

RULES OF ORGANISATION AND OPERATION OF THE HUNGARIAN ACTUARIAL SOCIETY

In-force as from May 19, 2007

Translation from the original Hungarian text (the English version is not binding)

1. VOTING

It is the members and qualified members of the Hungarian Actuarial Society (hereinafter referred to as the Society or MAT) who have the right to vote. Each member and qualified member has one vote to participate in the decision-making with.

Unless otherwise provided by the Memorandum of Association or the Rules of Organisation and Operation of the Hungarian Actuarial Society, the decisions are always made by voting based on the principle of simple majority.

2. GENERAL MEETING

Once a year, in Spring, MAT holds an ordinary General Meeting. The date of the meeting is set by the Executive Board.

Extraordinary General Meeting should be convened when it is specified in the Memorandum of Association, the Executive Board considers it justified, or if at least one fifth of the members request the Executive Board, in writing, to do so, indicating the goal and reasons. In the latter case, the General Meeting shall be held within four weeks of submitting the written request.

Members must be notified of the date and agenda of the General Meeting 10 days prior to it, in writing. The General Meeting has a quorum if the notification took place in accordance with the rules, the relevant written materials were attached to the notification, furthermore if at least half of the members are present in the meeting where the resolutions are adopted.

If the General Meeting does not have a quorum, it shall be reconvened within 4 weeks, observing the rules of notification. The reconvened General Meeting, in respect of the original items on the agenda, will have a quorum, irrespective of the number of those present.

When voting at the General Meeting, a two-third majority is required in the following cases:

- amendment of the Memorandum of Association and the Rules of Organisation and Operation;
- drawing up or amending the Code of Ethics;
- drawing up or amending the Rules of the Continuous Professional Development
- drawing up or amending the Due Process of Approving Actuarial Professional Standards of Practice
- admission or exclusion of members;

- recalling any member of the Executive Board, the President or any member of the Ethics Committee and the Accreditation Committee;
- termination of the Society;
- declaration of a merger with another civil organisation.

3. ELECTION OF AN HONORARY PRESIDENT

An Honorary President may only be elected by the General Meeting. The proposal for the election of a Honorary President, verbally reasoned, is put forward to the General Meeting by the Society's active President, following a consultation with the Executive Board. On conferring the title of Honorary President the General Meeting decides by voting. The conditions of the conferment are: the General Meeting shall have a quorum when the voting takes place; more than half of those present take a stand for the conferment; and there should be no nay vote. The title of Honorary President is irrevocable. The Society may only have one Honorary President at a time.

4. CONFERMENT OF HONORARY MEMBERSHIP

Honorary membership can only be conferred based on a resolution of the General Meeting. The proposal for awarding an honorary membership, verbally reasoned, is put forward to the General Meeting by a member of the Society. On the conferment the General Meeting decides by voting. The conditions of the conferment are that the General Meeting shall have a quorum when the voting takes place, and a majority of two-thirds of those present take a stand for the conferment.

5. MEMBERSHIP AND CANDIDATE DUES

Each year, the ordinary General Meeting of the Society adopts a resolution on the amount of the basic annual membership dues.

Active members of the Society shall pay the basic membership dues, retired members shall pay half of the basic membership dues. Qualified members shall pay additional membership dues equal to the additional liability of the Society in terms of international membership dues to be paid on qualified members.

The due date of the annual membership dues falls on the date of the resolution regarding the dues. The membership automatically terminates, as a result of non-payment of the membership dues, if the due membership dues are not paid until 31st December of the calendar year of the due year.

If the Society's ordinary General Meeting does not adopt a resolution on the amount of the basic membership dues, the dues of the preceding year are to be paid for the current year, with due date on the day of the ordinary General Meeting.

The candidate dues equals 80% of the basic membership dues.

6. ELECTION OF OFFICERS

The President, the members of the Executive Board and the President and members of the Ethics Committee and the Accreditation Committee are elected by the Society, by secret vote, as described in the Memorandum of Association. On the way of electing the secretary of the Executive Board, the Executive Board decides within its own jurisdiction. The President-elect, elected according to the rules of the Memorandum of Association, is entitled for the use of the title of 'President-elect' until the start of his activity as President.

One person may hold the office of President continuously for 4 years as a maximum.

Beside the existence of the legal conditions, the primary condition of electing the officers is that the General Meeting has a quorum for each voting during the election. The election of the President and the 4 members of the Executive Board starts with the election of a three-member Returning Board to conduct the election. The Returning Board is elected by the General Meeting, based upon the proposal of the President, by a simple majority. Voting then continues with drawing up the list of nominees. The conditions of nomination to the list of nominees are that the nominee be a member of the Society, someone of the members of the Society nominate the nominees together with supporting reason, and those present stand for this nomination by simple majority. The list of nominees is closed, when more than half of those present decide so. The election of the officers then takes place in accordance with the Memorandum of Association, by secret vote.

A vote cast for the President-elect is to be considered valid in the first voting, if there is only one name on the ballot paper, and the nominee is a member of the Society. Following the first voting, the President-elect will be the nominee who is given the vote of more than half of the eligible voters present. If there is no decision in the first voting, then the voting should be repeated. This time, the President-elect shall be the nominee, who is given the greatest number of the votes in the repeated voting. In the repeated voting, a vote is valid, if the ballot paper contains the names of the two persons who were given the greatest number of votes in the previous round, or the name of a person who was given the same number of votes as the two persons who were given the greatest number of votes. If, in the repeated voting, more than one person are given identical number of votes in the first place, then the voting is repeated once again, in conformity with the above rules. If the number of candidates who were given the greatest number of votes does not change in 3 consecutive rounds, then the President-elect should be elected from among them by drawing lots.

