



FOUNDATIONS

Regime for its development and control.

LAW N ° 19.836

Bs. As., 9/15/72

In use of the powers conferred by article 5 of the Statute of the Argentine Revolution, THE PRESIDENT OF THE ARGENTINE NATION SANCTIONS AND PROMULATES WITH THE FORCE OF LAW:

CHAPTER I

Authorization, Object and Heritage

Concept

Article 1 - The foundations referred to in article 33 of the Civil Code are legal entities that are constituted with an object of common good, non-profit, through the patrimonial contribution of one or more people, intended to make their purposes possible. . To act as such, they must require the authorization provided for in article 45 of the aforementioned Code.

Initial equity

Art. 2 - It is a requirement for the authorization that the initial patrimony reasonably enables the fulfillment of the proposed purposes; for these purposes, in addition to the assets that were actually donated in the act of incorporation, their possible complementation by the commitment of future integration contributions, contracted by the founders or third parties, will be considered.

Notwithstanding this, authorization requests may be resolved favorably when the background of the founders, the officials hired by the entity or the characteristics of the program to be developed, shows the potential capacity to fulfill the objectives pursued.

CHAPTER II

Constitution and Authorization

statute

Art. 3 - Foundations are constituted by public or private instrument with the signatures certified by a notary public. Said instrument must be granted by the founders or attorney-in-fact with special power of attorney, if the institution takes place by act between the living, or a person authorized by the succession judge if it is by testamentary disposition.

The instrument must be presented to the administrative control authority in order to obtain authorization to operate, and will contain:

a) The following information about the founders:

I- In the case of natural persons, their name, age, marital status, nationality, profession, address and identity document number and, where appropriate, the proxies or authorized persons.

II- In the case of legal persons, the company name or denomination and the domicile, proving the existence of the entity, its registration in the Public Registry of Commerce when required and the representation of those who appear for it.

In any case, when the mandate is invoked, the document proving 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 Argentine currency;
- e) Term of duration;
- f) Organization of the board of directors, duration of the positions, regime of meetings and procedure for the appointment of its members;
- g) Clauses relating to the operation of the entity;
- h) Procedure and regime for the reform of the statute;
- i) Date of the closing of the annual fiscal year;
- j) Dissolution clauses and procedure pertaining to the liquidation and destination of the assets.

The same instrument will designate the members of the first board of directors and the persons empowered to manage the authorization to operate.

Contributions

Art. 4 - The cash or securities that make up the initial patrimony must be deposited during the authorization process in the official bank that corresponds to the jurisdiction in which the foundation is constituted. Non-monetary contributions must be included in an inventory with their respective valuations, signed by a public accountant.

Donation promises

Art. 5 - Donation promises made by the founders in the constitutive act will be irrevocable from the resolution of the administrative control authority that authorizes the entity to function as a legal entity.

If the founder dies after signing the constitutive act, the donation promises may not be revoked by his heirs upon presentation to the administrative control authority requesting authorization to function as a legal entity.

Fulfillment of promises

Art. 6 - The foundation will have all the legal actions to obtain the fulfillment of such promises, to which exceptions based on articles 1793 and 1810 of the Civil Code will not be opposable.

Foreign foundations

Art. 7 - The foundations regularly constituted abroad may act in the territory of the Republic registering with the administrative control authority the authorization they enjoy, statutes and other documentation.

Likewise, they must prove the name of their representatives, powers with which they are vested and the requirements mentioned in article 9. The representation shall be deemed subsistent until the revocation of the mandate and the appointment of the successor in the representation are registered with the same authority.

The aforementioned foundations cannot start their activities without the prior approval of that authority. Its operation is subject to the regime established for foundations established in the country. The local patrimony responds preferentially for the fulfillment of the obligations contracted in the Republic.

Responsibility of founders and administrators

Art. 8 - The founders and administrators of the foundation are jointly and severally liable for the obligations contracted until authorization has been obtained, except for their recourse against it, if applicable.

Action plans

Art. 9 - The application for granting legal status must be accompanied by the plans that the entity plans to execute in the first three-year period, 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. Said information will be subscribed by the founder (s), special attorneys-in-fact or person authorized by the judge of the succession of the institute.

