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HONORABLE CONGRESS OF THE ARGENTINE NATION

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CODE CIVIL AND COMMERCIAL OF THE NATION

Law 26,994

CHAPTER 3

Foundations

SECTION 1

Concept, object, mode of constitution and heritage

ARTICLE 193.- Concept. Foundations are legal entities that are established for the purpose of a common good, not for profit, through the patrimonial contribution of one or more persons, destined to make their purposes possible.

To exist as such, they necessarily require incorporation through a public instrument and request and obtain authorization from the State to function.

If the founder is a human person, he can establish his constitution by act of last will.

ARTICLE 194.- Initial equity. An initial patrimony that reasonably enables the fulfillment of the statutory purposes is an essential requirement to obtain state authorization. For these purposes, in addition to the assets actually donated in the constitutive act, those arising from future integration contribution commitments, contracted by the founders or third parties, are taken into account.

Notwithstanding this, the comptroller authority may favorably resolve requests for authorization if, from the background of the founders or of the servers of the foundational will committed by the entity to be created, and in addition to the characteristics of the program to be developed, the potential aptitude for the fulfillment of the objectives established in the statutes.

SECTION 2

Constitution and authorization

ARTICLE 195.- Constitutive act. Statute. The constitutive act of the foundation must be granted by the founder or founders or empowered with special power, if it is done by act inter vivos; or by the one authorized by the judge of the succession, if it is by disposition of last will.

The instrument must be presented to the comptroller authority for approval, and contain:

a) the following information about the founder (s):

i) in the case of human persons, their name, age, marital status, nationality, profession, domicile and identity document number and, where appropriate, that of the attorneys-in-fact or authorized;

ii) in the case of legal persons, the company name or denomination and domicile, proving the existence of the founding entity, its registration and the representation of those who appear for it;

In any case, when a mandate is invoked, the document that accredits it must be recorded;

b) name and address of the foundation;

c) designation of the object, which must be precise and determined;

d) initial equity, integration and future resources, which must be expressed in national currency;

e) duration period;

f) organization of the board of directors, duration of office, regime of meetings and procedure for the appointment of its members;

g) clauses pertaining to the operation of the entity;

h) procedure and regime for the reform of the statute;

i) year-end closing date;

j) dissolution clauses and procedures pertaining to the liquidation and destination of the assets;

k) triennial action plan.

In the same instrument, the members of the first board of directors and the persons empowered to manage the authorization to

function.

ARTICLE 196.- Contributions. Cash or securities that make up the initial assets must be deposited during the authorization process in the bank authorized by the comptroller authority of the jurisdiction in which the foundation is established. The non-monetary contributions must appear in an inventory with their respective valuations, signed by a national public accountant.

ARTICLE 197.- Donation promises. The donation promises made by the founders in the constitutive act are irrevocable as of the resolution of the comptroller authority that authorizes the entity to function as a legal entity. If the founder dies after signing the constitutive act, the donation promises cannot be revoked by his heirs, from the presentation to the comptroller authority requesting authorization to function as a legal entity.

ARTICLE 198.- Fulfillment of the promises. The constituted foundation has all the legal actions to sue for the fulfillment of the donation promises made in its favor by the founder or by third parties, not being the defense linked to the revocation made before the acceptance, nor the one related to the object of the donation if it constitutes all the patrimony of the donor or an undivided part of it, or if the donor did not have the ownership of the commitment.

ARTICLE 199.- Action plans. The plans that the entity plans to execute in the first triennium must be accompanied with the request for legal status, with a precise indication of the nature, characteristics and development of the activities necessary for its fulfillment, as well as the budgetary bases for its realization. After the deadline, the inherent aspects of the subsequent triennium must be proposed, with identical requirements.

ARTICLE 200.- Responsibility of the founders and administrators during the gestation stage. The founders and administrators of the foundation are jointly and severally liable towards third parties for the obligations contracted up to the moment that authorization to operate is obtained. The personal assets of each of them can be affected to the payment of those debts only after their individual creditors have been satisfied.

