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LY! IN EVENT OF ANY DISCREPANCIES  
BETWEEN CZECH AND ENGLISH  
VERSION, THE CZECH VERSION  
SHALL PREVAIL!

# Statutes

## **CZ.NIC** **Special-interest Association of Legal Entities**

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## I. BASIC PROVISIONS

### 1. Foundation of Special-interest Association of Legal Entities

- 1.1. CZ.NIC, Special-interest Association of Legal Entities, (hereinafter the Association) was established in accordance with the provisions of Section 20f et seq. of the Civil Code by a Foundation Contract dated 21 May 1998 for the purpose of administering the CZ highest level domain (ccTLD CZ).
- 1.2. The Association is recorded in the Associations register maintained by Municipal Court in Prague, File ref.: L 58624.
- 1.3. The Association's Identification Number is 67985726.

### 2. Name and Registered Office of the Association

- 2.1. The Association acts under the name of CZ.NIC, z.s.p.o. (*z.s.p.o. is Czech abbreviation for Special-interest Association of Legal Entities*).
- 2.2. The registered office of the Association is in Prague. The address of the registered office will be determined by the Board.

### 3. Duration of the Association

The Association is established for an indefinite period.

### 4. Activities of the Association

- 4.1. The scope of business of the Association includes:
  - a) Manufacture, trade and services not specified in Annex 1-3 to the Trade Law;
  - b) Manufacture, installation, repairs of electrical machines and devices, electronic and telecommunications equipment.
- 4.2. The Association in particular:
  - a) operates and develops the highest-level domain ccTLD CZ;
  - b) operates and develops a reliable, safe and stable information and communication infrastructure including development and support of the development of Internet services, especially through innovative projects with open source codes;
  - c) spreads and promotes education, training, awareness and discussion about the aspects of Internet technologies;
  - d) deals with increasing the level of cyber security..
- 4.3. A detailed description of the aims of the Association and methods of achieving them is provided in the concept of the Association approved by the Collegium of the Association.

### 5. Financing of the Association

- 5.1. The activity of the Association is financed from
  - a) membership entrance fees,
  - b) registration and maintenance fees for the registration of domain names under ccTLD CZ, and
  - c) other sources.
- 5.2. The membership entrance fee is CZK 5,000.
- 5.3. The registration and any other fees for the registration and administration of domain names under ccTLD CZ or other services of the Association are stipulated in the pricelists approved by the Association's Board.
- 5.4. Other sources are represented by the income from other activities of the Association.
- 5.5. The means acquired from the sources mentioned in this Article are utilized within the framework of the approved budget of the Association, in particular for covering the costs associated with the implementation of the subject of business of the Association and for the further development of the activity of the Association.

### 6. Association Bodies

The Association bodies include:

- General Assembly (Part III of the Statutes)
- Collegium (Part IV of the Statutes)
- Board (Part V of the Statutes)
- Supervisory Council (Part VI of the Statutes)

## II. MEMBERSHIP IN ASSOCIATION

### 7. General Conditions of Membership in Association

- 7.1. A member of the Association can be any legal entity with a registered office in an EU member state or having an organizational unit in an EU member state, which
- a) is the holder of at least one domain name registered in ccTLD CZ at the moment of its accession to the Association;
  - b) pays the membership entrance fee;
  - c) agrees with the Statutes of the Association and with the Foundation Agreement;
  - d) is not bankrupt and bankruptcy is not impending in relation to it, nor is it in liquidation;
  - e) has no tax arrears;
  - f) has no outstanding arrears due with respect to the payment of the public health insurance premium or penalty or the insurance premium or penalty for social security and the contribution to the state employment policy;
  - g) has not been lawfully condemned for a crime, the factual basis of which is related to the subject of business of such a legal entity or association, or for a crime of economic nature, a crime against property or any other intentional crime;
  - h) has no statutory body or member of a statutory body who has been lawfully condemned for a crime, the factual basis of which is related to the subject of business of such a legal entity or association, or for a crime of economic nature, a crime against property or any other intentional crime;
  - i) has not been expelled from the Association, and
  - j) has not withdrawn from the Association during the past 6 months.
- 7.2. The fulfilment of the general conditions of membership in the Association is substantiated with an extract from the relevant official records not older than 3 months, provided that the accessing member is incorporated in the relevant official records, a reference to an entry concerning the domain name holder (Article 7.1, Letter a), a document proving the payment of the membership entrance fee with the payment identification (Letter b) and a declaration of honour (Letters c) to hh) that is not more than 3 months old.
- 7.3. The documents and declarations are submitted as the original documents or as officially certified copies; if they are executed in another language than Czech or Slovak, they must be provided with an official translation into Czech. The information on the accession to the Association (Article 9.2) and the declarations of honour must be provided with officially authenticated signatures.
- 7.4. The accessing member must substantiate that the persons who have signed the notification of accession to the Association on its behalf or as its representatives are duly authorized to assume liabilities on behalf of the accessing member. The authorization to assume liabilities on behalf of the accessing member can be substantiated, in particular, by extracts from the relevant official registers in which the accessing member is registered or, as the case may be, by powers of attorney with officially authenticated signatures. If an accessing member is not incorporated in any official register or is incorporated in a register from which no extract can be provided, or if the extract from the official register in which the accessing member is registered does not contain a list of persons authorized to act on behalf of the accessing member, the authorization of such persons to act on behalf of the applicant can be substantiated by a declaration of honour of such persons with officially authenticated signatures.