Members of the Executive Board will be the 4 persons, who are given the greatest number of votes. A ballot paper cast for the members of the Executive Board in the first voting is to be considered valid, if it contains 4 names as a maximum, all being different, and the candidates named on the paper are all members of the Society,

other than the President-elect. The four Executive Board posts shall then be filled in the decreasing order of the numbers of votes, while those who were given identical numbers of votes are equally entitled to fill the vacant posts. If the number of candidates equally entitled to fill the remaining posts is higher than the number of the remaining posts, a repeated voting must be arranged to fill these posts. In the repeated voting a ballot paper is valid, if the number of names on it is not higher than the number of posts unfilled in the previous round of voting, and if the names on the paper differ, and if these names are some of the names of the persons who obtained equal rights to the posts unfilled in the previous round. If neither the number of vacant posts, nor that of the persons who obtained equal rights to these posts, change throughout 3 consecutive votings, then the Executive Board members to these posts should be elected from among the persons of equal entitlement, by drawing lots.

If in the course of electing the members of the Executive Board or completing it to 5 persons, more persons were given valid votes than the number required, then the nominee who was given the greatest number of votes, but have not become a member of the Executive Board, will be the substitute member of the Executive Board. If there are more than one such nominees, the substitute member should be elected from them by drawing lots.

Having completed the voting, the votes should be destroyed by the Returning Board.

For the election of the President and the members of the Ethics Committee and the Accreditation Committee the rules applying to the election of the President-elect and the Executive Board members are to be applied, respectively.

7. RULES OF PROCEDURE OF THE EXECUTIVE BOARD AND THE COMMITTEES

The Executive Board holds at least 6 sessions a year. The Executive Board's session has a quorum, if at least two thirds of the Executive Board members are present. Matters in dispute are decided by the Executive Board by simple majority, unless the Memorandum of Association or the Rules of Organisation and Operation provides otherwise. In case of a tie vote, the President has a casting vote.

If the Executive Board can not elect an Acting President then the General Meeting electing the President should immediately be convened; the President's duties are exercised by the Executive Board acting as a body until the new President is elected.

The President-elect of the Society and the secretary to the Executive Board, if he is not member of the Executive Board, should be invited to the Executive Board's sessions, with right to partake in the discussions.

The Executive Board is entitled to issue statements on its behalf. The conditions of this are that at least two thirds of the members of the Executive Board agree with issuing the statement, and none of them casts a nay vote.

In matters of ethics of second instance, the Executive Board shall proceed in conformity with the Code of Ethics.

A session of a committee of the Society shall have a quorum if at least two thirds of the members of the committee are present. Matters in dispute are decided by the committee by simple majority, unless the Memorandum of Association or the Rules of Organisation and Operation provides otherwise. In case of a tie vote, the President of the committee has a casting vote.

8. ISSUING A MAT-STATEMENT

Official statements can be issued by the Hungarian Actuarial Society as a result of the following procedure:

1. In connection with an emerging problem, either the Executive Board decides if the issue of a MAT-statement is required, or it is initiated by at least one fifth of the members.
2. The Executive Board sets up a committee to discuss the problem with the task of preparing the statement.
3. The Executive Board considers the statement prepared by the committee, and if it is found worth of debating, then sends it to all members, setting at the same time the date of the debate on the statement, notifying the members at least 10 days prior to the date set.
4. In the course of the debate on the statement a joint draft-statement is drawn-up with the agreement of more than half of the members participating in the debate, which shall be sent immediately to all members indicating the date.
5. The members may, within 10 days from the date indicated on the draft-statement, express their written agreement or disagreement regarding the draft statement to the Executive Board.
6. The draft-statement can be published as a MAT statement if until the 10th day less than one fifth of the members of the Society cast nay vote regarding the draft-statement. Otherwise the Executive Board decides by a simple majority, if it is worthwhile to continue the discussion. If so, then the above procedure from point 2. is to be repeated.

8. PROFESSIONAL STANDARDS OF PRACTICE

The Hungarian Actuarial Society may issue professional standards of practice. The professional standards of practice shall formulate principles and rules concerning procedures, applied methodology, assumptions, and the interpretation and disclosure of the results to be followed during the professional engagement of the actuaries acting in Hungary and the members of the Society. Professional standards of practice may be attentive, recommended, or compulsory.

The attentive professional standards of practice shall provide guidance on what principles and rules are to be reasonably followed by the actuary in the course of managing a professional problem.

The recommended professional standards of practice shall lay down principles and rules that are expected to be followed by the actuary; deviation is to be reasoned.

The compulsory professional standards of practice shall be expected to be followed by actuaries acting in Hungary; deviation is to be reasoned. The compulsory professional standards of practice shall be mandatory for members of the Society; deviation is to be particularly reasoned. Any deviation shall be reasoned in writing by the member, detailing the effect of the deviation; the actuary shall draw the attention of the user of her/his results to the fact, effect, and the reasoning of any deviation.

A recommended professional standard of practice may only be issued if an attentive professional standard of practice has been in force for at least one year on the subject. A compulsory professional standard of practice may only be issued if a recommended professional standard of practice has been in force for at least one year on the subject.

The process of adopting, amending, and withdrawing professional standards of practice shall be described by the regulation 'Due Process of Approving Actuarial Professional Standards of Practice' that is approved by the General Meeting.

If a member of the Society is professionally engaged outside of Hungary then the professional standards of practice of the Society shall be observed as long as they do not contradict to the professional standards of practice of the host country.