Government and administration

ARTICLE 201.- Board of Directors. The government and administration of foundations is in charge of a board of directors, made up of a minimum of three human persons. It has all the necessary powers to fulfill the purpose of the foundation, within the conditions established by the statute.

ARTICLE 202.- Right of the founders. The founders may reserve by express provision of the statute the power to occupy positions on the board of directors, as well as to appoint the directors when the term of appointment or the vacancy of any of them occurs.

ARTICLE 203.- Appointment of directors. The designation of the members of the board of directors may also be conferred on public institutions and private non-profit entities.

ARTICLE 204.- Character of the directors. The members of the board of directors can be permanent or temporary. The statute can establish that certain decisions always require the favorable vote of the former, as well as the appointment of the latter.

ARTICLE 205.- Executive committee. The statute may provide for the delegation of powers of administration and government in favor of an executive committee made up of members of the board of directors or by third parties, which must exercise its functions between the board meeting periods, and with accountability to it. . It may also delegate executive powers to one or more human persons, whether or not they are members of the board of directors.

According to the entity of the tasks entrusted, the statute may provide for some form of pecuniary remuneration in favor of the members of the executive committee.

ARTICLE 206.- Honorary nature of the position. The members of the board of directors cannot receive remuneration for the exercise of their position, except for the reimbursement of expenses, being their role honorary.

ARTICLE 207.- Meetings, calls, majorities, decisions and minutes. The statute must provide for the regime of ordinary and extraordinary meetings of the board of directors, and where appropriate, of the executive committee if it is multi-person, as well as the calling procedure. The quorum must be that of half plus one of its members. A record of the deliberations of the aforementioned entities must be drawn up in a special book, summarizing the results of each call with all the most relevant details of what has been done.

Decisions are made by absolute majority of votes of the members present, except that the law or the statute require qualified majorities. In the event of a tie, the chairman of the board of directors or the executive committee has a double vote.

ARTICLE 208.- Special quorum. The majorities established in article 207 are not required for the appointment of new members of the board of directors when their attendance has become impossible.

ARTICLE 209.- Removal of the board of directors. The members of the board of directors may be removed with the vote of at least two thirds of the members of the body. The statute may provide for the automatic expiration of mandates for unexcused and repeated absences from council meetings.

ARTICLE 210.- Acefalía of the board of directors. When there are vacant positions on the board of directors to such an extent that its operation becomes impossible, and the appointment of new members under the statute cannot take place, or they refuse to accept the positions, the comptroller authority must proceed to reorganize the administration of the foundation, to designate its new authorities, and to modify the statute in the pertinent parts.

ARTICLE 211.- Rights and obligations of the members of the board of directors. The members of the board of directors are governed, with respect to their rights and obligations, by law, by the regulations in force, by the statutes, and, subsidiarily, by the rules of the mandate. In case of violation on your part of legal, regulatory or statutory norms, they are liable to action for liability that can be promoted by both the foundation and the comptroller authority, without prejudice to administrative sanctions and the measures that the latter may adopt regarding the foundation and the members of the council.

ARTICLE 212.- Contract with the founder or his heirs. All contracts between the foundation and the founders or their heirs, with the exception of the donations they make to it, must be submitted to the approval of the comptroller authority, and is ineffective in its own right without that approval. This rule applies to any resolution of the board of directors that directly or indirectly originates in favor of the founder or his heirs a benefit that is not provided for in the statute.

ARTICLE 213.- Destination of the income. Foundations must allocate most of their income to the fulfillment of their purposes. The accumulation of funds should be carried out only for specific purposes, such as the formation of sufficient capital to carry out larger future programs, always related to the statutory purpose. In these cases, the comptroller authority must be informed, clearly and concretely, about those objectives sought and the material feasibility of their fulfillment. Similarly, foundations must immediately report to the controlling authority the realization of expenses that involve an appreciable decrease in their assets.

