of the material conditions;

c) the consequences for any breach of the contract, in particular, the penalty, and the conditions for the suspension of program provision for a maximum period of thirty days;

d) the conditions relating to the gathering, safeguarding, accessibility and communication of the information necessary to determine the program provider's compliance with its obligations.

(3) The material conditions referred to in paragraph (2)a) shall include the following, inter alia:

a) the business plan;

b) a bank certificate to verify that the program provider has sufficient funds set aside to cover operating costs for at least the first three months of operation, without any advertising revenues, in a special bank account;

c) description of the technical conditions;

d) presentation of the main characteristic features of the broadcast plan and the broadcast, elaborating upon any information and public service broadcast, in particular, news programs;

e) offer relating to the proposed transmission time.

(4) Bidders are required to evidence or provide sufficient proof to verify compliance with material conditions.

##### **Article 92**

(1) A separate set of general tender conditions may be adopted for local, regional and national, or satellite program provision.

(2) The general tender conditions may define the extent of the owner's voting rights in a program provision company in which a local government of a community or a region has a direct or indirect ownership interest, as well as the conditions for the appointment (tender conditions) of the director of such a program provider.

#### **Draft of the General Tender Conditions, Public Hearing**

##### **Article 93**

The Board shall draw up the draft version of the general tender conditions and shall publish it in its entirety, together with the explanation, in the *Művelődési Közlöny* (Official Gazette of Education and Learning). Anybody may make comments in writing, addressed to the Board, upon the general tender conditions within fifteen days of publication.

##### **Article 94**

(1) Between the twentieth and thirtieth day following the publication of the draft version of the general tender conditions the Board shall hold a public hearing (hereinafter referred to as 'hearing'). The representative of the National Communications Authority shall also attend the hearing.

(2) A notice concerning the place and date of the hearing shall be published in the *Művelődési Közlöny* (Official Gazette of Education and Learning) and in two national daily newspapers at least ten days prior to the hearing.

(3) At the hearing, all the interested parties shall be given the opportunity to state their cases, and the representative of the Board and the National Communications Authority shall be enabled to answer the questions raised by such interested parties.

(4) The hearing shall be conducted by an officer of the Board; he shall declare the hearing open if all conditions prescribed in this Act are satisfied.

(5) The chairperson of the hearing shall determine the final agenda after hearing those present and with regard to the agenda announced in advance, if any.

(6) At the hearing anybody may ask questions relating to the subject of the proceedings, and may voice an opinion on the issues relating to the subject.

(7) The persons attending may also ask questions from one another through the chairperson of the hearing.

(8) The minutes of the hearing shall be drawn up within eight days and shall be available for inspection in the office of the Board.

(9) Following the hearing, the Board shall finalize the general tender conditions and shall publish the related decision in the Művelődési Közlöny (Official Gazette of Education and Learning) within thirty days of the hearing.

## **Title 4**

### **Invitation to Tender**

#### **Article 95**

(1) The provisions of Articles 93 to 94 shall also apply to the draft and publication of the invitation to tender and to the public hearing.

(2) The invitation to tender shall contain the details listed in Article 52(4) pertaining to program provision prospects, the obligatory contents of tenders and the evaluation criteria of the requirements set out in Article 96(1)e), f), g) and i) of this Act in numerical terms.

(3) The conditions specified in any invitation to tender may differ from the general tender conditions only if so permitted by law or by the general tender conditions. The general tender conditions shall comprise a part of the invitation to tender.

(4) The time limit prescribed in the invitation for the submission of tenders shall be:

a) at least sixty days for tenders relating to national program provision;

b) at least forty days for tenders relating to regional program provision;

c) at least thirty days for tenders relating to local program provision.

(5) The Board may fix the ratio of public service programs in all programs, or the ratio of programming serving the needs of national and ethnic and other minorities in the tender conditions if the freedom of the provision and obtaining of information and the diversity of culture is not supported in the reception area affected, with regard to the whole of program provision. The Board shall authorize a non-profit oriented (public benefit) program provision company owned exclusively by the self-government of national and ethnic minorities to broadcast programs with a view to enforcing the rights of the national and ethnic minorities as defined in another Act in minimum four and maximum eight hours of transmission time per week, without inviting a tender, if the needs of the national and ethnic minorities for access to information in their native language cannot be ascertained otherwise in the area to which the tender invitation pertains.

(6) The Board may require in the invitation to tender that the program provider provide a news service on a regular basis, in addition to the requirements of Article 8(3).

(7) The minimum rate for the program provision fee below which the program provision rights cannot be awarded to any party, other than a non-profit program provision company, shall be defined in the invitation to tender.

(8) The invitation to tender may offer an exemption for fifty percent of the program provision fee for a maximum period of two years. The exemption shall not affect the funding requirement specified in Article 91(3)b).

(9) Bidders wishing to submit a tender shall be charged a tender fee. The tender fee shall be five percent of the minimum annual program provision fee published. Eighty percent of the tender fee shall be included in the program provision fee, and if the tender is rejected eighty percent of the tender fee shall be refunded within thirty days of the date of rejection.

(10) The invitation to tender shall specify the date by which program provision shall be commenced. If program provision service is not commenced by the deadline for reasons within the right-holder's control, the entitlement shall terminate.

### **Contents of Tenders**

## **Article 96**

(1) A tender shall contain:

- a) the particulars of the bidder:
  - name,
  - address (registered office or permanent establishment),
  - company registry registration number or court of registry registration number;
- b) the name and address of the person (with no criminal record) who bears responsibility for the program provision activities under this Act and other legislation governing the printed media;
- c) if the bidder is an entity, the memorandum of association and/or the charter document, including any subsequent amendments;
- d) statement of the bidder concerning the size of any direct or indirect ownership interest he may have in any entity that is engaged in publishing Hungarian daily newspapers or weeklies, distributing newspapers, program provision programs in Hungary or applying for program provision rights in Hungary;
- e) basic details of the planned program provision:
  - type (radio, television),
  - area of reception,
  - the proposed free-to-air broadcasting facility,
  - program provision hours of the service, schedule of transmission time,
  - any proposed ancillary information and value-added services,
  - permanent name, emblem and signal of program provision;
- f) the planned program structure, the average monthly transmission time devoted to public service programs, the transmission time intended for the regular daily news programs, the monthly average transmission time devoted to the needs of the national and ethnic or other minorities;
- g) other details indicated in the invitation to tender, including the offer relating to the amount of the program provision fee;
- h) in the case of satellite transmission, the declaration of intent of the supplier of the satellite capacity intended to be used by the bidder concerning the renting of the channel, also indicating the frequency, technical conditions and fee thereof;
- i) the business and financial plans of the program provider, and the bank certificate verifying the availability of the amount specified in point b) of paragraph (3) of Article 91.

(2) The tenders submitted by business entities shall contain details concerning the size of any direct or indirect ownership interest it may have in any entity that is engaged in publishing Hungarian daily newspapers or weeklies, distributing newspapers, program provision programs in Hungary or applying for program provision rights in Hungary.

(3) The bidder shall supply a statement in evidence of not being subject to any grounds for disqualification under this Act, and that the acceptance of another pending tender of his will not create grounds for his disqualification.

(4) The Board may not disclose any information from the tender to third parties before the conclusion of the contract. Following the conclusion of the contract, the details listed under paragraph (1), with the exception of the provisions of its point d), shall be made available to the public.

## **Article 97**

In connection with the tenders specified in Article 102(1)a), the Board shall publish the names and addresses of the bidders, the nature and area of reception of the proposed programming, and other details in the Művelődési Közlöny (Official Gazette of Education and Learning) within fifteen days following the deadline for the submission of tenders.

## **Evaluation of Tenders**

### **Article 98**

The Board shall examine:

- a) as to whether the restrictions laid down in Articles 85 to 88 or in Chapter VIII apply to the bidder;
- b) as to whether the tender complies with the substantive and formal requirements defined in the invitation to tender;
- c) as to whether bidder complies with the material and personnel conditions defined in this Act or in the tender conditions established on the basis of this Act,
  - within ninety days of the deadline for the submission of tenders if it pertains to a national program provider,
  - or within sixty days in other cases.

### **Article 99**

(1) If the bidder is subject to any of the restrictions, the Board shall adopt a decision to reject the tender, including justification within the time limit specified in Article 98.

