

OPERATING AGREEMENT

I. Parties agreeing to operate together:

- **Közép-európai Egyetem**, operating on the basis of Act CCIV of 2011 on National Higher Education (HEA), in accordance with the effective statutes regulating the operation of non-public higher education institutions (Registration No.: FI 27861) (hereinafter: “KEE”), and
- **Central European University**, accredited in the United States of America, having its registered office in New York and licensed for operation in Hungary by the Minister of Education in Decree no. 5563/94 dated on January 5, 1995 (hereinafter: “CEU”).

- KEE and CEU hereinafter collectively as the “Parties” –

Parties have concluded a cooperation agreement with each other on September 9, 2009 (hereinafter: the “Cooperation Agreement”). By signing this current document, the Cooperation Agreement will be terminated and replaced by the present operating agreement, as follows.

PREAMBLE

CEU and KEE are registered as legally distinct American and Hungarian entities which operate as a single academic community. While each complies with the laws and with the accreditation requirements, as applicable, together they operate based on the same human and physical infrastructure and capacities. They have a unified governance structure and as a rule, follow the same policies.

With a wish to run programs integrated the maximum extent possible, Parties to this operation agreement shall put in place a single academic and administrative structure to the extent permitted by law. Such a single structure will apply to the universities’ leadership, educational, academic, student welfare systems and to every other field possible unless divergence in the applicable law or considerations of efficiency require otherwise.

The Parties operate an integrated teaching system. The Parties set the goal that studies in individual subjects, the grades achieved and credits obtained be taken into account in the programs of both Parties.

II. Definitions

“**Bard College**”

Bard College 300 Campus Road Annandale-on-Hudson, NY 12504-5000

“**CEU**”

shall mean the Central European University accredited in the United States of America, having its registered office in New York and licensed for operation in Hungary by the Minister of Education in Decree no. 5563/94

dated on January 5, 1995;

“CEUB-F”

shall mean the foundation named Budapesti Közép-Európai Egyetem Alapítvány (in English: Central European University Foundation of Budapest), seated at 1051 Budapest, Nádor u. 9., registered under no. 01-01-0002314; founded by Open Society Fund, Inc. with its registered office at NY10019, New York, New York, West 57th Street 224, U.S.A.;

„CEU Foundation Holland”

CEU Foundation Holland is a charitable foundation with indefinite duration with an address: at Baarerstrasse 12 POB 458, 6301 Zug, Switzerland. CEU Foundation Holland is qualified as an ANBI. RSIN number 816043 930). The Foundation was established on September 4, 2001 with a mandate to provide financial support on an ongoing basis to Central European University. The sole and exclusive objective of CEU Foundation Holland is to support the charitable and educational goals and activities, including scholarships and other programs of the CEU and KEE. All assets owned by the Foundation are maintained exclusively for this purpose. The Foundation is a non-profit institution.

“CEU-Group”

shall mean CEU, KEE, Budapesti Közép-Európai Egyetem Alapítvány (Central European University Foundation of Budapest – “CEUB-F”), and all other legal entities operating with the direct or indirect control of CEU, CEUB-F and/or KEE, in particular but not limited to the following legal entity: CEU Oktatási-Szolgáltató Nonprofit Korlátolt Felelősségű Társaság (CEU Educational-Service Non-profit Limited Liability Company).

“KEE”

shall mean Közép-európai Egyetem, operating on the basis of Act CCIV of 2011 on National Higher Education (HEA), in accordance with the effective statutes regulating the operation of non-public higher education institutions (FRK license no. FRKP/467/2006; OH FHF/1133-11/2008).

“MAB”

Magyar Felsőoktatási Akkreditációs Bizottság (Hungarian Higher Education Accreditation

Committee)

“**MSCHE**”

the Middle States Commission on Higher Education (3624 Market Street, 2nd Floor West, Philadelphia, PA 19104 Telephone: (267) 284-5000)

“**Open Society Fund**”

Open Society Fund, Inc. NY10019, New York, New York, West 57th Street 224 USA

“**Board of Trustees**”

shall mean the Board of Trustees of Central European University, with overall authority over the programs and operations of CEU

“**Maintainer**”

shall mean the maintainer of Közép-európai Egyetem as defined in Paragraph 4 (2) of the HEA. The Maintainer of KEE is CEUB-F.

III. Academic programs of the CEU

CEU is accredited in the US by the Middle States Commission on Higher Education. All CEU degree programs are included within the scope of this accreditation. CEU programs are also registered by the New York State Education Department. CEU provides its programs in Budapest, Hungary, through KEE.

Based on a Memorandum of Understanding concluded with Bard College, CEU conducts certain academic programs in the State of New York, as well.

