

1 Executive Decree 524

(From October 31, 2005).

"By which Executive Decree No. 160 of June 2, 2000, and Decree Executive N ° 3 of January 24, 2001, and provisions are issued for the recognition of Legal Status of non-profit private interest associations and foundations ”.

THE PRESIDENT OF THE REPUBLIC

In use of its constitutional and legal powers,

CONSIDERING:

That by Executive Decree No. 160 of June 2, 2000, modified by Decree Executive N ° 3 of January 24, 2001, regulates the recognition of Legal Status to the non-profit private interest associations and foundations.

That Law No. 50 of July 2, 2003, “Which adds Chapter VI, called Terrorism, to the Title VII of Book II of the Penal Code and dictates other provisions ”, obliges associations without profit to keep track of the funds they receive, generate or transfer, through a detailed record of financial operations or transactions or donations, in order to justify its origin or nature.

That currently some of these non-governmental organizations to which the Ministry of Government and Justice grants legal personality, they operate without proper supervision and control of part of the state.

That it is necessary to review and adapt the legislation that regulates these associations, in order to establish control, prevention, regulation and supervision mechanisms on operations that these develop.

DECREE:

Article 1. It is the responsibility of the Ministry of Government and Justice to grant Legal Status and oversee the operation of non-profit private interest associations and foundations, churches, congregations, religious communities or associations, federations, and any other that are not related to sports, agricultural, cooperative and labor issues.

Article 2. For the granting of the Legal Status contemplated in article 1 of this Decree, it is required to present the following documentation:

1. Power of attorney and request through a lawyer, on certified paper according to the specifications contemplated in Law 56 of July 25, 1996, the request must contain the basis

- corresponding legal
2. Act of Constitution of the entity, which must be countersigned by the President and Secretary of the association. No association may adopt an identical or similar name to the of another already registered, to avoid that the associates can be confused when identifying them.
 3. Act of Approval of the Statute signed by the President and the Secretary of the association.
 4. List of the members of the Board of Directors, which may be natural persons or legal, public or private, and must not be less than five (5), members.
 5. ² The members of the Board of Directors must be Panamanians, except for officials from embassies, diplomatic personnel, state agencies, any legal entity

¹ Published in Official Gazette 25,420 of November 2, 2005.

registered abroad who wishes to register a subsidiary in the Republic of Panama. I also know They exempt internationally renowned personalities in the business, philanthropic, culture, religious, educational, scientific, artistic and sports, duly verified, in which In this case, it will only be required that at least one of the directors of the Board of Directors be Panamanian.

6. The Statute, which must be duly signed by the President of the Entity and his Secretary.
7. Work plan to be carried out during the first five (5) years.
8. Two copies of all documentation.

Article 3. The Statute of the entity must contain:

1. The name of the entity, written in Spanish or with its respective translation into Spanish through an authorized public interpreter. The name of the entity may not be announced in such a way that may lead to confusion about the nature and objectives of it.
2. Exact specification of the address of the entity. The address must always be within the territory of the Republic of Panama.
3. Geographic area where it will operate.
4. Present in detail its objectives and specific purposes, main activities to develop and the means to achieve them, explaining whether their ends are charitable, union or of another nature. The objectives of the entity may not be contrary to the legal system, to morals and good manners.
5. Establish how the entity's assets will be constituted, the activities that it will develop, understanding that it should only adhere to the activities that were approved in the statute.

6. Body that will set the periodic income quotas, if any.
7. Membership and disaffiliation modality of associates.
8. Duties and rights of each associate
9. Governing bodies of the association, procedures for their election, call for complete them, way of making decisions, publishing and acting internal.
10. Functions of each member of the Board of Directors separately.
11. Body or associate that has the legal representation of the association.
12. How to convene each body and how the quorum is constituted.
13. Procedure to reform the statute.
14. How to keep the accounting records of the entity, specifying how the funds you generate and transfer.
15. Dissolution and liquidation procedure.
16. Destination of the assets once dissolved.
17. In case of having the power to constitute chapters, how to create them.

² It appears as subrogated by Article 1 of Executive Decree 615 of July 12, 2012 (OG 27,076 of July 12, July 2012).

Article 4. The essential governing bodies of any entity are the General Assembly, supreme body of the entity and the Board of Directors.

Article 5. Applications for Legal Status submitted to the Ministry of Government and Justice, will be subject to consultation in the competent institution, according to the objects that I developed.

Article 6. For the constitution of subsidiaries, the following requirements are required:

1. Power of attorney and request through a lawyer, on authorized paper, according to the specifications contemplated in Law 56 of July 25, 1996, the request must contain the basis corresponding legal.
2. Authorization from the President, legal representative or whoever directs the foreign entity to become a subsidiary in the Republic of Panama
3. Documentation of the entity legally registered abroad and duly authenticated by the corresponding instances.
4. List of members of the Board of Directors.
5. Establish in writing, who will exercise the legal representation of the entity in the Republic of Panama, which can be of Panamanian or foreign nationality with

residency in Panama granted by the National Directorate of Migration and Naturalization.

6. All documentation presented with the petition that is in a language other than the Spanish, must be duly translated into Spanish, by an authorized public interpreter.
7. Two copies of all documentation submitted.

Article 7. Two or more associations may join with the majority approval of their assembly general, for common purposes.

Article 8. In the cases of constitution of federations, they must provide certification of the Public Registry where the registration and validity of each of the entities that they will be part of the federation.

Article 9. The duly constituted entity must have a minute book, maintain a Up-to-date registration of its members and the necessary accounting records.