### 8. Special Conditions of Membership in Association

- 8.1. The provisions of these Statutes concerning the General Assembly and its chambers may stipulate special conditions for the membership in the Association, upon the fulfilment of which an Association member becomes a member of a particular Chamber of the General Assembly.
- 8.2. If a special condition for membership in the Association requires a contractual relationship of the member with the Association, the substantiation of the existence of such a relationship is a matter of the Association.
- 8.3. If a special condition for membership in the Association requires the existence of a trading licence or other characteristics, the fulfilment of such conditions shall be substantiated by submitting the particular documents or, where no such documents exist, a declaration of honour.
- 8.4. If a member of the Association ceases or starts to meet any special conditions of membership in a Chamber of the General Assembly, and as a consequence of this the member should become a member of another Chamber, then such member is obliged to notify the Board of this fact within 1 month together with the identification of the Chamber whose member it should become. The Board is obliged to incorporate such a member in the Chamber and inform the member about this within 2 months from the date of delivery of the notification. The membership

in the Chamber is established on the date of incorporation by the Board. If such a member fails to meet the conditions for the membership in a Chamber identified in its notification, the Board shall decide on the incorporation of such a member in the corresponding Chamber. The Association member is entitled to request – within 30 days from the delivery of the Association's notification of the member's incorporation in another Chamber than that specified in its notification – that the decision is reviewed by the Collegium. The Collegium is obliged to discuss this request at its next meeting.

## **9. Establishment of Membership of the Association**

- 9.1. The Membership in the Association for the founder members is established upon the signing of the Foundation Agreement with effect from the registration of the Association in the Register of Associations.
- 9.2. The Association can be joined by new members. The accessing member will send the Association a notification of joining the Association. The notification must be accompanied by documents proving the fulfilment of the conditions of the membership in the Association and a notification specifying the respective Chamber of the General Assembly, which the accessing member should join.
- 9.3. Within 2 months of the delivery of the notification of the accession to the Association, the Board will inform the accessing member whether or not the Association membership conditions have been fulfilled. Should the accessing member fail to remove any identified deficiencies within 2 months from the delivery of the Board's notification pursuant to the previous sentence, the Association will return the membership entrance fee to such a member. In the case of another attempt to join the Association, the accessing member must submit an entirely new notification.
- 9.4. The Association membership is established for new members as at the first day of the month following the decision of the Board confirming the fulfilment of the conditions for the Association membership.
- 9.5. If the accessing member fails to meet the conditions for the membership in the Chamber identified in its notification in accordance with Article 9.2 above, the Board will allocate the accessing member to the proper Chamber and inform the accessing member about this fact in a notification confirming the fulfilment of the conditions for the membership in the Association. The accessing member shall be entitled to request – within 30 days from the delivery of the Association's notification of the fulfilment of the conditions for the membership in the Association – that such incorporation in another Chamber than that specified by the accessing member in accordance with Article 9.2, would be reviewed by the Collegium.

## **10. Expiry of the Membership of the Association**

- 10.1. Membership in the Association expires:
  - a) by the expiry of the legal entity which is a member of the Association, without a legal successor; the membership also expires if another member of the Association becomes the legal successor of an expired member. If there are several legal successors of an expired member of the Association, the membership shall pass to the legal successor who shall acquire the membership in the Association based on the decisions of the competent bodies of the legal entities concerned or based on an agreement of all the legal successors;
  - b) by departure from the Association;
  - c) by expulsion;
  - d) by a transfer of the membership in the Association;
  - e) by the cancellation of the Association;
  - f) by exceeding the maximum period during which a member may have the status of an observer.
- 10.2. A member of the Association is entitled to withdraw from the Association on the basis of a written notification addressed to the Board. In such a case the membership ends on the last day of the month in which the notification of withdrawal was delivered to the Board.
- 10.3. The General Assembly may decide on the expulsion of a member of the Association if the member of the Association violates the Statutes of the Association in a particularly serious manner or impairs the good name of the Association or has ceased to fulfil the conditions for membership in the Association, even though he has been warned by the Board in writing of the infringement of its obligations and of the possibility of expulsion from the Association. In such a case the membership ends on the date of the decision of the General Assembly on the expulsion.
- 10.4. A member of the Association is entitled to transfer the membership in the Association to a third person who fulfils the conditions for the membership in the Association provided that the member of the Association transferring the membership does not have any financial liabilities with regard to the Association.

- a) The transfer of membership must be announced to the Board jointly by the transferor and the transferee. The announcement must include the required documents concerning the fulfilment of the conditions of the membership in the Association by the transferee and a notification specifying the respective Chamber of the General Assembly which the transferee should join.
  - b) Within 2 months from the date of delivery of the notification of the transfer of membership, the Board shall notify the transferor and the transferee about whether or not the conditions for the transfer of the membership in the Association have been fulfilled. Should the transferor and the transferee fail to remove any deficiencies within 2 months from the date of delivery of the Board's notification pursuant to the previous sentence, the Board shall refuse to register the transfer of membership.
  - c) The membership of the transferee is established as at the first day of the month following the Board's decision confirming the fulfilment of the conditions for the transfer of the Association membership.
  - d) Should the transferee fail to meet the conditions for the membership in the Chamber identified in its notification in accordance with paragraph a) hereof, Board will incorporate the transferee in the corresponding Chamber and will inform the transferee about this fact in the notification confirming the fulfilment of the conditions for the transfer of the membership in the Association. The transferee shall be entitled to request – within 30 days from the delivery of the Association's notification of the fulfilment of the conditions for the transfer of the membership – that such incorporation in another Chamber than that specified by the transferee in accordance with paragraph a) would be reviewed by the Collegium.
- 10.5. If an Association member has the status of an observer for a continuous period of 36 months, the membership of such a member in the Association shall expire as of the last day of such a period.