(2) If none of the tenders are able to satisfy the tender conditions laid down in Article 95(5), the Board shall have the right to assess the tenders as if the tender conditions in question had not been announced.

(3) The Board shall return any tender that fails to comply with the requirements set out in Article 95 for providing the missing information or for correction. Any missing information shall be supplied within fifteen days. Failure to meet this deadline shall result in the forfeiture of rights, upon which the Board shall reject the tender.

(4) The tender shall be rejected in the event of the bidder's failure to pay the tender fee simultaneously with the submission of the tender.

(5) The rejection of a tender under paragraph (1) may be appealed in court. The court, if it finds the action substantiated, may order the Board to provide compensation. Launching a legal action shall not prevent the continuation of the tender procedure.

#### **Article 100**

(1) The Board may enter into a contract with the bidder that is declared the winner. In connection with local program provision, if there is only one bidder that satisfies the legal and tender requirements, the Board shall conclude the program provision contract.

(2) If the daily transmission time indicated in the tender is less than eight hours, the Board shall invite a tender for the remaining transmission time.

(3) If the daily transmission time indicated in the tender is more than eight hours, the Board may invite a tender in respect of the remaining transmission time subject to the consent of the right-holder.

(4) The Board shall enter into the contract following the procedure defined in Article 101 if the program provision needs determined in the competing tenders cannot be concurrently satisfied in the manner indicated in the tender.

#### **Article 101**

(1) If the selection is to be made from among competing tenders, the Board may, within the time limit defined in Article 98, invite the competing bidders to come to an agreement for the dividing up of the program provision facilities in terms of time within fifteen days of being invited to do so.

(2) In the absence of an agreement, the Board shall choose the winning tender from among the competing tenders in accordance with the evaluation criteria published in the invitation to tender.

(3) If a non-profit program provision company has also submitted a tender, with the exception of national program provision, the rights shall be awarded to the non-profit program provision company if eighty percent of the inhabitants of the given area already have access to at least two profit-oriented local program provision services, and at least one of these is realized through free-to-air broadcasting.

### **Conclusion of the Program Provision Contract**

#### **Article 102**

(1) A program provision contract may be concluded:

a) through selection from tenders submitted in response to an invitation to tender or

b) in respect of a program provision facility created as a result of planning conducted by the applicant and approved by the Board on the basis of the controlling inspection conducted by the National Communications Authority, as defined in this Act.

(2) The invitation to tender referred to in (1)a) shall pertain to the program provision facilities worked out by the National Communications Authority and published in advance in the Művelődési Közlöny (Official Gazette of Education and Learning), and defined by the area of reception, frequency band and other technical characteristics.

(3) The National Communications Authority shall provide information, in exchange of a fee, for the planning referred to in paragraph (1)b).

(4) Under paragraph (1)a), tenders may be submitted:

a) by the deadline specified in the invitation to tender published by the Board; and

b) at any time with respect to the program provision facilities remaining after the assessment of the applications received in response to the invitation to tender published under point a).

(5) The Board shall invite a tender concerning the program provision facilities created in accordance with paragraph (1)b). In conclusion of the tender procedure the program provision contract shall be awarded to the original applicant, if able to satisfy all other lawful conditions, and if this applicant agreed to pay the highest program provision fee offered in the tenders.



(6) The original applicant referred to in paragraph (1)b) may demand reimbursement for its justified expenses incurred in connection with the disclosure of data and planning from the winning bidder.

## **Title 5**

### **Assignment of Frequency**

#### **Article 103**

(1) The National Communications Authority shall assign a frequency for the purpose of free-to-air broadcasting to the telecommunications service provider holding program provision rights or to the one with which it concluded a contract.

(2) The frequency assignment procedure shall be conducted by the National Communications Authority in accordance with Act 62 of 1993 on Frequency Management (hereinafter referred to as 'Ftv.').

(3) The frequency assignment decision of the free-to-air broadcaster shall contain:

- a) the fee for the use of the frequency;
- b) the technical conditions and specifications for the operation of the free-to-air broadcaster.

(4) The appendix to the frequency assignment decision of the free-to-air broadcaster shall contain:

- a) the number of the decision of the Board and the date when adopted;
- b) the conditions laid down by the Board in connection with program provision.

#### **Article 104**

(1) The radio license of the free-to-air broadcaster shall contain:

- a) the details under Article 103(3)b)(4);
- b) the fee for the use of the frequency.

(2) The radio license of the free-to-air broadcaster shall be issued by the National Communications Authority for a term ending simultaneously with the program provision rights.

(3) The National Communications Authority shall check, ex officio or upon the Board's request, compliance with the conditions set out in the program provision contract and in the radio license, and shall notify the Board of any irregularities it may have found.

(4) The Board shall cover the justified costs of a control procedure conducted at the request of the Board. If the investigation conducted at such a request finds any infringement of the conditions set out in the program provision contract and in the radio license, the costs of the control proceedings shall be covered by the party who is responsible for the infringement in accordance with Article 339 of the Civil Code.

## **Title 6**

### **Operating Conditions**

#### **Article 105**

(1) The right-holder of free-to-air broadcasting shall send a copy of the radio license to the Board within eight days of receiving the license, and shall notify the commencement of free-to-air broadcasting to the Board in writing eight days in advance.

(2) The right-holder of free-to-air broadcasting shall notify any changes in the data he has supplied within eight days of the effective date of such changes. The Board shall refuse to accept such changes if these are in violation of this Act.

#### **Article 106**

(1) The operator of the free-to-air broadcasting shall, in cooperation with the program provider, broadcast identification signals or shall provide for the announcement of the identification information continuously or at fixed times repeated daily. If the transmitter broadcasts the programs of several program providers, the identification information or signal shall be clearly distinguishable.

(2) The free-to-air broadcaster may broadcast measuring signals, measuring graphics, still images and monoscope for a maximum period of ten minutes before and after the commencement of the broadcast, and for a maximum period of two minutes during the broadcast.

(3) In the event of any breakdown in transmission, in the absence of a broadcast signal, the restriction defined in paragraph (2) shall not apply to the duration of no signal.

(4) During the operating hours of a television free-to-air broadcaster, no sound or image transmission may be operated separately, or in a way to broadcast different or unrelated programs, with the exception:

- a) of measuring or experimental transmission announced in advance;

- b) of the transmission of still images or monoscope; and
- c) if, due to any malfunction in the equipment of the image or sound channel, the breakdown can only be announced through the sound or the image channel.

## **Title 7**

### **Term of Rights**

#### **Article 107**

(1) Program provision rights for television shall be valid for maximum ten years and for radio for maximum seven years, and may be renewed once upon expiry at the program provider's request, without inviting a tender, for an additional five years. The request for renewal shall be notified to the Board fourteen months prior to expiry.

(2) In the absence of the reporting notification referred to in paragraph (1) or if renewal cannot be awarded, the Board shall publish an invitation to tender twelve months prior to the expiry of the license.

(3) The license cannot be renewed if the right-holder violated the contract repeatedly or seriously.

(4) The provisions relating to the award of rights shall otherwise apply to the procedure for the renewal of such rights.

## **Title 8**

### **Consent to Joining a Network**

#### **Article 108**

(1) If, in the case of the proposed connection to a network, the area of reception of the network differs from the program provision rights, or the characteristic features of the program differ from the program provision rights, connection to the network is subject the amendment of the relevant program provision contracts.

(2) The proposed connection to a network shall be notified to the Board by the joining parties jointly. The notification shall contain the name of the network operator and the authorization specified in Article 19(4)a) and b) of Act 72 of 1992 on Telecommunications (hereinafter referred to as 'Ttv.'). The authorization of interconnection through the procedure of the telecommunications authority may only be refused in the case of the non-compliance with the prescribed technical requirements.

(3) If the notifier complies with the provisions of Article 98, the Board shall amend the program provision contracts, and shall simultaneously register the joining of the network and the network operator. The program provision contract cannot be amended in connection with a regional and local program provider joining the network, if the remaining own program provision of such program provider fails to reach four hours a day.

(4) Program providers engaged in the transmission of public programming shall pay a program provision fee, unless they join the network for the sole purpose of the program provision of their public service programs. A non-profit program provision company may form a network only with another non-profit program provision company.

## **Title 9**

### **Changes in the Ownership and Other Details of the Program Provider**

#### **Article 109**

(1) Program provision rights are not transferable.