IV. Academic programs of the KEE

The master’s programs and doctoral schools of KEE are accredited by the Hungarian Accreditation Committee (MAB). KEE provides its own programs as well as the programs of CEU in Budapest, Hungary.

V. Registered office, administrative seat and postal address

The registered office of the CEU is at NY10019, New York, New York, West 57th Street 224, U.S.A.

CEU also maintains an administrative seat at Nádor utca 9, Budapest, Hungary.

The registered office of KEE is at Nádor utca 9, Budapest, Hungary.

The postal address of both CEU and KEE is Nádor utca 9, Budapest, Hungary.

VI. Use of real estate

CEU and KEE run their academic programs in Hungary in the real estate owned or leased by Kis-Buda Center Nonprofit Kft. and CEU Oktatási-Szolgáltató Nonprofit Korlátolt Felelősségű Társaság, both owned by (either or both of) the Parties, based on rental agreements concluded

with the owner or lessee of the real estate.

Based on the rental agreements both CEU and KEE have at all times secured academic infrastructure for the lifetime of their current programs.

The real estate used by both Parties at the time of signing hereof are as follows:

ADDRESS	OWNER/LESSEE	PURPOSE OF USE
1051 Budapest, Nádor str. 9.	CEU Educational-Service Non-profit Limited Liability Company	educational purposes
1051 Budapest, Nádor str. 11.	CEU Educational-Service Non-profit Limited Liability Company	educational purposes
1051 Budapest, Nádor str. 13.	CEU Educational-Service Non-profit Limited Liability Company	educational purposes
1051 Budapest, Nádor str. 15.	CEU Educational-Service Non-profit Limited Liability Company	educational purposes
1051 Budapest, Október 6 str. 12.	CEU Educational-Service Non-profit Limited Liability Company	Under reconstruction
1015 Budapest, Szabó Ilonka str. 7. and Toldy Ferenc str. 8-10. (Wallenberg Guesthouse)	CEU Educational-Service Non-profit Limited Liability Company	home of the Advanced Studies fellows
1051 Budapest, Arany J. str. 32.	KEE	University, home of Open Society Archives
1051 Budapest, Október 6 str. 14.	Kis-Buda Center Nonprofit Kft.	CEU Press
1106 Budapest, Kerepesi út 87.	Kis-Buda Center Nonprofit Kft.	Dormitory for students
1051 Budapest, Zrínyi u. 14.	Kis-Buda Center Nonprofit Kft.	educational and administrative purposes
1054 Budapest, Akadémia u. 1.	CEU Educational-Service Non-profit Limited Liability Company	educational and administrative purposes
1051 Budapest, Október 6. utca 7.	CEU Educational-Service Non-profit Limited Liability Company	educational and administrative purposes
1051 Budapest, József Attila u. 24.	KEE	administrative purposes

CEU has concluded an agreement to start education activities is Annandale-on-Hudson in New York State.

VII. Teaching staff

Faculty employed by KEE shall be seconded to CEU. Faculty employed by CEU may be seconded to KEE.

The terms of secondment and applicable law thereto are established by and between KEE and

CEU in a separate agreement.

VIII. Administration and administrative services

Administration related to the operation of CEU and KEE is organized in Budapest at the administrative unit operated by KEE.

KEE or another entity belonging to KEE or CEU shall ensure adequate administrative services necessary to the operation of KEE and of CEU.

IX. Rector/President

The Rector of KEE and the Rector-President of CEU shall be a person of intellectual distinction, who is an internationally recognized and highly respected scholar with considerable teaching and research experience and who also meets the applicable statutory requirements.

The Senate makes a proposal for announcing the Rector's position, through a search committee it evaluates and ranks applications, and proposes a candidate or several candidates for the Rector's position to the Maintainer. Subject to the applicable laws and the internal procedures of KEE, taking into consideration the recommendation of the Senate, the Maintainer shall propose to the President of the Hungary the appointment of the Rector via the Minister responsible for education. The Maintainer decides on selecting the Rector nominee and proposing him/her for appointment to the Minister.

The Rector is the chief executive officer of KEE who directs the life and the activities of the KEE according to the guidelines of KEE, the applicable laws and regulations, the Founding Charter and the Organizational and Operational Regulations. The Rector shall directly report to the Maintainer for directing the administrative and operational activities and the academic guidelines of the University (except those stipulated by the Founding Charter, the Organizational and Operational Regulation or the resolution of the Maintainer). Furthermore, he/she is responsible for the quality of academic practice and research pursued at the KEE.

Until such time as the President-Rector is formally invested into his/her position as Rector of KEE by the President of the Hungary, he/she shall serve as Acting Rector of KEE.

The Rector-President of CEU is the chief executive officer of CEU and shall lead and represent the CEU appointed or removed by the Board of Trustees then in office. The Rector-President is deemed the legal representative of the CEU.