CHAPTER III

Government and Administration

Board of directors

Art. 10. - The governance and administration of the foundations will be in charge of a board of directors, made up of a minimum of THREE (3) people. It will have all the necessary powers to fulfill the purpose of the foundation, within the conditions established in the statute.

Founders Law

Art. 11. - The founders may, by express provision of the statute, reserve the power to hold positions on the board of directors as well as the appointment of directors when the expiration of their mandates or vacancies occur.

Appointment of members

Art. 12. - The appointment of members of the board of directors may be conferred to public institutions and private non-profit entities.

Character of the members

Art. 13. - The members of the board of directors may be permanent or temporary. The statute may establish that certain decisions always require the favorable vote of the former, as well as that the designation of the latter is reserved for them.

Executive committee

Art. 14. - 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; he shall exercise his functions between the periods of meetings of the aforementioned council. It can also delegate executive powers to one or more people, whether or not they are members of the board of directors.

Meetings, convocation, majorities, decisions and minutes

Art. 15. - The bylaws must provide for the regime of ordinary and extraordinary meetings of the board of directors and, where appropriate, of the executive committee, and the call procedure; the quorum will be half plus one of its members. The minutes of the deliberations of the aforementioned bodies must be drawn up in a special book, in which the statements made in the deliberation, the form of the votes and their results will be summarized, with a complete expression of the decisions.

Decisions will be made by an absolute majority of the votes of those present, unless the law or the statute establish special majorities. In the event of a tie, the chairman of the board of directors or the executive committee shall have a double vote.

Quorum, special course

Art. 16. - The majorities established in the previous article are not required for the appointment of new members of the board of directors when their attendance has become impossible.

Removal of the board of directors

Art. 17. - 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 repeated and unjustified absences from board meetings.

Acephaly of the board of directors

Art. 18. - When positions on the board of directors become vacant so that its operation becomes impossible and the appointment of new members in accordance with the statute cannot take place, or they refuse to accept the positions, the administrative control authority will proceed to reorganize the administration of the foundation and appoint its new authorities, modifying the statute in the pertinent parts.

Members' rights and obligations

Art. 19. - The rights and obligations of the members of the board of directors will be governed by the rules of the mandate, in everything that is not provided for in this law, in the statute or in the regulations. In case of violation of the legal or statutory norms, the members of the board of directors will be liable to the action for liability that may be promoted by the foundation or the administrative control authority, without prejudice to the administrative sanctions and measures that the latter may adopt regarding the foundation and the members of said council.

Honorary nature of the position

Art. 20. - The members of the board of directors may not receive remuneration for the exercise of their positions.

Contracts with the founder or his heirs

Art. 21. - Any contract between the foundation and the founders or their heirs, with the exception of the donations they make to the former, as well as 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 must be submitted to the approval of the administrative control authority, and will be ineffective without this approval.

Destination of income

Art. 22. - Foundations must allocate the majority of their income to fulfill their purposes. The accumulation of funds will only be carried out with precise objectives, such as the formation of a sufficient endowment capital or the fulfillment of future programs of greater importance. In these cases, the administrative control authority must be informed, in a clear and specific way, about the objectives sought and the possibility of their fulfillment. Likewise, the entities will immediately inform the administrative control authority of the expenses that involve a significant decrease in their assets.

CHAPTER IV

Accounting and Documentation

Accounting

Art. 23. - The foundations must keep accounts on the uniform bases and from which a true picture of their operations and a clear justification of each and every one of their acts susceptible of accounting registration results.

The accounting records must be complemented with the respective documentation.

Financial statements

Art. 24. - The inventories, balances and income statement will be presented in the way that the administrative control authority regulates, so that they express truthfully and accurately the patrimonial state of the foundation.

Accounting books

Art. 25. - The books that are necessary in accordance with the law and the regulations issued by the administrative control authorities will be bound and foliated and will be individualized in the manner determined by said authorities.