#### **11. Rights and Obligations of a Member of the Association**

- 11.1. A member of the Association has the right to attend the General Assembly and request and receive at the General Assembly explanation of the matters concerning the Association, if such explanation is necessary for the assessment of the subject of the discussion of the General Assembly. A member of the Association is further entitled to submit proposals and counter-proposals and raise protests against the decisions of the General Assembly.
- 11.2. A member of the Association has the right to be informed about the agenda of the General Assembly and has the right to receive a copy of the minutes of the General Assembly.
- 11.3. At least 1/3 of all members may request in writing the summoning of an extraordinary General Assembly.
- 11.4. A member of the Association has the right to request the inclusion in the agenda of the General Assembly of a matter proposed by the member of the Association.
- 11.5. A member of the Association is obliged to refrain from any public statements in the name of the Association.
- 11.6. A member of the Association is obliged to refrain from any actions that harm or might harm the interests of the Association.
- 11.7. Members of the Association are obliged to observe the Statutes of the Association.
- 11.8. A member of the Association is obliged to handle the materials of the Association submitted to the members of the Association by the Board, the Supervisory Council, the Collegium or by the other members of the Association in accordance with the classification of the manner of handling and confidentiality specified in such materials by the submitting person.

#### **12. Special provision on the observer status**

- 12.1. During the first 12 months of the existence of the membership in the Association, the members have the status of observers; this period cannot be shortened. Such members are members of some of the General Assembly Chambers, have the right to attend the General Assemblies, make speeches at the General Assemblies and raise proposals and counterproposals but they do not have the right to vote at the General Assemblies. The status of an observer shall only cease following the end of the first 12-month period of the membership if such a member participated in at least one General Assembly meeting during this period. If the observer has not attended any General Assembly meeting during the first 12 months of the membership, the status of an observer shall cease on the first day of the month following the General Assembly meeting which the member attended.
- 12.2. [omitted]
- 12.3. Association members shall gain the status of an observer if they do not attend two consecutive General Assembly meetings, either personally or via a proxy. This Association member gains the status of an observer on the first day of the month following the second General Assembly meeting which the member does not attend. The

Association member's status of an observer shall cease on the first day of the month following the General Assembly meeting which the member attends as an observer.

### III. THE GENERAL ASSEMBLY

#### 13. Status of the General Assembly

- 13.1. The General Assembly is the supreme body of the Association.
- 13.2. Every member of the Association is entitled to participate in the dealings of the General Assembly. The member of the Association is represented at the General Assembly by its statutory body or by a member (members) of the statutory body entitled according to the extract from the relevant public records to represent the member of the Association or, as the case may be, by a representative on the basis of a written power of attorney.
- 13.3. Each member of the Association has one vote at the General Assembly; this provision does not prejudice the provisions hereof regarding the status of an observer (Article 12). The members cannot exercise their voting rights in the cases where the General Assembly takes decisions on the conclusion, amendment or cancellation of a contract between such members and the Association.

#### 14. Organizational Structure of the General Assembly

- 14.1. The General Assembly is divided into individual Chambers and additional Chambers may be established based on the decision of the General Assembly. The respective Chambers are not independent bodies of the Association. Each member of the Association must be a member of one Chamber.
- 14.2. Chamber of Domain Name Holders:  
The members of this Chamber are members of the Association who meet the general conditions of membership in the Association in accordance with Article 7 of the Statutes and who do not meet the special conditions of membership in other Chambers of the Association in accordance with Articles 14.3 and 14.4 of the Statutes.
- 14.3. ISP Chamber:  
The members of this Chamber are members of the Association who
  - a) meet the general conditions of membership in the Association in accordance with Article 7 of the Statutes,
  - b) are holders of LIR and members of RIPE NCC or a corresponding regional organization,
  - c) provide Internet connection or access services in the territory of the Czech Republic, and
  - d) are holders of licences or other authorizations allowing them to render such services in the territory of the Czech Republic,and do not meet the special conditions of membership in the Chamber of Registrars in accordance with Article 14.4 of the Statutes.
- 14.4. Chamber of Registrars:  
The members of this Chamber are members of the Association who
  - a) meet the general conditions of membership in the Association in accordance with Article 7 of the Statutes, and
  - b) have concluded a contract with the Association providing them with the status of a domain name registrar, irrespective of whether they meet the conditions for membership in other Chambers.

#### 15. Status and Competences of the General Assembly

- 15.1. The competences of the General Assembly include:
  - a) Approval or rejection of the dealings and decisions made by the founders of the Association in the period between the founding and the coming into being of the Association;
  - b) Approval of changes in the Statutes;
  - c) Election and removal of the Collegium members;
  - d) Decisions on the expulsion of a member of the Association;
  - e) Decisions on distribution of profit or coverage of loss;
  - f) Approval of the final accounts and the Annual Report;
  - g) Decisions on the cancellation of the Association, its division or its merger with other entities;
  - h) Decisions on other issues entrusted to the competence of the General Assembly by these Statutes.

