

STATUTES OF THE ASSOCIATION OF THE CZECH CHAMBER OF LOTTERY INDUSTRIES

Article I

NAME OF THE ASSOCIATION

The Association is entitled “Česká komora loterního průmyslu z. s.” (Czech Chamber of Lottery Industries)

(hereafter referred to as “Chamber”)

Article II

REGISTERED ADDRESS OF THE ASSOCIATION

The Association is based in Prague, Mukařovského 1985/5, 155 00 Praha 5 – Stodůlky

Article III

SCOPE OF ACTIVITY OF THE ASSOCIATION

1. Česká komora loterního průmyslu z. s. (“Chamber”) is a professional association of manufacturers, distributors and operators of gambling games and other means of entertainment, conducting their activities on the basis of appropriate licenses granted by relevant bodies of public administration. Its members associate particularly for the purposes of:
 - a) professional protection of legitimate interests of its members involved in activities pertaining to the operation of games of chance under Act No. 186/2016 Coll., on Gambling, as amended, i.e. to foster mutual cooperation and exchange of information as well as to assert common interests and other similar activities;
 - b) internal oversight of compliance with gambling statutes and regulations in all their forms;
 - c) protection against unfair competition practices, such as the operation of unauthorized technical equipment and other forms of illegal games of chance;
 - d) supporting starting entrepreneurs engaged in this line of business, including legal and professional assistance;
 - e) collaboration in the provision of services;
 - f) enhancing the technical standards of gambling venues and the facilities of their operators;
 - g) out-of-court settlement of grievances with a view to promoting cooperation in dealing with legal disputes among operators;
 - h) identifying new opportunities for gambling operations;
 - i) protecting gambling venue operators against any forms of harm;
 - j) coordinating negotiations with relevant bodies of state and public administration;
 - k) coordinating charity work.

2. In connection with the referenced line of activities, members of the Association hereby explicitly declare that, in addition to general objectives of the citizens and professional association, they also associate in order to provide each other, at joint costs, with professional and legal assistance in matters pertaining to the operation of games of chance under the Gambling Act. For this purpose and those specified above, the members shall generate and pool funds in the form of revenues of the Chamber (association).

Article IV

COMMENCEMENT OF MEMBERSHIP

1. The Chamber is a legal entity whose members can only be other legal entities based in any EU member state or a state which is a party to the Agreement on the European Economic Area.
2. Membership in the Chamber commences upon registration in the list of members and can be passed on to the member's successor in title.
3. Requirements for registration in the list of members:
 - a) Involvement in business activities related to the gambling sector;
 - b) Legitimate submission of a membership application;
 - c) Payment of a membership fee of CZK 30,000 (paid on a monthly basis thereafter);
 - d) Membership approval by the Presiding Committee.
4. Membership application requirements:
 - a) An up-to-date extract from the Commercial Register;
 - b) A brief description of the applicant's line of activity, i.e. the activity(ies) related to the operation of gambling business pursued by the applicant;
 - c) A statement confirming the applicant's acknowledgment of, agreement with and commitment to adhere to these Statutes;
 - d) Duly and truthfully completed application to join the Association.
5. Applicant admittance procedure:
 - a) The Presiding Committee has the final say in whether an applicant is admitted or not;
 - b) The Presiding Committee has to make a decision regarding each membership application within two months of its submission.
 - c) If the Presiding Committee decides in favor of admitting an applicant, the applicant will be required to pay the specified monthly membership fee within one week of receiving a written notice of admittance;
 - d) If the Presiding Committee fails to arrive at a decision within the stipulated time period, or if the membership application is denied, the applicant may submit a request to the Presiding Committee to have the application reviewed by the General Assembly. However, the applicant must do so within one month after expiration of the two-month period or receipt of the notice of non-admittance. In the event that the General Assembly decides in favor of approving the applicant's application, the aforementioned time limit for the applicant's registration shall apply.