(2) Program providers shall notify the Board of any change that may occur in their ownership structure or in any other details, such as in particular:

a) any change in the name and registered office (home address) of the company;

b) for legal persons and entities without legal personality, any change in the share of ownership, any amendment of the statutes, the charter document or the memorandum of association;

c) any change in the place where editorial decisions on program schedules are adopted, or in the place where a significant part of the workforce involved in the pursuit of the program provision activity operates.

(3) The program provider shall supply a statement to declare that any change in its ownership structure does not infringe upon the provisions of Chapter VIII of this Act.

## **Title 10**

## **Frequency Exchange**

### **Article 110**

If the program provision activity cannot be continued within the term of validity of the rights because the radio license was withdrawn under paragraph (1) of Article 12 of the FA for reasons beyond the right-holder's control, of which the Board had been duly notified, the Board shall offer other program provision rights to the right-holder under similar conditions without inviting a tender.

## **Title 11**

### **Contract Amendment**

#### **Article 111**

The Board may not refuse the amendment of the contract if the area of reception has extended due to an increase in the population serviced by the broadcast transfer system, and in consequence a local program provider transferred into a regional program provider, or a regional program provider transferred into a national program provider, provided that the program provider otherwise satisfies the requirements set out in this Act pertaining to the new program provider in question.

## **Title 12**

### **Infringement, Breach of Contract**

#### **Article 112**

(1) If the program provider fails to comply with or infringes upon the conditions and regulations prescribed in this Act, in the Copyright Act, in the program provision contract and the radio license, or if any person who is engaged in any form of employment with the program provider under contract of employment or otherwise at the time of the commission of the act is found guilty by a final verdict for a crime defined in Article 329 of the Criminal Code, the Board shall:

- a) call upon the program provider to terminate the unlawful conduct;
- b) establish the infringement in a written notice, and shall call upon the program provider to terminate the infringement, and to abstain from the infringement in future;
- c) suspend the program provision rights for a fixed period of maximum thirty days;
- d) enforce the penalty defined in the contract;
- e) impose a fine in the case of a public service program provider or a public service program provider operating on the basis of notification, or at the initiative of the Complaint Committee, between the amount limits defined in Article 135;
- f) terminate the contract with immediate effect.

(2) The written notice and the penalty defined in paragraph (1) may also be applied in conjunction with any of the other sanctions listed under paragraph (1).

(3) The notice and the suspension of the program provision rights shall be published in the Művelődési Közlöny (Official Gazette of Education and Learning).

(4) The contract shall be terminated with immediate effect if:

- a) the contract could not have been concluded, and the unlawful status quo still exists;
- b) the contract violates the provisions of Chapter VIII of this Act, and the right-holder failed to remedy the grievance in accordance with the decision of the Board and/or the Economic Competition Office within one hundred and eighty days;
- c) since the conclusion of the contract, a written notice under paragraph (1)b) should be served for the second time.

(5) In the case of non-profit program provision companies and public program providers, the basis of the penalty is the program provision fee announced, unless a program provision fee is paid.

(6) If non-compliance with the regulations relating to advertising and sponsorship also violates the interests of the viewers and listeners, the Board may recommend to the Consumer Protection Agency to ban the service or to prescribe certain conditions, or to impose a fine in addition to the legal consequences for breach of the contract.

## **Title 13**

### **Cable and Satellite Program Provision**

### **Article 113**

(1) Any program provider whose programs are transmitted only by way of a broadcast transfer system shall notify the Board concerning the particulars specified under Article 96(1) to (3) at least thirty days prior to the commencement of its program provision activity.

(2) If the Board did not refuse the acceptance of the above notification within sixty days, the notification shall be deemed registered and the amount of the program provision fee shall be communicated to the right-holder within the above deadline.

(3) Acceptance of the notification shall be refused if the notifier would not otherwise be eligible to hold the rights conferred under the program provision contract.

(4) The program provider shall be removed from the register if:

- a) the registration would be refused;
- b) the operator announced the termination of broadcast distribution, or engaged in that activity for a maximum of sixty days on the whole in twelve months;
- c) the program provider repeatedly and seriously violated its obligation defined in Chapter II of this Act.

(5) The provisions of this Article shall also apply if program provision is effected by means other than a satellite that is controlled by the Government.

## **Title 14**

### **Temporary Program Provision**

#### **Article 114**

(1) In respect of local program provision rights, a temporary program provision contract shall be concluded upon request for a maximum period of thirty days for the use of a program provision facility:

- a) that is required in the frequency assignment plan published by the Board, and for which no application has been submitted; or
- b) for which another party has already acquired program provision rights but program provision by the right-holder did not commence within sixty days of the conclusion of temporary program provision.

(2) In connection with any program provision facility not contained in the frequency assignment plan as published, the applicant shall obtain a certificate from the National Communications Authority to verify that the program provision can continue without causing any disturbance to others and without the violation of international regulations. The certificate shall contain the technical details defined in Article 52(4). In this case, the Board shall grant the program provision rights under a procedure conducted in accordance with the following rules:

- a) the invitation to tender shall be published by the Board within eight days of the submission of the application, together with the details specified in Article 52(4);
- b) tenders shall be submitted within eight days of publication;
- c) tenders shall contain the following:
  - ca) name and address of bidder;
  - cb) the statutes or memorandum of association of legal persons or entities without legal personality;
  - cc) the proposed transmission time in a daily, weekly or monthly breakdown;
  - cd) the broadcast plan;
  - ce) name and address of the person responsible for programming;
- d) if only one tender is submitted in respect of the program provision facility and it complies with the provisions contained in this Act, the Board shall conclude the program provision contract with the bidder;
- e) if several tenders are submitted in respect of the program provision facility, and all of them comply with the provisions contained in this Act, at the invitation of the Board the bidders may come to an agreement on the division of the transmission time among themselves. If this agreement is concluded, the Board shall conclude a program provision contract with each of the bidders under the same conditions. If, within three days of the invitation, no agreement is reached, the Board shall decide on whom to award the program provision rights to. If a complaint is lodged against the decision, the Board shall conduct the tender procedure in accordance with the provisions contained under Title 3.

(3) A temporary program provision contract may be concluded with the same company once annually, or in the same administrative area three times annually, leaving at least one month between the terms of the temporary contracts. A program provider authorized to broadcast on a temporary basis may not form a network with another program provider.

(4) Non-profit program provision companies shall not be required to pay a program provision fee in connection with temporary program provision contracts. The program provision fee shall otherwise be established by the Board.

(5) In the application of this Article, the regulations contained in Chapter VIII of the Act need not be taken into consideration.

(6) The period of temporary program provision indicated in paragraph (1) cannot be extended.

## ***CHAPTER VI/A***

### ***PROGRAM TRANSMISSION***

#### **Article 114/A**

(1) Program transmission operations may commence upon notification to the register established for this purpose.

(2) Any company wishing to engage in program transmission services shall notify the Board prior to commencing operations:

a) the name and address (corporate name and registered office, permanent establishment) of the transmission operator, its company registration or official registration number;

b) the name and address of the person (having no prior criminal history) who bears responsibility for the transmission activities under this Act and other legislation governing the printed media;

c) all data and information as is necessary to determine whether the activity in question falls within the scope of this Act;

d) the permanent title of the program planned to be retransmitted and other data enabling the identification of the original program provider of that program;

e) a contract with the program provider or distributor of the program, or other form of proof of entitlement for transmission.

(3) The notification referred to in paragraph (2) shall not constitute an exemption from obtaining any other authorizations or fulfilling notification requirements specified in other legal regulations.

(4) Any changes in the particulars specified under paragraph (2) must be notified within thirty days from the effective date of the change to which it pertains.

(5) The Board shall refuse admission into the register if the transmission operation infringes on this Act and the transmission operator fails to remedy the situation upon being advised by the Board, or if the operator intends to broadcast a program following notification:

a) that infringes on any treaty or international convention that has been promulgated by legal regulation;

b) whose original program provider does not have proper entitlement for program provision, or his authorization for program provision has been suspended by the Board;

c) whose transmission has been suspended by the Board under Article 52/A.

