

## **Government Decree No 110/2006 (V. 5.)**

### **on the procedural rules on arrangements for, and redemption of Guarantees undertaken by the State**

**Article 15** (1) Museums and other institutions of the like (hereinafter referred to as ‘exhibitor’) maintained and operated by the central or a local government shall present their request to the minister responsible for cultural affairs for an exhibition guarantee or an exhibition counter-guarantee by 31 July of the year preceding the year for which the guarantee is requested (advance notice).

(2) The advance notice shall contain the following information:

- a) the name of the exhibitor and the person who is considered the rightful owner of the exhibition article;
- b) the planned venue and date of the exhibition;
- c) the amount and the term for which the guarantee or counter-guarantee is required;
- d) the reasons, indicated separately for an exhibition counter-guarantee where applicable.

(3) The minister responsible for cultural affairs shall examine the advance notice and – if found in compliance with the requirements set out in Paragraphs (2), (3), (7) and (8) of Article 33/B of the Act on Public Finances – forward it for the purpose of registration to the minister responsible for public finances until August 15 the latest.

(4) Registration shall not entail any obligation on the part of the minister responsible for public finances for undertaking the guarantee.

(5) When justified, the exhibition guarantee or the exhibition counter-guarantee may also be undertaken without an advance notice, provided that it does not hinder the undertaking of exhibition guarantees or exhibition counter-guarantees already notified – taking into consideration the expected utilisation rate of the budgetary limits provided for in the annual budget act.

(6) In the cases defined under Paragraph (5) the exhibitor shall present its request to the minister responsible for cultural affairs. The provisions of Paragraphs (2)–(4) shall be applicable to such request as appropriate with the deviation that the exhibitor shall substantiate the detailed reasons for not providing the advance notice.

**Article 16** (1) Any exhibitor seeking an exhibition guarantee or an exhibition counter-guarantee shall submit an application to the minister responsible for cultural affairs at least 25 working days before the planned date for the commencement of the guarantee at the latest. In case the number of applications filed in connection with one particular exhibition exceeds 15, the filing deadline for all the applications related to the same exhibition shall be prolonged by one working day per application starting from the 16<sup>th</sup> application.

(2) The application for an exhibition guarantee shall contain the following:

a) a completed form entitled ‘Data sheet for exhibition guarantee or exhibition counter-guarantee’ contained in Annex 7 to this Decree;

b) the plan for the exhibition and a detailed explanation as to why the guarantee is required;

c) a building safety documentation containing the security conditions and safety features the exhibitor is able to provide, including the characteristics of the immediate surroundings of the exhibition area and the building in which it is located, and the building’s technical, safety and security surveillance characteristics;

d) an itemised list containing the insured amount of the exhibition articles bearing the signature of the beneficiary and the exhibitor;

e) the lending agreement bearing the signature of the exhibitor and the beneficiary; moreover, in case of a foreign language agreement the Hungarian translation of the provisions of the agreement affecting the exhibition guarantee, furthermore, the document attesting to the signatory right of the person signing on behalf of the lending institution, except if the signatory right emanates from organised representation (particularly in the case of the signatory right of the supervising institution);

f) the beneficiary’s statement of acceptance of the terms and conditions relating to the exhibition guarantee – issued in accordance with the specimen provided in Annex 10 to this Decree;

g) any and all facts and data that may be of significance for the purposes of the guarantee, including a contract on any existing insurance coverage or guarantee.

(3) The application for an exhibition counter-guarantee shall contain the following:

a) the reasons for which the exhibition counter-guarantee is required;

b) the documents referred to in Paragraphs (2) a)-c);

c) the lending agreement bearing the signature of the exhibitor and the person who is considered the rightful owner of the exhibition article;

d) the exhibitor's insurance contract, including an itemised list containing the insured amount of the exhibition articles;

e) the beneficiary's statement of acceptance of the terms and conditions relating to the exhibition counter-guarantee – issued in accordance with the specimen provided in Annex 10 to this Decree.

(4) If the exhibitor files more than one application with respect to one particular exhibition, the documents provided for in points *b*) and *c*) of Paragraph (2) shall only be filed once.

(5)–(6)

**Article 16/A** (1) The insured amount of the exhibited artefacts may not exceed the amount stipulated for the value of the articles concerned in the lending agreement, which shall be examined by the minister responsible for cultural affairs when assessing the application for the exhibition guarantee or the exhibition counter-guarantee.