SECTION 4

Information and comptroller

ARTICLE 214.- Duty of information. Foundations must provide the supervisory authority in their jurisdiction with all the information that it requires.

ARTICLE 215.- Collaboration of official departments. The official departments must supply directly to the supervisory authority the information and advice that it requires for a better appreciation of the programs planned by the foundations.

SECTION 5

Statute reform and dissolution

ARTICLE 216.- Necessary majority. Change of object. Except to the contrary provision of the statute, the reforms require at least the favorable vote of the absolute majority of the members of the board of directors and of two thirds in the cases of modification of the object, merger with similar entities and dissolution. The modification of the object is only appropriate when the established by the founder has become impossible to fulfill.

ARTICLE 217.- Destination of the goods. In the event of dissolution, the remainder of the assets must be destined to a public entity or to a private legal entity whose object is of public utility or common good, that is not for profit and that is domiciled in the Republic. This provision does not apply to foreign foundations.

The decisions that are adopted regarding the transfer of the remainder of the assets require the prior approval of the comptroller authority.

ARTICLE 218.- Revocation of donations. The reform of the statute or the dissolution and transfer of the assets of the foundation, motivated by changes in the circumstances that have rendered impossible the fulfillment of its object as provided at the time of the creation of the entity and the granting of its legal status, does not give rise to the action of revocation of donations by donors or their heirs, unless the change of object has been expressly established in the act of holding such donations.

SECTION 6

Foundations created by testamentary provision

ARTICLE 219.- Intervention of the Public Ministry. If the testator has assets destined for the creation of a foundation, it is incumbent on the Public Ministry to ensure the effectiveness of its purpose, in a cooperative manner with the heirs and the testamentary executor, if any.

ARTICLE 220.- Powers of the judge. If the heirs do not agree with each other or with the executor in the drafting of the statute and the articles of incorporation, the differences are resolved by the succession judge, after hearing the Public Ministry and the comptroller authority.

SECTION 7

Controller authority

ARTICLE 221.- Powers. The comptroller authority approves the statutes of the foundation and its reform; it supervises its operation and compliance with the legal and statutory provisions to which it is subject, including the dissolution and liquidation.

ARTICLE 222.- Other faculties. In addition to the powers indicated in other provisions of this Code, it corresponds to the controlling authority:

a) request from the judicial authorities the appointment of interim administrators of foundations when the vacancies of their governing bodies are not filled to the detriment of the normal development of the entity or when they temporarily lack such bodies;

b) suspend, in case of urgency, compliance with deliberations or resolutions contrary to laws or statutes, and request the judicial authorities to nullify these acts;

c) request the authorities to suspend or remove administrators who have violated the duties of their office, and the appointment of provisional administrators;

d) convene the board of directors at the request of one of its members, or when serious irregularities are found to exist.

ARTICLE 223.- Change of object, merger and coordination of activities. It also corresponds to the controlling authority:

a) fix the new object of the foundation when the one established by the founder or founders is impossible to fulfill or has disappeared, trying to respect as much as possible their will. In such case, it has the necessary powers to modify the statutes in accordance with that change;

b) to order the merger or coordination of activities of two or more foundations when the circumstances indicated in subparagraph a) of this article occur, or when the multiplicity of foundations with an analogous object make the measure advisable for its best development and the greater public benefit.

ARTICLE 224.- Resources. Administrative decisions that deny the authorization for the constitution of the foundation or withdraw the agreed legal status can be appealed judicially in cases of illegitimacy and arbitrariness.

The same recourse applies if it is a foreign foundation and the approval required by it is denied or, having been granted, it is later revoked.

The appeal must be substantiated in accordance with the shortest procedure in force in the corresponding jurisdiction, before the court of appeal with jurisdiction in civil matters, corresponding to the domicile of the foundation.

The organs of the foundation can deduce the same recourse against the resolutions issued by the controlling authority in the situation provided for in subsection b) of article 223.