## **16. Summoning of the General Assembly**

- 16.1. The General Assembly is held as a joint meeting of all the Chambers of the General Assembly. The Rules of Procedure of the General Assembly may stipulate the circumstances under which the individual Chambers of the General Assembly may hold separate meetings.
- 16.2. The General Assembly takes place at once a year; this does not prejudice the possibility of replacing physical meetings of the General Assembly with electronic voting in accordance with Article 40 hereof.
- 16.3. The General Assembly must be called so that it takes place on the territory of the Czech Republic and on a business day.
- 16.4. The General Assembly is called by the Board or the Supervisory Council at latest 30 days prior to the date of the General Assembly meeting. The General Assembly is called by an invitation sent to all members of the Association, the Collegium and the Supervisory Council.
- 16.5. The invitation to the General Assembly must contain:
  - a) Name and registered office of the Association;
  - b) Place, date and time of the meeting of the General Assembly;
  - c) Agenda of the General Assembly;
  - d) List of background materials for the individual items on the agenda, if such materials exist.
- 16.6. The Board is obliged to include in the agenda of the General Assembly written proposals of individual members of the Association, the Collegium or the Supervisory Council. A proposal must include the name of the proposed item of the agenda and possibly also background materials and the text of the proposed resolution. If a proposal is delivered to the Board after the sending of the invitation to the General Assembly, the Board will announce the addition to the agenda of the General Assembly within 15 days before the meeting of the General Assembly in the manner stipulated for the calling of the General Assembly (Article 16.4 of the Statutes). If, however, such notification is no longer possible, then the matter concerned can be included in the agenda of the given General Assembly only in the manner stipulated for decisions on matters not mentioned in the invitation to the General Assembly (Article 17.1 of the Statutes).
- 16.7. The Board will send the background materials regarding the respective items on the agenda to the members of the Association together with the wording of the proposed resolutions no later than as stated in Article 16.6. Each of the Association members is entitled to ask the Secretariat of the Association to send a copy of all the background materials regarding the respective items on the agenda at the member's expense. The Secretariat of the Association will send the requested background materials to the member of the Association without undue delay.

## **17. Meetings of the General Assembly**

- 17.1. The proceedings of the General Assembly take place in accordance with the agenda included in the invitation to the General Assembly and/or in accordance with the supplemented agenda (Article 16.6 of the Statutes). Any issue that has not been listed in the agenda contained in the invitation to the General Assembly may be decided only with the participation and consent of all members of the Association. Members of the Association, the Board, the Supervisory Council or the Collegium shall be entitled to withdraw from the agenda an item which was incorporated in the agenda by them or which was included in the agenda based on their proposal.
- 17.2. The General Assembly has a quorum if at least one-half of all members are present and if each chamber is represented by at least one-third of its members.
- 17.3. The quorum of each General Assembly meeting shall not include members who have the status of an observer.

## **18. Decisions of the General Assembly**

- 18.1. Unless otherwise stipulated hereinafter, a decision of the General Assembly must be taken by more than a half of the Chambers and unless otherwise stipulated hereinafter, decisions of the Chambers require a majority of more than a half of the votes of the members of the particular Chamber present at the Chamber's meeting.
- 18.2. The decisions in accordance with Article 15.1.b) require that the decisions be taken by all the Chambers and, at the same time, by at least 2/3 of the votes of the members present at the General Assembly meeting.
- 18.3. Decisions on the election or removal of members of the Collegium in accordance with Article 15.1.c) are taken separately by the individual Chambers (Articles 24.2 and 42.2 of the Statutes). The candidates who win the most votes are elected. In the case of equality of votes the winner is chosen by lot. At least 2/3 of the votes of the members of the respective Chamber present at the meeting of the Chamber are necessary for the removal of a member of the Collegium.

- 18.4. Decisions in accordance with Article 15.1.g) require that the decisions are adopted by all Chambers and the adoption of the decision of each Chamber requires adoption by at least two-thirds of the members of each such Chamber.

#### **19. Minutes of the General Assembly**

- 19.1. Minutes are taken of the meetings of the General Assembly. The production of the minutes is ensured by the Board within 30 days after the end of the General Assembly.
- 19.2. The minutes are signed by the Chairman of the General Assembly, the verifier of the minutes and the minutes recorder.
- 19.3. Copies of the minutes are distributed to all the members of the Association. The original copy is filed in the archives of the Association during the existence of the Association. Each member of the Association may ask the Board to issue a copy of the minutes or any part thereof during the whole existence of the Association. Such copies are issued at the expense of the person requesting them.
- 19.4. The minutes of the General Assembly include:
- a) Name and registered office of the Association;
  - b) Place and time of the meeting of the General Assembly;
  - c) Name of the chairman of the General Assembly, the verifier of the minutes, the minutes recorder and the scrutineers;
  - d) Description of the discussion of the individual items on the agenda of the General Assembly;
  - e) Decisions of the General Assembly with the result of voting;
  - f) Content of the protest of a member of the Association, the Board or the Supervisory Council regarding a decision of the General Assembly, if the protesting person so demands.

#### **20. Extraordinary General Assembly**

- 20.1. At least 1/3 of all members of the Association may submit a request to the Board in writing to convene an extraordinary General Assembly. The request for the calling of the General Assembly must contain the titles of the proposed items on the agenda and possibly also the background materials and the texts of the proposed resolutions.
- 20.2. The Board is obliged to call the Extraordinary General Assembly in such a way that it would take place no later than 45 days from the date on which it received the request for its calling. An Extraordinary General Assembly is called by the procedure stipulated for the calling of the General Assembly (Article 16.4 of the Statutes).
- 20.3. The Board is entitled to supplement the proposed agenda of the Extraordinary General Assembly with further items, but it is not entitled to change the titles or contents of the items submitted by a member or members of the Association.
- 20.4. Should the Board fail to fulfil its obligation to call the Extraordinary General Assembly within the set time limit (Article 20.2 of the Statutes), the members of the Association who requested its calling are entitled to call it in the manner stipulated for the calling of the General Assembly (Article 16.4 of the Statutes) and to include in its agenda all the items which they have listed in their request. In this case, however, the provision concerning the supplementing of the agenda of the General Assembly shall not be applied (Article 16.6 of the Statutes).