(6) A transmission operator shall be removed from the register:

a) if it has notified the Board of having terminated its transmission operations;

b) if it has carried out activities for less than sixty days within a twelve-month period;

c) if it has failed to satisfy the requirements laid down in paragraphs (3) and (4);

d) if it has transmitted without notification;

e) if it did not honor the Board's notice concerning the suspension of program transmission activities by virtue of a treaty or an international convention;

f) if it has repeatedly and severely breached the obligations conferred by this Act, or if admission into the register would have to be denied based on the notification as consistent with its activities.

## ***CHAPTER VII***

### ***PROGRAM PROVISION AND PROGRAM TRANSMISSION THROUGH A PROGRAM DISTRIBUTION SYSTEM***

#### **Article 115**

(1) Program provision may also be performed by means of a cable distribution telecommunications network or a program distribution radiocommunications device, provided that it does not violate the law or an international agreement.

(2) The program provision activity under paragraph (1) may be commenced following admission into the register maintained for this purpose.

(3) A program distributor already operating at the time of this Act entering into force shall, within thirty days after the Board is established, notify the following to the Board, and any program distributor starting operations at a later date shall do so thirty days prior to the commencement of its activity:

a) name and address (registered office, permanent establishment) of the program distributor, its company registration or official registration number;

b) the name and address of the person (having no criminal record) who bears responsibility for the activities of the program distributor under this Act and other legislation governing the printed media;

c) the memorandum of association and/or the charter document of the program distributor, including any subsequent amendments;

d) the statement of the program distributor or the authorized operator (hereinafter jointly referred to as 'operator') concerning the size of any direct or indirect ownership interest he may have in any entity that is engaged in publishing Hungarian daily newspapers or weeklies, distributing newspapers, broadcasting programs in Hungary or applying for program provision rights in Hungary;

e) area of reception of the proposed program distribution;

f) the number of households connected to the program distribution network.

(4) The area of reception of a program distribution company may not exceed two-thirds of the maximum area of regional program provision as defined in this Act.

(5) The notification referred to in paragraph (3) shall not constitute an exemption from obtaining any other authorization prescribed by law.

(6) Any changes in the details notified shall be reported within thirty days if pertaining to paragraph (3) a) to e), or by 1 February of the following year if pertaining to point f).

(7) The Board shall refuse admission into the register if the program provision operation infringes this Act and the distributor fails to remedy the situation upon being advised by the Board, or if the distributor intends to distribute a program following notification:

a) that infringes on any treaty or international agreement that has been promulgated by a legal act;

b) whose original program provider does not have proper entitlement for program provision, or his authorization for program provision has been suspended by the Board;

c) whose distribution has been suspended by the Board under Article 52/A.

(8) The technical standards of program distribution systems shall be regulated in the decree of the Minister of responsible for Communications. The provisions shall contain facilities to enforce the requirements of modern data transmission with respect to brand new networks and additions to existing system alike. In connection with the construction of broadcast distribution systems the provisions of the Decree shall be enforced as of the date of entry into force of the Decree, or as of 1 January 2003 concerning the reconstruction of existing systems. For any existing system whose main network is not in conformity with the regulation contained in the Decree, the provisions contained in the Decree shall also apply to any additional household connections as of 1 January 2003.

(9) A program distributor shall be removed from the register:

a) if it has notified the Board of having terminated its distribution operations;

b) if it has carried out activities for less than sixty days on the aggregate within a twelve-month period;

c) if it has failed to satisfy the requirements laid down in paragraphs (5)-(6);

d) if it has engaged in program distribution without notification;

e) if it did not comply with the Board's notice concerning the suspension of program distribution activities by virtue of international agreement;

f) if it has repeatedly and severely breached the obligations conferred by this Act, or if admission into the register would have to be denied based on the notification as consistent with its activities.

## **Article 116**

(1) The operator may engage in the distribution of the programs of Hungarian and foreign program providers following admission into the proper register, provided that it does not violate the law or an international agreement.

(2) Prior to the distribution of the programs of Hungarian or foreign program providers the following shall be notified to the Board thirty days in advance:

a) permanent title/name of the program of the Hungarian or foreign program provider intended to be distributed, and other details enabling the identification of the program provider;

b) the contract concluded with the program provider or any other proof to verify program distribution rights and/or the particulars to evidence that the program distributor has taken the steps necessary in the interest of the protection of copyright and neighboring rights;

c) technical specifications of the placement of each program provision service within the broadcast distribution system;

d) the placement of each program provision service in service packages provided for different fees.

(3) The operator shall notify the number of households that were connected to the reception of each program provision service up to 31 December, by 1 February of the following year.

(4) If the Board did not refuse the acceptance of the above notification within sixty days, the notification shall be deemed registered.

(5) The Board may refuse registration if:

a) the proposed broadcast distribution violates this Act or any international commitment of the Republic of Hungary;

b) the information referred to in paragraph (2) is not available following requests for missing information.

(6) The Board may disclose any information to third parties in accordance with the provisions contained in Act LXIII of 1992 on the Protection of Personal Data and Access to Information of Public Interest. Based on the register, the Board may not supply details suitable for the identification of the person of the program provider or the person operating the program distribution system for statistical purposes. At the request of the program providers of the programs distributed by the program provider, the Board shall release the data contained in paragraph (2) to the extent relating to them.

#### **Article 117**

(1) As of 1 July 1996, the operator shall distribute all programs of public service program providers through its system if the area of reception covers the relevant head station. These programs shall be distributed as part of the basic service and the subscriber may not be charged any extra fee for these program provision services.

(2) Distribution shall be provided to all public service program providers free of charge, and public service program providers may not demand any consideration from the operator for the distribution of their programs.

(3) The contract concluded between the operator and the program provider may not contain a stipulation to prevent the operator from concluding a contract with another program provider.

(4) The operator may conclude a contractual agreement with any program provider in which it undertakes to collect a fee from the subscribers of the program distribution system for the programs on behalf of the program provider.

#### **Article 118**

(1)

(2) In connection with programs transmitted solely on a program distribution system and specialized program provision services provided through a satellite telecommunications system, the number of programs of the same program provider transmitted on the broadcast distribution system of a single operator may not exceed twenty percent of the programs transmitted in the broadcast distribution system.

(3) The program distributor shall be subject to contracting obligation in respect of the contractual offers of local program providers, up to at least ten percent of its capacity with maximum three program providers, with special regard to the local public program providers or local non-profit program provision companies.

(4) The program distributor shall be subject to contracting obligation in respect of the contractual offers of Hungarian regional or national program providers, up to an additional ten percent of its capacity with maximum three program providers.

(5) The contracting obligation referred to in paragraphs (3) to (4) shall apply only with respect to program providers whose daily transmission time reaches four hours.

(6) If the contract specified in paragraphs (3) and (4) is not concluded within thirty days of the offer, the program provider affected is entitled to notify the Board with a view to having the contract concluded. The Board shall adopt the part of the contract relating to the fee in accordance with market conditions, without regard to 117(4) and Article 119(4).

(7) As regards the obligation specified in paragraphs (3) and (4), own programs cannot be taken into consideration.

#### **Article 119**

(1) The operator cannot be regarded as a program provider if it performs the transmission of programs simultaneously, without altering the programs, provided that it was registered as a cable operator on the basis of its notice addressed to the Board.

(2) The person who provides own advertising - in compliance with the advertising regulations of this Act - in the course of the simultaneous, unaltered distribution of programs received from a foreign program provider within the time limit available for advertising purposes in the programs received shall not qualify as a program provider.

(3) The program provider shall keep the fee payable for the program provider's services and the amount charged for the operation of the system on separate accounts.

(4) The owner or operator of a cable distribution telecommunications network may collect a fee for the operation of the different broadcast channels only from the subscribers, with the exception if the program provider can pay a consideration for its telecommunications activity, whereby the fee charged for the given program provision package may not be altered.

(5) The operator of a radiocommunications program distribution system may charge the program provider, other than public service program providers, a consideration for its telecommunications services, and may collect a telecommunications service fee for the reception of the channels from the subscribers of the system.

#### **Article 120**

(1) The operator may set up different program packages with regard to the amount of the fee charged.

(2) Operators shall keep records of their advertising revenues originating from transmission separate from all other revenues at all times, and shall send information thereon, in a monthly breakdown, to the Board by 1 March of each year. In the course of its inspections the Board is entitled to inspect these records.

#### **Article 121**

(1) The provisions governing program provision contracts shall apply to the program provision services operating on a radiocommunications program distribution system qualifying as a restricted program distribution system falling under the scope of national frequency management.