Article V

TERMINATION OF MEMBERSHIP

1. Membership in the Association is terminated by member resignation, dissolution without a legal successor or by expulsion from the Association.
2. A member's expulsion from the Association must be approved by the Presiding Committee. Reasons for expulsion include gross violation of these Statutes, operation of illegal gambling activities and failure to pay the monthly membership fee for a period in excess of 2 months. The Association member is entitled to request the Presiding Committee to have the decision on expulsion reviewed by the General Assembly. However, any such appeal must be made within one month of receiving the notice of expulsion. Decisions of the General Assembly are final, save for resolutions adopted by the relevant court pursuant to Section 242 of Act No. 89/2012 Coll., the Civil Code.

Article VI

MEMBER RIGHTS AND OBLIGATIONS

1. All members of the Association have equal rights and obligations, including the weight of their respective vote.
2. The Association members have a right to:
 - a) attend meetings of the General Assembly, voice their opinions on any matters and submit proposals;
 - b) vote members of the Association's bodies;
 - c) participate, as possible, in the activities of the Association;
 - d) attend all meetings of the Association's bodies by proxy;
 - e) be informed on all important matters concerning the Association's activity.
3. The Association members are obligated to:
 - a) observe the Statutes of the Association;
 - b) comply with decisions of the Association's bodies;
 - c) refrain from actions which could damage the reputation and purpose of the Association;
 - d) pay the Association's invoices;
 - e) maintain friendly relations with other members of the Association;
 - f) use their best endeavors to reach amicable settlement if a dispute with another member of the Association should arise;
 - g) pay the monthly membership fee of CZK 30,000, excluding VAT.

Article VII

BODIES OF THE ASSOCIATION AND THEIR SCOPE OF AUTHORITY

1. Obligatory bodies of the Association are the General Assembly, the President and the Presiding Committee.
2. The General Assembly constitutes the highest statutory body of the Association. The General Assembly is particularly authorized to:

- a) decide and act in all matters of the Association which it has reserved for itself;
 - b) vote and dismiss the President;
 - c) vote and dismiss members of the Presiding Committee;
 - d) approve the budget and the annual financial statement;
 - e) amend the Statutes of the Association;
 - f) decide on the dissolution of the Association and the manner of its liquidation;
 - g) review, upon request, reasons for declining a submitted membership application;
 - h) review, upon request, reasons for expelling a member from the Association;
 - i) determine the amount and due date of a membership fee.
3. Calling meetings of the General Assembly:
- a) Meetings of the General Assembly are called by the Presiding Committee at least once a year. The Presiding Committee is required to call a meeting of the General Assembly within one month of being requested, in writing, to do so by at least a third of the Association members or by the supervisory body of the Association. Should the Presiding Committee fail to convene a meeting of the General Assembly as requested, it can be convened, at the Association's costs, by the person who originally proposed that meeting of the General Assembly be called.
 - b) Members of the Association shall be invited to attend a meeting of the General Assembly in writing (or via email provided in the membership application or in the list of members as a contact address) no later than one week before it is to be held. The invitation must clearly specify the location, time and agenda of the meeting.
 - c) Meetings of the General Assembly can also be held via communication devices (per rollam), see below.
4. Meetings of the General Assembly:
- a) Meetings of the General Assembly are chaired by the President or a person the President designates.
 - b) The President is responsible for ensuring that minutes of the meeting are kept. Said minutes must include all resolutions adopted during the meeting and be verified by the elected verifier.
 - c) Attendees shall record their names in the attendance list.
 - d) The attendees may adopt rules of procedure whereby the negotiating methods, the speaking time, etc. can be specified.
5. Decision-making of the General Assembly:
- a) The General Assembly is quorate if at least half of its members are present. At least two thirds of all members of the Association must be present in order to vote or dismiss the President or the Presiding Committee, amend the Statutes or decide on winding-up the Association.
 - b) The General Assembly votes publicly; secret voting is applied when electing or dismissing the President or when deciding on winding up the Association. Based on a proposal submitted by a member, the General Assembly may decide to vote in secrete with respect to other proposals as well.
 - c) A proposal is considered approved if an overall majority of members present at the meeting vote in its favor, provided that the General Assembly quorum requirement is met. At least two thirds of votes of all members of the Association are required in order to elect or dismiss the President or the Presiding Committee, amend the Statutes or decide on winding-up the Association.
 - d) A meeting of the General Assembly shall be suspended if less than two thirds of members are present to vote on a proposal requiring approval by a two-third majority

of all Association members. The meeting shall be re-convened no later than within three weeks by the President, who will notify all absent members in writing of the details, including the proposal to be voted on. If the attendance at the reconvened meeting is still less than two thirds of all members, then the decision on the deferred proposal shall be made by a simple majority of present members.