KEE and CEU shall appoint the same person as the Rector of KEE and Rector-President of CEU.

X. Governance

The Board of Trustees of CEU shall have overall strategic authority over all operations of CEU.

The founder of CEUB-F, the Open Society Fund Inc. has elected all members of the Board of Trustees of the CEU as members of the Kuratórium (Board) of CEUB-F. The Open Society Fund Inc. has committed itself to ensure that the membership of the Board of Trustees of the CEU and the Kuratórium of CEUB-F shall overlap in full.

The Kuratórium of CEUB-F shall have competence to exercise the maintainer's rights as enshrined in the HEA over KEE.

CEUB-F as Maintainer of KEE and the Senate of KEE shall exercise their competences set forth by the HEA.

The Board of Trustees of CEU and the Kuratórium of CEUB-F as Maintainer of KEE together with the Senate of KEE shall cooperate with each other in order to ensure the full integration of the two intuitions.

XI. Students

Students who apply to programs accredited in Hungary shall apply to KEE and shall have a study agreement with KEE. Students of the KEE shall be reported to the Higher Education Information System (in Hungarian: FIR) by KEE. Students of the KEE may be eligible to Hungarian and European scholarships, and applicable subsidies and allowances as guaranteed by Hungarian law.

Students who apply to programs accredited in the US and registered in Budapest shall apply to CEU and shall have a study agreement with CEU or with KEE acting on behalf of CEU. Students of CEU shall also be reported to FIR by CEU. Students of CEU may be eligible to US student loans under US law ads administered by the US Department of Education.

XII. Stipends, grants and scholarships

The Parties jointly designate, among others, CEUB-F as the entity responsible for giving student grants and research stipends and grants for scholarship to the extent permitted by law.

XIII. Sharing of information

To the extent permitted by the applicable laws CEU and KEE shall cooperate with each other and share information including personal data on students and employees in order to advance the integration of the two intuitions to the extent permitted by the applicable laws. KEE and CEU has adopted a common Personal Data Protection Policy.

XIV. Policies

CEU and KEE shall both have policies as mandated by the applicable US Federal and State laws and Hungarian law respectively. In addition, the Parties endeavor to have common policies to the extent practical and permitted by law.

On all policies it shall be mandatorily indicated whether such policy is a policy of KEE or CEU or both.

XV. Finances and funding

Parties to this operation agreement shall manage their finances separately.

The long-term sustainability of CEU's and KEE's operation has been guaranteed by the

establishment of the Endowment Fund for the exclusive and sole benefit of the cooperating Parties. The Endowment Fund is founded by and housed in CEU Foundation Holland. The Endowment Fund is set aside for the sole purpose to cover the yearly operation costs of the Parties.

XVI. Curricula

CEU and KEE set forth curricula that meets the principles of an educational offering and also fully comply with the relevant rules of HEA and academic requirements.

XVII. Exchange programs and joint programs with third parties, license programs

Parties to this operation agreement work together closely in order to establish academic exchange programs between both states of origin in the future.

CEU and KEE are also dedicated to cooperation with other higher education institutions for the purposes of running joint academic and research programs for the benefit of their students and academic staff.

The CEU shall – to the extent permitted by law – license its academic programs to KEE to be conducted and operated in Hungary.

XVIII. Credits and degrees

Students participating in programs accredited in the systems of both of the cooperating Parties will be granted two separate degrees at the end of their studies, if they satisfy the graduation requirements of the respective accreditations.

XIX. Certificates and diplomas

Each of the cooperating Parties issues the certificates and diplomas according to the applicable academic requirements and in full compliance with the applicable rules of higher education.

XX. Dormitory

The CEU and KEE make joint efforts in order to ensure appropriate accommodation for their students. Parties agree to lease the real estate(s) necessary to ensure accommodation to the students.

XXI. Services provided by the KEE to CEU

The KEE may provide services to CEU as set forth in a separate services agreement.

XXII. Services provided by CEU to KEE

The CEU may provide services to the KEE as set forth in a separate services agreement.

XXIII. Effect of the agreement

As this agreement reflects and reinforces an integrated form of education that has been

operating for several years, the contracting Parties consider it as being continuously valid.

XXIV. Prior agreements

Cooperation agreements prior to this agreement relating to cooperation are superseded and terminated with the entry into force of this agreement.

XXV. Copies

This agreement has been signed in counterparts in two originals.

XXVI. Entry into force

This agreement enters into force on the first business day following its execution by both Parties on the date indicated below.

Date and place: Budapest, October 29, 2017

Central European University
represented by:
Liviu Matei
Proxy

Közép-európai Egyetem
represented by:
Michael Ignatieff
Rector

The original document is filed at the Office of the Academic Secretary