(2) The provisions pertaining to program provision through cable broadcast distribution systems shall apply to programs transmitted on non-restricted radiocommunications program distribution systems. For the purposes of this Act, the provisions pertaining to cable program distribution systems shall apply to systems used for program distribution, as far as their original purpose is concerned, which also have the facilities for the distribution of programs by way of direct reception.

(3) The detailed provisions of program distribution shall be laid down in a separate act.

### ***CHAPTER VIII***

#### ***PROVISIONS PERTAINING TO OWNERSHIP***

#### **Article 122**

(1) Natural persons with Hungarian citizenship residing in Hungary and legal persons established in Hungary must hold at least twenty-six percent of the voting rights in a private limited company with national program provision rights.

(2) A single company may hold a maximum of forty-nine percent of the voting rights in a private limited company that is engaged in terrestrial transmission of television programs without being connected to the national network.

(3) For the purposes of paragraph (2), direct and indirect ownership interests shall be counted on the aggregate.

(4)

(5) The voting shares of a private limited company engaged in national and regional program provision may not be held by a foundation.

#### **Article 123**

(1) With the exception of specialized program providers, program providers with national program provision rights and those holding a controlling share therein may not acquire a controlling share in another company that is engaged in program provision or program distribution services.

(2) The same company may acquire a controlling share in an organization holding program provision rights subject to the restrictions specified in Article 86(5).

#### **Article 124**

(1) A regional and local program provider may not acquire a controlling share in another regional or local program provision company serving the same area of reception, with the exception defined in paragraph (2).

(2) The restriction specified in paragraph (1) shall not apply if:

a) there is a maximum overlap of twenty percent between the areas of reception of the two program providers; or

b) following the evaluation of tenders an amount of unused transmission time remains, whereupon a new tender is invited and a contract is concluded with the program provider referred to in paragraph (1) for the remaining transmission time, provided that eighty percent of the transmission time so acquired differs from the program provider's existing transmission time and neither transmission time is in excess of four hours.

(3) In the case of regional or local program provision transmitted over cable program distribution systems, the maximum number of channels to be used by a single program provider may not exceed one third of its channels used for the distribution of programs in Hungary in the system used by it, but a minimum of one for own program provision purposes.



#### **Article 125**

(1) Any person holding a controlling share, publisher's or founder's rights in a daily newspaper with nationwide circulation may not acquire a controlling share in a program provider or program provider operating with national broadcast transmission, without being connected to a network, and vice versa.

(2) Any person holding a controlling share, publisher's or founder's rights in a weekly newspaper with nationwide circulation, other than weekly television and radio program guides, may not acquire a majority share in a program provider operating with national free-to-air broadcasting, without being connected to a network, and vice versa.

(3) Any person holding a controlling share, publisher's or founder's rights in a daily newspaper with a non-nationwide circulation, that is sold in ten thousand copies daily, may not acquire a majority share in a program provider or program provider the reception area of which covers eighty percent of the distribution area of the newspaper, and vice versa.

(4) Any owner, publisher or founder specified in paragraph (3) may acquire a minority share, if another local or regional program provider or program distributor already operates covering at least seventy percent of the same area of reception.

#### **Article 126**

(1)

(2) Any person holding a controlling share in a newspaper distribution company may not acquire a controlling share in a program provision or program distribution company, and vice versa.

#### **Article 127**

(1) A non-profit program provision company may acquire other program provision rights only as a non-profit program provision company.

(2) The operator who broadcasts his own programs may not hold a controlling share in another company that is engaged in program provision and may not acquire program provision rights outside its own system.

(3) Merger and the acquisition resulting in dominant influence as defined in the Act on the Prohibition of Unfair Trading Practices and Unfair Competition may not be authorized if it results in the infringement of the provisions contained in this Act.

### ***CHAPTER IX***

#### ***INVITING TENDERS IN RESPECT OF CEArt.IN NATIONAL BROADCASTING RIGHTS***

#### **Article 128**

(1) The provisions contained in Article 52(2)(6) shall not apply in connection with tenders published at the time of this Act entering into force for the program provision rights designated to MTV2 and Danubius Radio and for the rights for the terrestrial transmission of the third national television channel; in other matters, the provisions contained in Chapter VI shall apply subject to the exceptions set out in Articles 129 to 131.

(2) The Government shall commence without delay:

a) to allocate the frequencies for the purposes of the third national terrestrial television program provision service with a view to designate an area of reception covering at least seventy percent of the total population, subject to additional investment projects to be implemented by the eleventh month following the time of this Act entering into force. The extension of the area of reception to cover at least eighty-five percent of the population shall be provided for within one year of the commencement of program provision. The planning for the allocation of the frequencies and the necessary preparations shall be completed by the date of the publication of the tender notice as specified in Article 129;

b) provision of the facilities available in the frequency band of 87.5 to 108.0 MHz for the purposes of two national program provision services for the Hungarian Radio, according to the timetable referred to in the first sentence of point a), where the area of reception shall cover at least eighty percent of the population in the case of one of the program provision services, and at least fifty percent of the population in the other.

#### **Article 129**

(1) The Board shall publish a tender notice within one hundred and twenty days of the time of this Act entering into force for the program provision rights designated as MTV2 prior to the operative date of this Act, and also for the third national terrestrial television program provision rights, where program provision shall commence within one month of the commencement of the second program provision service of the Hungarian Television.

(2) Tenders shall be submitted within ninety days following publication of the tender notice. The Board shall evaluate the tenders within sixty days of the deadline for the submission of tenders in due observation of the provisions contained in Articles 98 to 101. Where any missing information is requested the evaluation deadline shall be extended by fifteen days.

(3) In the tender notice the Board shall define the conditions, apart from those prescribed in Article 91 (1) to (3) that bidders should meet.

(4) The tender notice for the television program provision rights designated as MTV2 prior to the operative date of this Act shall specify that:

a) the program provider shall broadcast public service programs in at least twenty-five percent of its daily transmission time. The public service programs shall be installed during prime time hours in such a way as to bring their weekly average to not less than twenty percent;

b)-d)

e) the ratio defined in point b) shall also be enforced during prime time.

(5) The extent and rate of the obligations of the third national terrestrial television program provision rights, as defined in paragraph (4), shall be established by the Board in the tender. The extent and rate of such obligations shall be established more leniently, compared with those defined in paragraph (4).

### **Article 130**

(1) With due regard to the provisions of Article 132(2), the Board shall publish a tender notice within ninety days of the time of this Act entering into force for the program provision rights designated to Danubius Radio prior to the operative date of this Act, and for at least one national radio program provision service announced in the frequency band of 87.5 to 108.0 MHz. The Board shall specify the frequencies for the program provision service designated to Danubius Radio in the tender notice, whereby program provision can only be commenced if the Hungarian Radio commenced at least one national program provision service using the 87.5 to 108.0 MHz frequency band. The right for using the name shall be transferred together with the program provision rights.

(2) Tenders shall be submitted within ninety days following publication of the tender notice. The Board shall evaluate the tenders within sixty days of the deadline for the submission of tenders in due observation of the provisions contained in Articles 98 to 101. Where any missing information is requested the evaluation deadline shall be extended by fifteen days.

### **Article 131**

(1) The program provision fee chartered as a result of the tender and payable for the program provision rights awarded in accordance with this Chapter shall be comprised of two parts: a lump-sum fee of at least thirty percent of the full amount, and the annual installments payable as of the fourth year.

(2) Seventy percent of the fee payable for MTV2 shall be due to the Magyar Televízió Public Foundation, and the remaining thirty percent shall be due to the Hungária Televízió Public Foundation. The program provision fee payable for the rights designated as Danubius shall be received by the Magyar Rádió Public Foundation.

(3) The fee payable for the rights of the third national terrestrial television program provision system shall be due to the Program provision Fund and shall be used for the development of the cable networks used for broadcast transmission and the distribution of program provision services. This amount cannot be used for any other purposes.

### **Article 132**

(1) The Magyar Rádió shall, following the tender, transmit three national broadcasts to discharge its duties conferred by law, one of which is to be broadcast in the frequency band of 526.5 to 1606.5 kHz, and two in the frequency band of 87.5 to 108.0 MHz.