#### **21. Substitute General Assembly**

- 21.1. If the General Assembly is unable to constitute a quorum at the time for which it was called or within an additional period of 60 minutes thereafter, the Board shall call a substitute General Assembly meeting.
- 21.2. The Boards calls the substitute General Assembly in the manner stipulated for the calling of the General Assembly (Article 16.4 of the Statutes) and the time limit stipulated for the calling of the General Assembly is reduced by a half. The invitation must be sent within 15 days from the date at which the original General Assembly was called. The substitute General Assembly must take place within 30 days from the date at which the original General Assembly was called.
- 21.3. The substitute General Assembly must have an unchanged agenda and it shall constitute a quorum regardless of the number of members present.

#### **22. Rules of Procedure and Election**

- 22.1. The General Assembly may issue the Rules of Procedure and Election to regulate the particulars of the participation of members of the Association in the General Assembly of the Association, the deliberation of the General Assembly of the Association, the manner in which the members of the Association exercise their rights

at the General Assembly and the process of voting at the meeting, as well as the procedures concerning the election and removal of the Collegium members.

## IV. COLLEGIUM

### 23. Status and Competences of the Collegium

- 23.1. The Collegium is a body consisting of members elected by the respective Chambers of the General Assembly and/or other persons (see Article 24.3).
- 23.2. The Collegium
- a) elects and removes members of the Board and the Supervisory Council;
  - b) determines the principles of remuneration of the members of the Board and the Supervisory Council;
  - c) approves the wording of the contracts concluded with the members of the Board and the Supervisory Council;
  - d) approves the Association's budget;
  - e) approves the Association's concept;
  - f) approves the rules of electronic voting of the Association bodies;
  - g) submits to the General Assembly for approval proposals for changes of the Statutes;
  - h) orders the Board to call meetings of the General Assembly;
  - i) charges the Board with other duties;
  - j) approves the conclusion, changes or cancellation of the contracts between the Association and the state, except the contracts listed in Article 23.3;
  - k) approves the conclusion, amendment or cancellation of the contracts connected with the ccTLD CZ delegation;
  - l) reviews the decisions of the Board regarding the inclusion of a member in a Chamber of the General Assembly (Articles 8.4, 9.5 and 10.4 d)
  - m) takes decisions regarding other issues entrusted to the competence of the Collegium by these Statutes.
- 23.3. The provisions of Article 23.2. j) do not apply to
- a) private law contracts where such contracts relate to projects or activities of the Association arising from the approved concept of the Association, and where the obligations of the Association under such contracts correspond to the valid budget of the Association,
  - b) contracts governing the provision of subsidies, grants, donations, contributions or other form of aid provided by the state or the European Union, where such contracts relate to projects or activities of the Association arising from the approved concept of the Association, and where the obligations of the Association under such contracts, not covered by such subsidies, grants, donations, contributions or other form of aid, correspond to the valid budget of the Association,
  - c) contracts of technical nature based on standard models or forms used by the state or public authorities when entering into contracts, where such contracts relate to projects or activities of the Association arising from the approved concept of the Association, and where the obligations of the Association under such contracts correspond to the valid budget of the CZ.NIC Association.

### 24. Structure and Terms of Office of the Collegium

- 24.1. The Collegium shall have 18 to 21 members.
- 24.2. 18 members of the Collegium are elected by the Association members at the General Assembly where each of the General Assembly Chambers elects 6 members of the Collegium.
- 24.3. 1 member of the Collegium is appointed by the central state administration authority for information and communications technologies, 1 member is appointed by the central administration office for the execution of state administration of issues regulated by the legal regulations on electronic communications and 1 member is appointed by the Chamber of Economy of the Czech Republic.
- 24.4. The members of the Collegium may be only natural persons who have reached the age of 18 years, who are fully capable to enter into legal acts and who are irreproachable within the meaning of the Trade Law.

### 25. Term of Office of the Collegium

- 25.1. The term of office of a member of the Collegium is 3 years and each year 1/3 of the Collegium members elected by the General Assembly are elected in each Chamber.

- 25.2. If the office of an Collegium member terminates otherwise than by expiry of the term of office, the term of office of the newly elected Collegium member shall last only for the period for which the term of office of the member whose terms has terminated should have lasted.

#### **26. Remuneration of the Collegium Members**

- 26.1. The members of the Collegium are not entitled to any remuneration for the execution of their office.

#### **27. Collegium Meetings**

- 27.1. The Collegium shall meet as necessary, but not less than twice a year.
- 27.2. The Board is obliged to call a meeting of the Collegium so that it is held not later than 30 days after the date at which the calling of the Collegium meeting has been requested by at least 6 members of the Collegium, at least 1/3 of the members of the Association, or the Supervisory Council.
- 27.3. The Collegium forms a quorum if its meeting is attended by at least one half of its members elected by the General Assembly.
- 27.4. The meetings of the Collegium are chaired by the chairman of the Board or by another authorized member of the Board, until the Collegium elects a person to manage the meeting.
- 27.5. The Collegium takes decisions by more than a half of the votes of the present Collegium members. Each member of the Collegium has one vote.
- 27.6. The procedure of the meeting of the Collegium is recorded in the minutes, which must be signed by the recorder and the person in chair.