Article 10. The entities to which the Ministry of Government and Justice grants Legal Status Legal, they are obliged to maintain their own or rented premises, which will constitute their domicile and It will be the place destined for their meetings in fulfillment of their purposes.

Article 11. Create in the Ministry of Government and Justice, a registry of non-purpose entities of profit for activities they carry out, with Legal Status granted by the Ministry of Government and Justice granted by the Ministry of Government and Justice, duly registered in the Public Registry.

Foundations may also be registered in the Registry of the Ministry of Government and Justice. private interest established on the basis of Law 25 of June 12, 1995, provided that meet the following requirements:

1. That its Foundation Charter stipulates that its purposes are strictly social.
2. That they verify that they are affiliated with the Ciudad del Saber Foundation.

³ Appears such was subrogated by Article 1 of Executive Decree 627 of December 26, 2006, (OG 25,701 of December 29, December 2006).

For the Registry of the legal entities indicated, the Ministry of Government and Justice will issue the respective resolved recognizing the entity as a non-profit private interest foundation profit so that they can be accredited before the Ministry of Social Development and the Ministry of Economy and Finance.

For the purposes of the record referred to in this article, a simple copy of the the registration of the entity in the Public Registry. Those that are affiliated with the City of Knowledge, They must additionally present proof of said affiliation and a simple copy of the public deed through which the documents relating to the constitution of the entity were protocolized, with the seal of the registration in the Public Registry and certification of said Registry, where the purposes of it.

The Ministry may issue certification of the inscription in this Registry, in which it is made state the registration number, the activity to which it is dedicated, the name of the entity and the date register.

Article 12. The Ministry of Government and Justice may carry out a previous inspection of the home of the applicant entity, for the granting of Legal Status.

Article 13. The funds received by entities with legal personality granted by the Ministry of Government and Justice, Foreign Governments, National Organizations, international or other sources channeled through public institutions, will be considered of public nature, therefore their management, destination and operation will be subject to the supervision of the Ministry of Government and Justice, the Office of the Comptroller General of the Republic and to the laws in force on this matter.

Article 14. The funds obtained by entities with legal status granted by the Ministry of Government and Justice to carry out projects of public interest, must be deposited in bank accounts in financial institutions of the State. These accounts banking as well as the movements of funds of the same will be countersigned and supervised by the Comptroller General of the Republic.

The entity may use the funds from self-management in accordance with the provisions of its statutes. The entity that manages funds from donations of public interest is in the obligation to submit monthly financial and technical reports to the sponsoring body related to the progress, justification and management of the project carried out, compliance with technical requirements in the middle and at the end of the project execution.

Likewise, they must keep all the respective documentation in their offices, so that the inspections required by the Ministry of Government and Justice and by the Office of the Comptroller General of the Republic, when necessary.

Article 15. When there is information, that an entity with Legal Status is dedicated to illicit activities or contrary to the objectives and purposes established in its statute, the Ministry of Government and Justice will carry out the necessary procedures for the revocation or dissolution of the Legal personality granted and file criminal complaints with the authorities competent, as the case may be.

Article 16. The Ministry of Government and Justice may revoke the Legal Status of those entities that, after a prior investigation, have been found to have remained more than five (5) years inactive, or that they have not been registered in the Registry that is He has been in the Ministry of Government and Justice.

Article 17. The Resolved that recognizes the entity as a Legal Person will be joined by four (4) balboas with 00/100 (B / .4.00), in tax stamps and for its legal validity you will have to register in the Public Registry.

Article 18. No entity may advertise or act as such, without having obtained the

recognition of their Legal Status by the Ministry of Government and Justice and their registration in the Public Registry.

Article 19. The duly registered entity, which requests reform of its statute, must submit the following documentation:

1. Power of attorney and request through a lawyer, on authorized paper, according to the specifications contemplated in Law 56 of July 25, 1996, the request must contain the basis corresponding legal.
2. Minutes of the meeting where the statute reform was approved, specifying which are the reformed articles and what the reforms consist of.
3. Certification issued by the Public Registry, where the validity and representation of the entity.
4. Simple copy of the Public Deed where the registration in the Public Registry is recorded.
5. Reformed Statute.
6. All documentation must be endorsed by the President and the Secretary.
7. Two copies of all documentation.

Article 20. The request for Legal Status, to which observations have been made, then after three (3) months have elapsed from the date of notification of these, without the interested party having Once these observations have been corrected, they will be denied by Resolved.

Article 21. Applications for Legal Status, which have been denied by the Ministry of Government and Justice, for not having corrected the observations made, may be re-entered by the interested party, incorporating all the required documentation, such as if it were presented for the first time.

Article 22. Any entity may be dissolved for the reasons established in its statute, prior agreement of the Board of Directors with the approval of the General Assembly, or by the Ministry of Government and Justice, when there are grounds that justify the dissolution. Dissolution carried out by the Board of Directors prior approval of the General Assembly, it must be notified to the Ministry of Government and Justice, and register the marginal in the Public Registry. In the case of that the Ministry of Government and Justice orders the dissolution, this will be done by Resolved, the which will be sent to the Public Registry, in order to carry out the respective marginal dissolution.

The funds and assets of the entities that have been dissolved, for any of the causes above described, must be donated to charitable institutions or for similar purposes to the entity dissolved, or, failing that, take advantage of the provisions of article 72 of the Civil Code.

Article 23. Against the decisions issued by the Ministry, an appeal for Reconsideration proceeds, which may be filed within five (5) business days, counted from the notification.

Article 24. This Executive Decree repeals Executive Rights No. 160 of June 2, 2000 and No. 3 of January 24, 2001.

Article 25. This Decree will take effect from its promulgation.

COMMUNICATE AND ENFORCE