(2) The Board shall formulate the national and regional radio program provision facilities providing equal opportunity to Magyar Rádió and other program providers to acquire the program provision facilities with due consideration to the program provision norms.

(3) The Magyar Televízió shall, following the tender, broadcast one national terrestrial program provision service under the same conditions in terms of frequency use as applicable for the program provision service designated MTV1 prior to the time of this Act entering into force, and another national program provision service.

(4) Following the examination of the technical, economic and legal conditions of the secondary program provision service defined in paragraph (3), the Board shall adopt a decision - taking into consideration the opinion of the board of trustees - concerning implementation, stipulating that program provision must commence within eleven months of the time of this Act entering into force, and that MTV2 shall use both the

current and the new distribution facilities for a period of one month. During the transition period, Magyar Televízió shall broadcast two programs throughout.

(5) Duna Televízió shall broadcast public service programming through a satellite system.

### **Article 133**

(1) The rights conferred in this Act upon public service program providers shall be awarded for seven years in the case of radio program provision and for ten years in the case of television program provision. Upon expiry of the term of validity of the rights they can be extended several times, without any alteration, for the same amount of time, if the international restrictions relating to the broadcast transmission facilities in question, the provisions contained in the National Frequency Band Distribution Chart or the obligations of coverage have not changed. If the rights cannot be extended, the public service program provider shall be provided with rights relating to another program provision facility suitable for meeting its obligation of coverage.

(2) In respect of the national terrestrial television and radio program provision rights, following the termination of such entitlements, the Board shall review the system of national program provision services with regard to the opinion of the boards of trustees, and shall decide as to whether to retain the existing rights of public service program providers or to alter them.

(3) The broadcast transmission facilities - identified by frequency and program provision features - necessary for public service program providers to discharge their obligations of program provision shall be established by the Board following preliminary discussions subject to the provisions on voting and publicity pertaining to its decision-making mechanism.

(4) The preliminary negotiation mentioned in paragraphs (2) and (3) shall be conducted by the Board with the representatives of the National Communications Authority, the public service program providers affected, and the telecommunications service provider providing free-to-air broadcasting services.

(5) Paragraphs (2) and (3) shall not apply to the broadcast transmission facilities of the radio program provision services of a public service program provider directed to foreign audiences. For the purposes of such program provision, the rights relating to frequency use shall be provided by the National Communications Authority within the framework of an international procedure.

### **Article 134**

(1) A public service program provider may apply before 1 January 2000 for further broadcast transmission facilities, in addition to the facilities realized through the broadcast transmission conferred under this Act, under the proceedings defined in Chapter VI only if unable to fulfill its responsibility conferred in Article 23(4)c) by other means.

(2) The provisions contained in Article 122(1) to (3), (5) shall not apply to public service program providers and the restriction set out in Article 123(1) shall apply if the public service program providers obtain program provision rights also by way of a tender.

(3) A public service program provider may also provide local and regional program provision services.

## **CHAPTER X**

### **MISCELLANEOUS PROVISIONS**

#### **Title 1**

#### **Penalties**

### **Article 135**

(1) In the event of unauthorized program provision, or program distribution or program transmission operations conducted without or in deviation from the notification as prescribed in this Act, the Board may impose a fine upon the offender corresponding to double the proceeds obtained unlawfully, or if this cannot be established, in an amount between HUF ten thousand and one million, which is payable to the Fund.

(2) For any infringement of Article 5/D or of Article 5/E, the Board may impose a fine, as payable to the Fund, between HUF ten thousand and one million upon the person notified or on the person bearing responsibility, respectively, under legislation governing the printed media.

#### **Title 2**

### **Application of the Rules of Administrative Proceedings**

### **Article 136**

(1) For the purposes of Titles 12 and 13 of Chapter VI, Chapter VI/A, Chapter VII and Article 135, the Board shall function as an administrative agency under the provisions of Act 140 of 2004 on the General Rules of Administrative Proceedings and Services subject to the exceptions set out in this Article.

(2) The Board's decisions may not be appealed through administrative channels.

(3) The court may be requested to review the decisions of the Board. The court shall proceed in accordance with the provisions of Chapter XX of the Pp. The court may alter the decision of the Board.

## **Title 3**

### **Emergencies**

### **Article 137**

During a state of distress, state of emergency or state of extreme danger, or in the event of the unforeseen invasion of the territory of Hungary by foreign armed bodies, or in connection with operations for the protection of the nation's territory by air defense and air forces of the Hungarian Army, the Parliament, the Defense Council, the President of the Republic and of the Government, as well as the persons and organizations defined in the Act adopted on the basis of Articles 19/D and 19/E and Article 35(3) of the Constitution may order the program provider to the extent necessary to transmit, free of charge, any public service announcements in connection with the existing state of affairs or situation in the prescribed form and at the time, or may prohibit transmission/program provision. When effecting the public broadcast, the source shall be clearly identified.

## **Title 4**

### **Broadcasts of the Parliamentary Sessions**

### **Article 138**

(1) A closed circuit television system shall be set up for program provision the entirety of the parliamentary sessions, public parliamentary committee hearings dealing with appointments and nominations, and, as necessary, the meetings of the parliamentary committees, within one year of the time of this Act entering into force.

(2) The signal emitted from the closed circuit system shall be made available to all program providers. The costs of joining the system shall be covered by the program provider.

(3) The provisions contained in paragraphs (1) and (2) shall not affect the right of any program provider to transmit or record broadcasts on line from the place designated for that purpose in the Parliament building.

(4) A recorded copy of the outgoing signal that is made available to all shall be deposited in the Parliament Library and in the National Széchenyi Library. The Parliament Library shall provide for the accessibility of the recorded material and shall prepare a copy for a fee that may be freely used by anybody. A copy each shall also be deposited in the archives of the Magyar Televízió and the Magyar Rádió (sound recordings).

(5) The program provision rules providing for the impartiality of program provision of the activities of the Parliament shall be defined as an appendix to the Rules of Procedures of the Parliament within one year of the time of this Act entering into force.

(6) A national program provider that is engaged solely in the complete presentation of the activity of the Parliament on a regular basis, including related analyses, shall be treated as a program provider of public programming under this Act.

(7) The general managers of public service program providers shall, within their competence defined in point a) of Article 71, lay down the rules for the continuous program provision of parliamentary sessions.

(8) Up until the transformation of public service program providers into private limited companies, the order of parliamentary broadcasts in force at the time of this Act entering into force shall remain in effect unchanged.

## **CHAPTER XI**

### **CLOSING PROVISIONS**

## **Title 1**

### **Entry into Force**

### **Article 139**

(1) Article 142 of this Act shall enter into force on upon promulgation; its other provisions shall enter into force on the first day of the month following promulgation subject to the exceptions set out in paragraphs (2) to (4).

(2) Article 75(1), Articles 79 to 84 and Article 162 shall enter into force on 1 January 1997.

(3) Article 161p) shall enter into force upon the foundation of the Magyar Rádió and Magyar Televízió private limited companies.

(4)

## **Title 2**

### **Establishment of the Board and the Public Foundations**

#### **Article 140**

(1) Within forty-five days of the promulgation of this Act:

a) the members of the Board shall be elected;

b) the members of the bureaus of the boards of trustees shall be elected.

(2) The notice referred to in Article 57(2) shall be published for the first time within sixty days of the time of this Act entering into force. The deadline for application is twenty days from the date of publication. The Government shall provide for the administrative and supervisory duties related to registration until the official bodies of the Board are established. The drawing defined in Article 57(5) shall be held for the first time within twenty days following the deadline for the submission of applications for registration.

(3) The bureaus of the boards of trustees shall publish notices for inviting applications for the position of general managers of the public service program providers within thirty days of their election. The deadline for the submission of applications is thirty days, and the applications shall be assessed within thirty days.

(4) Upon the election of the bureaus of the boards of trustees, the Parliament shall approve the charter documents of the public foundations, which will be established when registered by the court of registry. In the registration procedure, the Parliament shall be represented by its Secretary General.

(5) The term of the current board of trustees of the Hungária Televízió Public Foundation shall end upon the election of the bureau of the new board of trustees. The new board of trustees, with the delegated members among it ranks, shall amend the charter document of Duna Televízió Rt. within sixty days of establishment, in accordance with this Act.

(6) The list of the names of the members of the Board, the bureaus of the boards of trustees and the delegated members shall be published in the Magyar Közlöny (Official Gazette).