## **V. THE BOARD**

#### **28. Status and Competences of the Board**

- 28.1. The Board is a statutory body of the Association, which manages the activities of the Association and represents it.
- 28.2. The Board decides on all the matters of the Association that are not reserved by the Statutes to the competence of the General Assembly, the Collegium or the Supervisory Council.
- 28.3. The Board approves
- rules for the registration of domain names, including all relating technical documents;
  - pricelists of services rendered by the Association;
  - Rules of Procedure of the Board.
- 28.4. The Board processes and submits
- concepts of the activities of the Association – to the Collegium for approval;
  - budget of the Association – to the Collegium for approval;
  - final accounts and the Annual Report – to the Collegium for acknowledgement;
  - the list of contracts pursuant to Article 23.3 made in the period from the last meeting of the Collegium, indicating the other party, the financial volume of the contract and its purpose – to the Collegium;
  - final accounts and the Annual Report – to the General Assembly for approval;
  - proposals for changes in the Statues of the Association – to the General Assembly.
- 28.5. The Board shall call the meetings of the General Assembly (its Chambers) and the Collegium.
- 28.6. The Board
- executes the decisions and fulfils the tasks set by the General Assembly or the Collegium;
  - keeps a list of the members of the Association;
  - decides on the use of the means of the reserve fund;
  - ensures proper keeping of the prescribed registers, accounts and records;
  - determines the internal organizational structure of the Association's executive management, appoints and recalls the Executive Director of the Association and at his/her suggestion also the other directors/managers and stipulates the extent of their rights and responsibilities;
  - acts on behalf of the Association in the public.
- 28.7. The Board shall submit to the Supervisory Council, at least 14 days before conclusion, the draft contracts with the suppliers of the Association, where the price to be paid by the Association during one accounting period exceeds CZK 5,000,000 exclusive of VAT. The Board shall not enter into any such contract if the Supervisory Council forbids that contract because it is not in the interest of the Association within 14 days of the submission of the draft contract to the Supervisory Council.

**29. Structure and Terms of Office of the Board**

- 29.1. The Board of the Association has 5 members. The members of the Board may be only natural persons who have reached the age of 18 years, who are fully capable to enter into legal acts and who are irreproachable within the meaning of the Trade Law.
- 29.2. The term of office of the member of the Board is 3 years.
- 29.3. If the number of its elected members has not dropped below one half, the Board may co-opt substitute members of the Board until the meeting of the next General Assembly, which is authorized to elect the Board members.
- 29.4. The Board elects a Chairman and Vice-chairman from among its members.

**30. Obligations of the Board members**

- 30.1. The members of the Board are subject to the ban on competition. The Board members must not in their own name or at their own expense conclude deals whose subject would be identical or close to the subject of business of the Association, or mediate such deals in their own name at their own expense or at the expense of another person. If any member of the Board breaches this provision, he/she is obliged to resign immediately from the post of a member of the Board of the Association and at the Association's request hand over the benefit from the deal in which he/she has breached the ban on competition and/or assign the corresponding rights to the Association. This does not prejudice the Association's right to compensation for damage.

**31. Remuneration of the Board Members**

- 31.1. The members of the Board are entitled to remuneration for the execution of their office. The amount and method of payment of the remuneration is decided by the Collegium.
- 31.2. The Board members are entitled to get from the Association the reimbursement of the costs purposefully expended in connection with the execution of their functions as Board members.

**32. Meetings of the Board**

- 32.1. The Board meets as necessary, but at least once in two months.
- 32.2. The Chairman of the Board (or any member of the Board in the case of the Chairman's absence or inaction) is obliged to call the Board meeting so that it takes place no later than 30 days after the date at which the calling of the Board meeting has been requested by a member of the Board, the Collegium, at least 1/3 of the members of the Association, the Supervisory Council or the Executive Director of the Association.
- 32.3. The Board forms a quorum if its meeting is attended by at least one half of its members.
- 32.4. The Board takes decisions by more than a half of the votes of the present Board members. Each member of the Board has one vote. In the case of equality of votes the Chairman of the Board and in the case of his absence the Vice-chairman of the Board has the decisive vote.
- 32.5. The procedure of the meeting of the Board is recorded in the minutes, which must be signed by the recorder and the Board member in chair.
- 32.6. The Board may also take decisions outside its meetings. In such a case the voting Board members are considered to be present. The decisions taken in this way must be recorded in the next subsequent minutes of the Board meeting. Details regarding the adoption of decisions outside the meetings are stipulated in the Rules of Procedure of the Board.
- 32.7. The way of the calling and organization of the meetings and other details of the activity of the Board are regulated by the Rules of Procedure adopted by the Board.

**33. Acting on Behalf of the Association**

- 33.1. The Board acts and signs on behalf of the Association by means of at least two members of the Board jointly where one of these members must be the Chairman or the Vice-chairman of the Board.
- 33.2. Signing on behalf of the Association is performed by the addition of the signatures of the persons stated in paragraph 1 of this Article to the name of the Association.

**34. Special Provisions on the Board's Inactivity**

- 34.1. If these Statutes stipulate the Board's duty to call a meeting of another body of the Association and the Board fails to meet this duty within the period stipulated by these Statutes, then any member of the Board is obliged to call such a meeting without undue delay.

- 34.2. If the meeting of any body of the Association is not called by the procedure in accordance with Article 34.1 of the Statutes, the right to call such a meeting of the Association shall pass to the Supervisory Council; this shall not prejudice the right of the Supervisory Council in accordance with Article 35.2 f) of the Statutes.

## **VI. THE SUPERVISORY COUNCIL**

### **35. Status and Competences of the Supervisory Council**

- 35.1. The Supervisory Council is the controlling body of the Association, which supervises the execution of the competences of the Board and the implementation of the activities of the Association.
- 35.2. The Supervisory Council:
- a) Inspects all documents and records regarding the activities of the Association;
  - b) Checks whether the accounting records are properly kept in accordance with the facts and the effective legislation;
  - c) Checks whether the implementation of the activity of the Association is taking place in accordance with effective legislation, the Statutes of the Association and the instructions of the General Assembly and the Collegium;
  - d) Reviews the final accounts of the Association and the list of suppliers pursuant to Article 45.4;
  - e) Participates in the meetings of the General Assembly and/or the Collegium and informs the General Assembly and/or the Collegium on the results of its controlling activity;
  - f) Calls the meetings of the General Assembly and/or the Collegium if it is required by the justified interests of the Association and proposes the necessary measures;
  - g) Proposes the inclusion of new items on the agenda of the meetings of the General Assembly and/or the Collegium;
  - h) May forbid the conclusion of a contract pursuant to Article 28.7 where such a contract is not in the interests of the Association.
- 35.3. The Supervisory Council submits written reports on its activity and, in particular, on the results of the conducted inspections to the General Assembly, the Collegium and, if need be, to the Board.