Annual exercise

Art. 26. - Within ONE HUNDRED AND TWENTY (120) days of the closing of the annual fiscal year, the board of directors must prepare and approve the inventory, balance sheet and income statement corresponding to that fiscal year. Such financial statements must be accompanied by a report on the situation of the foundation, which will specifically detail:

- a) The expenses incurred, classified according to their nature;
- b) The activities carried out, described in detail;
- c) The activities scheduled for the following fiscal year, described in the same way, their budget, administrative expenses and the resources with which all of them will be covered;
- d) The activities scheduled for the past year that have not been completed, and the causes that led to the non-compliance.

CHAPTER V

Information and Control

Information duty

Art. 27. - Foundations must provide the administrative control authority of their jurisdiction with all the information that it requires.

Collaboration of official departments

Art. 28. - The official departments must provide directly to the administrative control authority the information and advice that it requires for a better appreciation of the programs planned by the foundations.

CHAPTER VI

Reform of the Statute and Dissolution

Majority required. Object change

Art. 29. - Unless otherwise provided in the bylaws, its amendments will require at least the favorable vote of the 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 only proceeds when the one established by the founder has become impossible to fulfill.

Destination of the goods

Art. 30. - In the event of dissolution, the remainder of the assets must be allocated to a public entity or to a private legal person for the common good, non-profit and domiciled in the Republic, except in the case of foundations. foreign.

The decisions that are adopted in relation to the transfer of the remaining assets will require the prior approval of the administrative control authority.

Revocation of donations

Art. 31. - The reform of the statute or the dissolution and transfer of assets of the foundation, motivated by changes in circumstances that have made it impossible to fulfill its object in the manner provided at the time of its creation, and approved by the authority administrative control, will not give rise to the action of revocation of donations by donors or their heirs, unless in the act of such donations the mode of compliance that has subsequently become impossible has been expressly established as an essential condition.

CHAPTER VII

Probate Foundations

Intervention of the Public Ministry

Art. 32. - If the testator disposes of assets destined for the creation of a foundation, it will be incumbent on the Public Ministry to ensure the effectiveness of its purpose, in conjunction with the heirs and the executor of the will.

Powers of the judge

Art. 33. - 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 will be resolved by the succession judge, prior to the Public Ministry and the supervisory administrative authority. .

CHAPTER VIII

Control authority

Attributions

Art. 34. - The administrative control authority approves the statutes of the foundation and its reform; oversees its operation and compliance with the legal and statutory provisions to which it is subject, including dissolution and liquidation.

Other faculties

Art. 35. - In addition to the attributions indicated in other provisions of this law, it will correspond to the administrative control authority:

- a) Request from the judicial authorities the appointment of interim administrators of the foundations when the vacancies of their governing bodies are not filled to the detriment of the normal development of the entity or when such bodies are temporarily lacking;
- b) Suspend, in urgent cases, compliance with deliberations or resolutions contrary to the laws or statutes, and request from the judicial authorities the nullity of those acts;
- c) Request from the same authorities the suspension or removal of the foundation administrators who have violated the duties of their position, and the appointment of provisional administrators;
- d) Summon the board of directors at the request of one of its members, or when serious irregularities have been found.

Change of purpose, merger and coordination of activities of the foundations

Art. 36. - It will also correspond to the same authority:

- a) Establish the new object of the foundation when the one established by the founder would have become impossible to fulfill, trying to respect the will of the former to the greatest extent. In such case, it will have the necessary powers to modify the bylaws in accordance with that change;
- b) Arrange for the merger or coordination of activities of TWO (2) or more foundations when the circumstances indicated in the previous paragraph arise, or when the multiplicity of foundations with a similar object makes the measure advisable for their better development and the greater is manifest public benefit.

Means

Art. 37. - Administrative decisions that deny authorization for the constitution of the foundation or withdraw the agreed legal personality may be appealed in court in cases of illegitimacy and arbitrariness.

The same recourse will fit in the hypothesis that it is a foreign foundation and the approval required by it is denied, or it is revoked.

The appeal will be substantiated summarily before the court of appeal with civil jurisdiction. The bodies of the foundation may deduct the same appeal against the resolutions issued by the administrative control authority in the situations provided for in articles 35, subsection b), and 36.

Art. 38. - Be notified, published, given to the National Directorate of the Official Registry and filed.

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