## **Title 3**

### **Foundation of Magyar Rádió Részvénytársaság and Magyar Televízió Részvénytársaság**

#### **Article 141**

(1) The Government shall take inventory and evaluate the assets of the Magyar Rádió and the Magyar Televízió within six month's time of this Act entering into force. These assets shall be transferred to the Magyar Rádió Public Foundation and the Magyar Televízió Public Foundation on the day as of which the public foundations found the private limited companies. The private limited companies shall be established with retroactive effect to the date defined in the charter document, as of the date of registration in the companies register.

(2) Magyar Rádió Részvénytársaság is the general successor of the Magyar Rádió, a publicly financed body, and Magyar Televízió Részvénytársaság is the general successor of the Magyar Televízió, a publicly financed body. In this respect, Article 251(2) of the Gt. shall not apply.

(3) The acquisition of assets and the foundation of companies by the public foundations in accordance with this Act shall be exempt from the payment of all taxes and duties.

(4) The bank accounts of Magyar Rádió and Magyar Televízió shall be kept open for reasons of legal continuity, and in the real estate register the title of ownership of the state-owned properties concerned shall be transferred to the name of the Private Limited Company concerned, ex officio, indicating the interim acquisition of assets by the public foundations.

(5) Public service program providers shall be exempt from corporate tax liability and shall be granted personal exemption from duties.

(6) Magyar Rádió and Magyar Televízió shall cease to exist as publicly financed bodies effective as of the day defined in paragraph (1).

(7) With due regard to paragraph (2), the Government shall initiate the amendment of the Budget Act for 1996 so as to avoid any interruption in the regular payment of budgetary subsidies for 1996 to Magyar Rádió and Magyar Televízió due to their transformation into private limited companies. In this process, the subsidies of Duna Televízió shall be increased, the source of which may be the redistribution of the revenues obtained from the television set subscription fees. The proposal for the amendment of the Budget Act shall also provide for the funds to cover the operating expenses of the Board and the boards of trustees of the public foundations from the revenues from subscription fees.

(8) Four fifths of the attending members of the committee of the Parliament competent in budgetary matters may propose the appointment of a parliamentary ombudsman to Magyar Rádió or Magyar Televízió for the period of transition. The responsibility of the parliamentary ombudsman shall include the countersigning of the legal statements made by the general manager (deputy general manager) of Magyar Rádió or Magyar Televízió, in accordance with Article 142 of this Act. Without such countersigning the legal statements shall be invalid.

(9) In the absence of the parliamentary ombudsman defined in paragraph (8), the bureau of the board of trustees of the Magyar Rádió Public Foundation and the bureau of the board of trustees of the Magyar Televízió Public Foundation shall exercise the powers specified in Article 66(2)c) and da)–dc) of this Act as of the date of establishment, and accordingly, the general managers of Magyar Rádió and Magyar Televízió shall proceed in accordance with the obligations defined in Article 71g) and h) of this Act.

#### **Article 142**

The term in office of the general managers and deputy general managers of Magyar Rádió and Magyar Televízió, as well as of the members of the board of directors and the director general of Duna Televízió Részvénytársaság, shall terminate upon the taking office of the general managers elected in accordance with this. Following the promulgation of this Act, the general managers in office (the board of directors and director general of Duna Televízió Részvénytársaság) shall be authorized to take the measures necessary in connection with ongoing operations. They are not entitled to alienate real estate, and to conclude contracts for a term of more than one year or for a value exceeding five percent of the total expenditures in the annual financial plan, or for the transfer of exclusive use of advertising rights, other than those falling in the sphere of normal business operations. Furthermore, they are not entitled to cut staff to the extent defined in Articles 22 to 23 of Act 4 of 1991, or to amend the organizational and operational regulations in force within their own discretion.

#### **Article 143**

(1) The public service relationship of the employees of Magyar Rádió and Magyar Televízió shall be converted into an employment relationship simultaneously with the foundation of Magyar Rádió Rt. and Magyar Televízió Rt. The length of time served by the employees at Magyar Rádió and Magyar Televízió in the status of public servants shall be deemed as if served in the employment of the private limited company. The executive officer and management appointments awarded prior to the change in legal relationships shall be regarded as withdrawn as of the date of change in the legal relationships pursuant to Article 23(5) of Act 33 of 1992 on the Legal Status of Public Servants (hereinafter referred to as 'Kjt.').

(2) By way of derogation from the provisions of paragraph (1) and for the purposes of the period of notice and severance pay, the amount of time served with Magyar Rádió Rt. and Magyar Televízió Rt. shall be reckoned from the date of converting the public servant legal relationship into an employment relationship. The period of exemption and the rate of the severance pay calculated on the basis of the term of the previous public servant legal relationship, in accordance with the provisions of the Kjt. in effect on the date of the changing of the legal relationship, shall be added to the term of notice and the rate of the severance pay.

(3) In respect of any claims arising from the public servant legal relationship prior to the conversion referred to in paragraph (1), the provisions of the Kjt. in force at the time of the inception of the claims shall apply, while in respect of the enforcement of such claims, the provisions of Act 22 of 1992 on the Labor Code shall apply. The statement (measure) or agreement related to the termination of the public servant legal relationship shall be assessed on the basis of the provisions of Kjt. in force on the date of the statement or on the date of the conclusion of the agreement.

(4) In connection with the conversion of the public servant legal relationship of the employees of Magyar Rádió and Magyar Televízió into an employment relationship the provisions of Article 25/A of the Kjt. shall not apply.

(5) Disciplinary proceedings in progress and labor disputes related to the employer's decision adopted in a disciplinary action, other than those defined in paragraph (6), shall be terminated.

(6) Any labor dispute concerned with dismissal on a disciplinary basis shall be adjudged according to the provisions on extraordinary notice.

(7) The execution of disciplinary sanctions imposed for a definite period of time shall be terminated.

(8) The Public Servants' Council of Magyar Rádió and the Public Servants' Council of Magyar Televízió shall continue to operate as works councils.

#### **Article 144**

(1) The program provision performed by Magyar Rádió at the time of this Act entering into force may be continued in accordance with the general conditions defined in Chapter II of this Act until the person acquiring the program provision rights in respect of the frequency used for program provision before the time of this Act entering into force in a tender procedure under this Act commences to broadcast.

(2) The provisions pertaining to the limitation of advertising time and the provisions relating to the sponsorship of programs shall not apply to Magyar Rádió, Magyar Televízió and Duna Televízió before 1 September 1997 and 31 December 1996, respectively.

(3) Article 84(2) is to be applied as per the following between 1 January 1997 and 31 December 1997:

Forty per cent of usage charges, less collection costs, received by the Fund under any title shall be allocated to the Magyar Televízió Részvénytársaság, while twenty-eight percent shall be allocated to the Magyar Rádió Részvénytársaság and twenty-four percent to the Duna Televízió Részvénytársaság through the owner of the public foundation, one percent for the operating costs of the Board, and another one percent - divided equally - for the operating costs of the Magyar Rádió Public Foundation, the Magyar Televízió Public Foundation and the Hungária Televízió Public Foundation, and finally six percent shall be applied towards the tenders to be published for supporting public service programs.

(4) The current Organizational and Operational Regulations of Magyar Rádió and Magyar Televízió shall apply before the organizational and operational regulations and the rules and regulations of public service program provision approved in accordance with this Act, take effect.

#### **Article 145**

Two of the three 66.0 to 73.0 MHz frequency bands used for the transmission of the broadcasts of Magyar Rádió at the time of the entry into force of this Act may be used for a maximum period of three years reckoned from the time of this Act entering into force, while the third 66.0 to 73.0 frequency band may be used for a period of eleven years. Within this time limit, the Board may withdraw two rights relating to the use of the 66.0 to 73.0 MHz frequency band from Magyar Rádió if two program provision services are realized in the 87.5 to 108. MHz frequency band.

### **Title 4**

#### **Miscellaneous Provisions**

#### **Article 146**

(1) The holders of studio licenses issued prior to the time of this Act entering into force for a fixed period may apply to the Board for the transformation of their licenses into program provision contracts by 31 March 1996. Failure to observe this deadline shall result in the lapse of the right and the license shall be considered withdrawn. The Board may not conclude a contract with the applicant if the studio does not perform program provision or does not perform program provision in compliance with the studio license. The studio license shall be withdrawn by decision of the Board.