- e) The General Assembly can also adopt resolutions per rollam via email voting. The proposal for a decision shall contain at least a draft resolution, supporting materials (or information as to their location) for the assessment thereof and the time limit set for members of the Association to present their opinion. This time limit shall not be less than 5 business days. The statutory body shall inform all Association members of the voting results in writing, or via other appropriate channels, including the entire content of any adopted resolution.

6. President of the Association:

- a) The President of the Association is an honorary position; i.e. the President is not a member of the Association.
- b) The President of the Association is elected by the General Assembly for a term of three years. The President's tenure ends upon the expiration of the electoral term, his/her dismissal, resignation or death. Upon expiration of the electoral term, the incumbent President remains in office until such time as a new President is elected.
- c) The President may be elected to a maximum of three consecutive electoral terms.

7. The Presiding Committee:

- a) The Presiding Committee is a statutory body of the Association; members of the Presiding Committee are not members of the Association.
- b) Membership in the Presiding Committee commences upon election by the General Assembly and terminates upon expiration of the electoral term, dismissal, resignation or death of the respective member.
- c) The Presiding Committee is elected for a term of three years.
- d) The Presiding Committee consists of three members, one of which is simultaneously the President of the Association.
- e) The Presiding Committee is authorized to decide on all matters concerning the Association, with the exception of those specified in Section 2 of this Article (General Assembly).
- f) The Presiding Committee may appoint an administrator.
- g) Meetings of the Presiding Committee shall be called and chaired by the President on a monthly basis at the minimum. The President shall call an unscheduled meeting of the Presiding Committee if at least two of its members request so.
- h) The Presidential Committee is quorate if a majority of its members is present at a meeting.
- i) Decisions on proposals will be made by a majority of present members via public voting on condition that the quorum requirement is met. If the vote is tied, the President has the casting vote.
- j) The President, or another designated member of the Presiding Committee, ensures that minutes of the meeting are kept. The minutes shall include, without limitation, all resolutions adopted at the meeting.
- k) The Presiding Committee appoints the Treasurer of the Chamber.
- l) In general, the Presiding Committee stands in for a conciliation board charged with the task of resolving any disputes arising between members of the Association; if required, the Presiding Committee is authorized to appoint a conciliation board consisting of three members who select a chairman from their midst; any such

conciliation board instituted by the Presiding Committee will be subject to the provisions of Section 10 of this Article.

- m) The Presiding Committee may adopt resolutions whereby advisory bodies are established to provide counseling pertaining to the Association's scope of activities; the number of members of any such body is at the sole discretion of the Presiding Committee and will be specified in the particular resolution whereby the respective advisory body has been established.

8. Administrator:

- a) The Presiding Committee shall appoint an Administrator.
- b) Unless the Presiding Committee decides otherwise, the Administrator will deputize in all functions of the President (Article IX) as set forth by these Statutes, with the exception of external representation of the Association.

9. Treasurer:

- a) The Treasurer is responsible for proper bookkeeping of the Association. The position of the Treasurer can also be held by an independent entrepreneur or an accounting firm unrelated to the Association.
- b) At the first regular meeting of the General Assembly in a given year, the Treasurer shall submit the annual financial statement and a preliminary draft budget.