### **36. Structure and Terms of Office of the Supervisory Council**

- 36.1. The Supervisory Council has 3 members. The members of the Supervisory Council may be only natural persons who have reached the age of 18 years, who are fully capable to enter into legal acts and who are irreproachable within the meaning of the Trade Law.
- 36.2. The term of office of the member of the Supervisory Council is three years.
- 36.3. The Supervisory Council elects a chairman from among its members.

### **37. Remuneration of the Supervisory Council Members**

- 37.1. The members of the Supervisory Council are entitled to remuneration for the execution of their office. The amount and method of payment of the remuneration is decided by the Collegium.
- 37.2. The Supervisory Council members are entitled to get from the Association the reimbursement of the costs purposefully expended in connection with the execution of their functions as Supervisory Council members.

### **38. Meetings of the Supervisory Council**

- 38.1. The Supervisory Council meets as necessary, but at least once in 3 months.
- 38.2. The Chairman of the Supervisory Council is obliged to call a meeting of the Collegium so that it is held not later than 30 days after the date at which the calling of the Supervisory Council meeting has been requested by a member of the Supervisory Council, the Collegium, at least 1/3 of the Association members or the Board.
- 38.3. The Supervisory Council forms a quorum if its meeting is attended by at least one half of its members.
- 38.4. The Supervisory Council takes decisions by more than a half of the votes of the present Supervisory Council members. Each member of the Supervisory Council has one vote.
- 38.5. The procedure of the meeting of the Supervisory Council is recorded in the minutes, which must be signed by the recorder and the Supervisory Council member in chair.

## **VII. COMMON PROVISIONS ON THE BODIES OF THE ASSOCIATION**

### **39. Activities of the Association Bodies**

39.1. The costs of the activities of the Association Bodies shall be borne by the Association.

### **40. Electronic Voting of the Association Bodies**

40.1. The Association shall introduce a secured system for electronic voting by the members of the Association bodies. The rules of such electronic voting shall be determined by the Collegium. Electronic voting of any Association body is considered to be an action of such a body within the meaning of the provision of these Statutes regulating the action of the Association body.

40.2. However, the action (meeting) of the Association body with personal participation of its members must take place whenever it is required by:

- a) a simple majority of the members of one of the Chambers or at least one-third of all Association members in the case of meetings of the General Assembly;
- b) at least one-third of the Collegium members in the case of meetings of the Collegium;
- c) at least 2 members of the Board in the case of meetings of the Board; and
- d) at least 1 member of the Supervisory Council in the case of meetings of the Supervisory Council.

40.3. A request in accordance with Article 40.2 may be submitted at any time and the meeting of the respective body must take place at least within 30 days (45 days in the case of a General Assembly) from the delivery of such a request to the Board (in the case of a meeting of the Supervisory Council, the request should be delivered to the Supervisory Council chairman). A request may be submitted also after the announcement of the electronic voting of the particular body; in such a case, the request must be delivered to the Board (Board chairman) within 3 days from the announcement of the electronic voting and the regular meeting of the body must take place within 30 days (45 days in the case of the General Assembly) from the delivery of the request. The Board (Board chairman) is obliged to call the meeting of the particular body as specified in this Article.

40.4. Electronic voting may be used for voting on all matters entrusted to the competence of the Association bodies, except for decisions on the expulsion of an Association member and decisions on the cancellation of the Association, its division or its merger with other entities.

### **41. Compatibility of Functions**

41.1. The function of a member of the Collegium is compatible with the function of a member of the Board or the Supervisory Council.

41.2. The function of a member of the Board is not compatible with the function of a member of the Supervisory Council.

### **42. Expiry of the Period of Office of the Association Body Member**

42.1. If the function of a body member should expire based on the expiry of the term of office, such a function shall not expire earlier than upon the election of a new member of that body. However, the function of the body member shall expire no later than 2 months after the expiry of the term of office.

42.2. Members of the bodies may be removed from their offices at any time. Members of the Collegium elected by the General Assembly may be removed at any time on the basis of a decision of the Chamber by which they were elected. Members of the Collegium appointed in accordance with Article 24.1 may be removed at any time by the person by whom they were appointed. Repeated election and/or appointment of a body member are possible.

42.3. Members of the bodies may resign from their function based on a written statement delivered to the Collegium. The term of office of the member who has resigned from his/her office shall terminate upon the expiry of 2 months from the notification of the Collegium of the resignation, unless a later date of termination of office is specified in the notification. At the suggestion of the resigning member, the Collegium may also approve a different date of termination of office.

### **43. Obligations of the Association Body Members**

43.1. Members of the Collegium, the Board and the Supervisory Council are obliged to exercise their powers with the care of a good husbandman and maintain confidentiality regarding confidential information and facts the disclosure of which to third parties might cause harm to the Association or its individual members.

## VIII. MANAGEMENT OF THE ASSOCIATION

### 44. Association Budget

- 44.1. The Association shall conduct its business in accordance with the approved budget.
- 44.2. If there is no approved budget, the Association shall conduct its business in the given year in accordance with a provisional budget until the approval of a regular budget. The provisional budget means a budget of the Association approved for the previous budget year. The determined volume of expenses may be exceeded in the case of expenses arising from liabilities occurred prior to the commencement of the provisional budget period.