(2) The Board shall conclude the contract with the applicant for the term of the studio license defined in the original license and in respect of the area of reception defined therein, establishing the program provision fee, if the applicant operates in accordance with the provisions contained in the studio license.

(3) The Board shall invite a tender in respect of the frequency (transmission time) released through the withdrawal of a studio license, except if the program provider refuses to consent under Article 100(3).

(4) Tenders shall be invited in respect of the utilization in accordance with this Act of the frequencies used on the basis of the studio licenses issued prior to the time of this Act entering into force for an indefinite period of time or with reference to the time limit defined in this Act. The Board shall invite tenders in respect of the frequencies used on the basis of studio licenses issued with reference to the time limit defined in this Act within nine months, while in respect of the frequencies used on the basis of studio licenses issued for an indefinite period of time after one year, but within one-and-a-half years, at the most. These deadlines shall be reckoned as of the time of this Act entering into force. The studio licenses shall terminate on the date of the commencement of program provision services provided on the basis of the program provision contract concluded on the basis of the tender, at the latest.

(5) In the tenders defined in paragraphs (3)-(4), the former operation of the person entitled to broadcast on the basis of the studio license on the same frequency shall be given priority in the course of the assessment process.

(6) The Board may conclude contracts with the companies existing at the time of this Act entering into force without complying with the provisions contained in Articles 85 to 88, Article 108 and Chapter VIII of this Act, subject to the condition to alter their activity or transform their companies by 31 December 1996.

#### **Article 147**

(1) The provisions contained in Articles 20 and 21 shall not affect the activity of the telecommunications service provider already providing value-added services prior to the time of this Act entering into force.

(2) Network television program provision services, other than those provided within an area not greater than fifty kilometers in diameter, may not be commenced prior to 1 January 1997.

(3) The restriction defined in paragraph (2) shall not apply to any program provider that is engaged in operations on a regular basis and providing services within the framework of network program provision in accordance with this Act, and which:

- a) commenced its operation one year prior to the time of this Act entering into force; and
- b) provides network program provision for a maximum daily transmission time of four hours.

Prior to 1 January 1997, the area of reception of the program provider acquiring rights as explained above may not exceed that three months prior to the time of this Act entering into force.

#### **Article 148**

(1) The Government is hereby authorized to regulate the system of the collection of usage charges and the detailed regulations for selecting the organization to be appointed for collection, including the provisions of Article 82(2) in a decree.

(2) Within thirty days of the time of this Act entering into force, the Government shall provide for:

a) the taking of the measures necessary for the implementation of the European Convention concerning "Transborder Television" in Hungary;

b)

(3) The Government is hereby authorized to adopt a decree or standard concerning the technical conditions of joining a network.

(4) The Board is hereby authorized to define the terms of Hungarian-produced programs. The Board shall publish its opinion on the issue in the Magyar Közlöny (Official Gazette) prior to inviting the tenders in respect of the national program provision rights, and may not alter the contents thereof following publication.

#### **Article 149**

(1) The Government is hereby authorized to decree the drawing up of the technical conditions and requirements for radio and television program provision, following consultation with the Board.

(2)

## **Title 5**

### **Amendments**

#### **Article 150**

(1)

(2)

#### **Article 151**

#### **Article 152**

(1)

(2)

(3)

(4)

#### **Article 153**

#### **Article 154**

#### **Article 155**



## **Article 156**

## **Article 157**

- (1)
- (2)

## **Article 158**

## **Article 159**

## **Article 160**

# **Title 6**

## **Repeals**

## **Article 161**

Simultaneously with this Act entering into force the following shall be repealed:

a) in Article 2(2)(3) of Act II of 1986 (hereinafter referred to as 'Stv.')

the text "and shall encourage social action"; in Article 4(1) of the Stv. the text "economic organizations [Article 685c) of the Civil Code]"; Article 9 of the Stv. and from the title preceding Article 12 the text "Licensing"; Article 13 and Article 14(2) of the Stv.; in Article 14(1) and in Article 15 of the Stv. the text "the refusal and withdrawal of licenses"; Article 17(2) and Article 19(4) to (6) of the Stv.; in Article 22(3) the text "or withdrawing the license", and Article 23(2)(3) of the Stv.;

b) of Act 11 of 1990 on the Amendment of Act 2 of 1986 on the Press, in Article 6 of the text establishing Article 14(2) of the Stv., and in Articles 6 and 7 the text "the refusal and withdrawal of licenses", and Articles 8 and 9;

c) Article 19 of Act 68 of 1992 on the Amendment of the Code of Civil Procedure;

d) Article 7 of Act III of 1994 on the Amendment of Act 34 of 1989 on the Election of Members of the Parliament;

e)

f) Article 40(3) of the Ttv.;

g) Article 4 of Decree No. 12/1986 (IV. 22.) of the Council of Ministers on the Implementation of Act II of 1986 on the Press, in Article 6(1) the text "in the case of other products of the press, the application for licensing shall be submitted by the publisher" and the text referring to Article 4; in Article 6(2) the text "licensing or" and "and which organization's competence licensing falls into"; in Article 7a) the text "subject", Articles 8, 11 and 12; in Article 13(1) the texts "falling under licensing" and "received the license or"; Article 13(3); in Article 14 the text "the licensing authority, the number of the license"; and Articles 17 and 18;

h) Articles 7 and 8 of Decree No. 58/1989 (VI. 15.) of the Council of Ministers on the Amendment of Decree No. 12/1986 (IV. 22.) of the Council of Ministers on the Implementation of Act II of 1986 on the Press;

i) Government Decree No. 110/1993 (VII. 30.) on the Licensing of the Foundation of Studios Program provision and Producing Programs for Non-Commercial Local Radio and Television Channels, and Government Decree No. 142/1994 (XI. 10.) amending it;

j) Government Decree No. 68/1994 (V. 4.) on the Authorization of Duna Televízió to Produce and Broadcast Television Programs;

k) Resolution No. 2/1986 (IX. 1.) of the Council Office of the Council of Ministers on Studios Producing Programs for Local Independent Radio and Television Channels;

l) Decree No. 1/1993 (I. 22.) of the Minister of Culture and Education Repealing and Amending Certain Provisions of the Chairman of the Public Relations Office of the Council of Ministers;

m) Decree No. 8/1993 (VII. 30.) of the Minister of Culture and Education on the Use of Printed Forms, and Decree No. 21/1994 (XI. 17.) of the Minister of Culture and Education amending the above;

n) Articles 6 to 9 and Articles 31 to 33 of Decree No. 7/1973 (XII. 27.) KPM on the Publication of Radio and Television Rules, as last amended;

o) Decree No. 18/1993 (VII. 16.) of the Minister of Transport, Communications and Water Issues on the Frequency Allocation, Radio Licensing and Operational Conditions of Local Radio and Television Broadcast Transmission Stations, and Article 2 of Decree No. 10/1994 (III. 10.) of the Minister of Transport, Communications and Water Issues amending the above;

p) Resolution No. 1047/1974 (IX. 18.) of the Council of Ministers on Magyar Rádió and Magyar Televízió, and Resolution No. 1063/1983 (XII. 29.) of the Council of Ministers and Decree No. 91/1990 (V. 2.) of the Council of Ministers amending the above.

### **Article 162**

The text "8-11 The fee payable for the reception of the broadcasts of Magyar Televízió, the Minister of Finance" of the Schedule to Act 87 of 1990 on Price Control Regulations, as amended, shall be repealed.

## **Title 7**

### **Approximation to the Acquis**

### **Article 163**

Within the framework of Act I of 1994 promulgating the Europe Agreement establishing an association between the Republic of Hungary and the European Communities and their Member States, signed in Brussels on 16 December 1991, this Act contains regulations that are compliant with the following legislation of the European Communities:

- a) Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities;
- b) Directive 97/36/EC of the European Parliament and of the Council amending Council Directive 89/552/EEC.

### **Annex to Act 1 of 1996**

Before taking office, members of the Board shall take the following oath before the Speaker of the Parliament:

I, ....., do solemnly swear that as a member (chairman) of the National Radio and Television Board, I shall observe the Constitution and the laws, and shall, true to my office, endeavor to enforce the freedom of speech and press. I shall fulfill my responsibilities impartially.