(2) The minister responsible for cultural affairs shall forward the application that is in compliance with applicable legal provisions to the minister responsible for public finances along with his proposal as to whether or not to assume the exhibition guarantee or counter-guarantee, subject to the provisions of Paragraph (3). The minister responsible for public finances shall decide whether to assume the guarantee by taking into consideration the available budgetary funds.

(3) It is not necessary for the plan for the exhibition, the detailed explanation as to why the guarantee is required and the building safety documentation to be forwarded to the minister responsible for public finances.

(4) The minister responsible for public finances shall issue a promissory note on the assumption of the guarantee to the beneficiary – by simultaneously notifying the minister responsible for cultural affairs – by using the specimen provided in Annex 8 to this Decree in the case of a request for an exhibition guarantee and by using the specimen provided in Annex 9 to this Decree in the case of a request for an exhibition counter-guarantee. The exhibition guarantee and the exhibition counter-guarantee shall be assumed upon the issuance of the promissory note, for the term specified in the promissory note.

(5) In case the deadline provided for in Article 16 (1) is not met, the promissory note may mark an assumption date for the exhibition guarantee or the exhibition counter-guarantee that is later than the one specified in the application for the exhibition guarantee or the exhibition counter-guarantee.

**Article 17** (1) The exhibitor shall do everything within his power to prevent or mitigate damages. Should any damage occur nonetheless, the exhibitor must forthwith notify the minister responsible for cultural affairs, the minister responsible for public finances and the beneficiary. The notice to the minister responsible for cultural affairs and the minister responsible for public finances shall contain detailed information concerning the damaged articles.

(2) The exhibitor shall cooperate in providing all necessary information concerning the damage occurred, and shall facilitate the verification of the contents of the notice and the information provided by the minister responsible for cultural affairs and the minister responsible for public finances.

**Article 18** (1) If the exhibition article disappears or is destroyed (total loss), the insured value stipulated in the promissory note shall be paid in settlement. If the exhibition article is subsequently recovered, the amount of settlement received must be repaid without delay.

(2) In the event of partial loss in connection with an exhibition guarantee, the amount of settlement shall cover the costs of restoration as agreed by the exhibitor and the beneficiary. If the exhibition article cannot be restored entirely, the exhibitor and the beneficiary shall determine the loss of value. The costs of restoration and the loss of value in itself or combined may not exceed the insured value of the exhibition article. The minister responsible for cultural affairs shall be informed of the above-specified agreement between the exhibitor and the beneficiary without delay.

(3) In the event of partial loss in connection with an exhibition counter-guarantee, the counter-guarantee shall be enforced based upon the amount of settlement the beneficiary has paid under the insurance contract. The amount of counter-guarantee may not exceed the insured amount. The minister responsible for cultural affairs shall be informed without delay upon the payment of any settlement.

(4) The minister responsible for cultural affairs may request the exhibitor and the beneficiary to hire an independent, internationally recognised expert(s) in order to determine the amount and payment of the settlement referred to in Paragraph (2) or of the counter-guarantee referred to in Paragraph (3).

(5) The minister responsible for cultural affairs shall inform the minister responsible for public finances concerning the amount of settlement or counter-guarantee determined in accordance with Paragraphs (1)–(4), and of the consent regarding the amount and payment of the settlement or counter-guarantee.

(6) The minister responsible for public finances shall take measures in the name and on behalf of the State of Hungary within 15 calendar days following the receipt of the notice defined in Paragraph (5) for payment of the settlement or counter-guarantee to the beneficiary. In connection with an exhibition counter-guarantee, payment may be effected only upon payment of the settlement made under the exhibitor's insurance contract. The guarantor's claim for recovery by virtue of Article 33/C (4) of the Act on Public Finances shall not affect payment of the settlement.

**Article 19** (1) Within 30 calendar days following the expiration of the exhibition guarantee or the exhibition counter-guarantee the exhibitor shall inform the minister responsible for cultural affairs as to the occurrence of any event that would entail any payment stemming from the guarantee, and shall simultaneously submit a detailed report on the exhibition. The report shall also indicate the average amount of insurance fees that would have been applicable in lack of an exhibition guarantee or an exhibition counter-guarantee.

(2) The minister responsible for cultural affairs shall forward the exhibitor's report to the minister responsible for public finances.

**Article 20** In application of the provisions of the present Decree, the Community legislation with respect to the rules on state aid shall be taken into account.