### 45. Accounting of the Association

- 45.1. The Association keeps its accounts in the double-entry bookkeeping system to the extent and in the manner stipulated by law.
- 45.2. The accounting period is the calendar year and the first year of the Association begins on the date of its registration in the Register of Associations and ends on 31 December 1998.
- 45.3. After the end of the accounting period the Board ensures the preparation of the final accounts, which it submits to the Supervisory Council for inspection and then to the General Assembly for approval.
- 45.4. The Annual Report of the Association includes a list of suppliers of the Association to whom more than CZK 5,000,000 exclusive of VAT was paid for the supplies of goods or services in the accounting period for which the Annual Report is prepared.

### 46. Method of Use of Profit

During the term of the Association, no profit is distributed among its members. The Association uses the profit as follows:

- a) For allocations to the reserve fund;
- b) For allocations to the account for other funds established by the Association.

### 47. Funds

- 47.1. The Association creates upon its establishment a Reserve Fund of CZK 50,000. This Reserve fund is replenished annually by an amount, which is approved by the General Assembly based on the proposal of the Board. The decisions on the use of the Reserve Fund are taken by the Board and it can be used to cover possible losses or for measures to eliminate unfavourable influences that might have impaired the economy of the Association (e.g. natural disasters, emergencies, etc.). The use of the Reserve Fund is not subject to the rules or limits determined by the Association budget.
- 47.2. The Board may establish other funds provided that the rules for their creation and use comply with the activities of the Association and the approved concept and purpose of the Association.

### 48. Coverage of Loss

- 48.1. The manner of covering the losses of the Association is determined by the General Assembly.
- 48.2. The losses of the Association are covered preferably from the means of the Reserve Fund.
- 48.3. The General Assembly may decide that a loss of the Association will be covered from an extraordinary membership contribution, which would be returnable after the provision of other financial resources enabling to cover the loss of the Association. The applicable rules will be determined by the General Assembly.

### 49. Property Settlement

- 49.1. In the case of termination of membership in the Association during its existence, the members shall not be entitled to any property settlement.

## IX. CANCELLATION AND LIQUIDATION OF THE ASSOCIATION

### 50. Cancellation of the Association

- 50.1. The Association shall be cancelled as of the date specified in the decision of the General Assembly on the cancellation of the Association or else as of the date when the decision was taken.
- 50.2. The cancellation of the Association will be followed by its liquidation, unless the entire assets of the Association are acquired by the legal successor or unless the law provides otherwise.

**51. Extinction of the Association**

- 51.1. The Association becomes extinct on the date of its deletion from the Register of Associations.
- 51.2. The extinction of the Association is preceded by the cancellation of the Association with liquidation unless the entire assets of the Association are acquired by the legal successor or unless the law provides otherwise.

**52. Liquidation of the Association**

- 52.1. The provisions of the Civil Code on liquidation of legal entities shall be adequately applied to the liquidation of the Association as appropriate.
- 52.2. The liquidation balance (surplus) will be settled after the completion of the liquidation of the Association.
- 52.3. The share of the individual members of the Association in the liquidation balance will be determined based on the ratio of the number of completed years of their membership to the total of all completed years of membership of all Association members.

**X. FINAL PROVISIONS**

**53. Governing Law**

With respect to the issues not provided for by these Statutes, the legal relations arising out of these Statutes, mutual relations between the members of the Association connected with their participation in the Association and other legal relations within the Association are governed by the generally binding legal regulations, in particular by the provisions of the Civil Code.

**54. Communication**

- 54.1. Each member of the Association is obliged to notify the Association of no less than one and no more than three contact persons responsible for the communication between the Association and the member, together with their respective contact data, in particular their functioning e-mail addresses.
- 54.2. Written materials intended for the members of the Association should be sent primarily by electronic mail or, as the case may be, to the postal address notified by any particular Association member or else to the address of the residence of the Association member specified in the list of the Association members.
- 54.3. If an internal electronic information system enabling remote access is introduced by the Association, the documents intended for the Association members may be communicated also by their posting (publication) in such an internal information system. This shall not apply to the invitations to the meetings of the Association bodies.
- 54.4. The members of the Association are obliged to notify the Board of any changes in the data recorded in the list of the Association members and of any contact data including e-mail addresses that should be used for the communication between the Association and the member.
- 54.5. Where these Statutes require that certain facts should be announced to the Association bodies, such information shall be sent to the address of the Association's registered office with identification of the body for which such information is intended; the consignments shall be deemed delivered upon their acceptance in the Association's registered office.

**55. Changes in the Statutes**

- 55.1. The General Assembly decides on changes in the Statutes.
- 55.2. The Board ensures the preparation of the complete wording of the Statutes and is obliged to file the new wording of the Statutes in the Register of Associations kept by the competent authority.

**56. Effect of the Statutes**

- 56.1. These Statutes come into effect upon their approval by the General Assembly of the Association.
- 56.2. Any possible amendments to the Statutes come into effect as of the date stated in the decision of the General Assembly or otherwise on the day following the date when the decision of the General Assembly was adopted.

## **XI. TEMPORARY PROVISIONS**

### **57. Counting of Absence at General Assembly Meetings**

- 57.1. Absence at a General Assembly meeting held prior to the adoption of the amendment to the Statutes according to which the status of an observer is extended as a consequence of the absence at General Assembly meetings according to Article 12.1 or according to which the status of an observer may be gained again according to Article 12.3 shall not be counted for the purpose of the extension or gaining of the status of an observer.