10. Conciliation Board:

- a) The Conciliation Board is an optional body of the Association, which may be instituted by the Presiding Committee, where appropriate, to resolve any disputes arising between members of the Association; the Conciliation Board consists of three members who select a chairman from their midst.
- b) All members of the Conciliation Board must be of full legal age, without criminal record, legally competent and not a member of any statutory body of the Association.
- c) The Conciliation Board shall act based on a written proposal submitted by a member of the Association ("Proposer"). In any such written proposal, the member of the Association shall specify the substantial circumstances of his/her dispute with another member of the Association, as well as the subject of his/her claim.
- d) Upon request made by the Conciliation Board, the other member of the Association ("Opponent") will be obligated to comment in writing on the allegations made in the proposal within a time limit stipulated by the Conciliation Board. This time limit shall not be less than fourteen (14) days.
- e) Both Proposer and Opponent shall attend a meeting of the Conciliation Board to which they will be invited.
- f) Having investigated the circumstances of the dispute, the Conciliation Board shall issue a recommendation as to the resolution of the dispute delivered to both parties.
- g) The Conciliation Board may, at its discretion, inform the General Assembly of the case at hand.
- h) The Conciliation Board may submit a proposal for the expulsion of a member of the Association.
- i) Members of the Association will not be required to submit to conciliation proceedings if they have a legitimate reason to believe that doing so would be detrimental to their trade secret.

Article VIII

ECONOMIC ACTIVITIES OF THE ASSOCIATION

Income

1. The Association pursues activities aimed at ensuring the satisfaction of its members. For this purpose, it can hire professional services. These services are funded from a joint account, provided the interest of the majority of members is at stake. Otherwise, any such claims will be re-invoiced to the member(s) for whom the respective services were provided. They shall in turn be obligated to compensate the Association for the costs incurred in consuming the service(s). A failure to pay for received services, despite a repeated demand for payment and/or by the end of the grace period, constitutes a gross violation of these Statutes and grounds for expulsion from the Association.
2. The Association shall be liable for all costs incurred in relation to its scope of activities. Additional sources of the Association's income include: applicant contributions, membership fees, special allowances, gifts, grants, inheritance, property revenues and other legitimate sources of income.

Administration of Assets

3. Income, movables and immovables in possession of the Association as well as other property rights, debts and receivables constitute assets of the Association. The Presiding Committee is responsible for the administration of assets. The Presiding Committee shall dispose of the assets in a manner whereby the Association does not incur any loss and in accordance with the approved budget, these Statutes and the Czech legal system in general. The Presiding Committee is responsible for maintaining accurate property records.

Article IX

WINDING-UP

1. The Association may be wound up by virtue of a resolution of the General Assembly. The General Assembly shall appoint a liquidator who will conduct a liquidation of assets after winding-up.
2. The liquidator shall compile an inventory of all assets and liabilities as of the date of commencement of the liquidation process. He will then conduct settlement of receivables and payables. The liquidator shall ensure that any assets left over after the settlement are distributed amongst members of the wound-up Association. The funds are to be distributed amongst the Association's former members in equal shares. In the event that the assets of the former Association are made up of movable or immovable property, the liquidator will arrange its preferential sale to members of the Association at a price determined by a court-appointed expert. If there are several interested parties, the party with the longest membership in the former Association will be given priority. In the event of an equally long membership, the buyer will be decided by drawing lots.
3. Any material property not disposed of in accordance with Section 2 of this Article shall be sold and the proceeds distributed as per the provisions of the same section.

Article X

REPRESENTATION

The Association shall be externally represented by its President. All written communication of the Association shall be accompanied by the President's signature and, where applicable, a stamp. The President is authorized to confer authority on the Administrator to be represented in individual cases and/or to otherwise limited extent. This authority must be in the form of a written power of attorney with the scope of authority explicitly specified. With respect to written communication, the authorized representative shall proceed in the same manner as the President would, with the "as per a power of attorney" note appended to the signature. Any action of the authorized representative in relation to the Association which is not based on a prior written power of attorney or which is outside the scope of authority shall be ineffective.

Article XI

FINAL PROVISIONS

1. These Statutes come into effect on the day of their approval by the General Assembly.
2. The Association of the Chamber of Lottery Industries is also the legal successor of the Czech Chamber of the Entertainment Industry.

In Prague on January XX 2017