

**Regulations of an Irrevocable Foundation
(Founder(s) hold(s) no powers)**

<p>REGULATIONS</p> <p>OF</p> <p>THE</p> <p>PRIVATE FOUNDATION</p> <p>NAMED</p> <p>_____</p>
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The Founder(s) or the Foundation Council has(have), on the basis of the Private Foundation Charter of the Private Foundation named _____, protocolized by means of Public Deed Number _____ of the _____ day of _____ 200____ of the Office of the _____ Notary Public and registered at the Private Foundations Section of the Public Registry of Panama at Microjacket F.I.P _____, Reel _____ and Frame _____ as from _____ 200____, adopted the present Regulations in accordance with the following articles:

FIRST: FOUNDATION ASSETS.

The Foundation's Initial Assets consist of **TEN THOUSAND DOLLARS (US\$10,000.00)**, plus all such funds and/or securities, movable or immovable goods, shares, bonds, bank deposits and any negotiable documents that are validly transferred to the Foundation by the Founder(s), the Foundation Council or third parties. At the time the present Regulations are issued, the Foundation Assets consist of:

- A. Funds deposited at the _____ Bank.
- B. Share Certificate No. _____ for _____ shares of a nominal value of US\$ _____ each, of the company _____, organized under the laws of _____.

C. _____.

SECOND: REVOCABILITY.

The Founder(s), or whoever their legitimate principals or settlors may be, is(are) obliged to validly transfer sums of money or other goods for not less than US\$10,000. The constitution of the Foundation as well as the transfers made to same shall be irrevocable for the Founder(s), who shall hold no decisory powers in the Foundation.

THIRD: LIABILITY.

The Foundation Council undertakes to dispose of the Foundation Assets in accordance with the provisions and conditions of the Foundation Charter and the present Regulations, with the diligence of a good paterfamilias. For his(their) part, the Foundation's Principal Beneficiary(ies) and the Protector shall jointly and severally hold the Foundation Council harmless from any damages it may suffer as a consequence of the exercise of the functions established in the Foundation Charter and in the Regulations, and undertakes to indemnify the Foundation Council for any expenses it may incur, including legal costs and fees, authorizing it in advance to reimburse itself for such costs out of the Foundation Assets.

FOURTH: POWERS OF THE FOUNDATION COUNCIL.

The Foundation Council shall take such measures as it may in its sole judgment deem expedient for the custody of the Foundation Assets and for the investment of same, and is empowered to mainly invest in time deposits and/or certificates of deposit negotiated in capital markets, the purchase of bonds or shares and, finally, any other kind of investment that, in the opinion of the Foundation Council, implies an acceptable risk, acting always with the judgment of a good paterfamilias and following such instructions as may given to it by the Protector, if any.

The Foundation Council shall have the following powers and duties, without prejudice to the generality of the foregoing:

- A. To manage the Foundation Assets in accordance with the present Foundation Charter and the Regulations.
- B. To enter into such acts, contracts or juridical business as may prove to be expedient or necessary in order to comply with the Foundation's objects and to include in such contracts, agreements and other instruments or obligations, all such clauses and conditions as may be necessary or expedient, being consistent with the Foundation's aims and not contrary to the law, morality, good mores or public order.

- C. To inform the Foundation's Beneficiary(ies) and the Protector, if any, regarding its assets as provided for by the Foundation Charter or the Regulations.
- D. To hand over to the Principal, Substitute or Final Beneficiary(ies) of the Foundation, the assets and income arising from the Foundation Assets that have been settled in his(their) favor in the Foundation Charter or its Regulations.
- E. To carry out all such acts or contracts as the Foundation may be permitted to carry out as per Law No.25 of 12th June 1995, Executive Decree No.417 of 8th August 1995 and other applicable legal or regulatory provisions, as well as in accordance with the Foundation Charter.

The Foundation Council shall in the exercise of these obligations and duties have the following powers, without prejudice to the generality of the foregoing:

1. **Investment in Securities:** To preserve, acquire, invest, sell or dispose of securities and other movable or immovable property or property of any nature, whether tangible or intangible, including life insurance policies.
2. **Cash Deposits:** To place money in time deposits for any terms and in any currency, with banking or financial institutions or brokerage firms, in any country in the world.
3. **To Borrow and to Grant Loans:** To borrow and to grant loans, with or without surety and with or without interest, under any terms and from or to any person, including any Principal, Substitute or Final Beneficiary, or any company whose shares are held as part of the Foundation Assets, and to constitute guarantee and pledge the Foundation Assets to guarantee the performance of obligations incurred by the Foundation, or obligations incurred by any of the Beneficiaries.
4. **Payments to Minors and Incapacitated Persons:** To apply the capital or interest in favor of any Beneficiary as may be established in the present Regulations. Payments to any person who is a minor or who has any impairment may be made to any of that person's parents, legal representatives or guardians, and the Foundation Council shall not be responsible for overseeing the way the money is used unless it is expressly set forth in the Regulations.
5. **Income and Disbursements:** To decide whether any income or disbursement constitutes capital or interest, to capitalize and dispose of same in favor of the Beneficiary(ies) as established in the present Regulations.

6. **Custody of Assets:** To preserve the Foundation Assets or deposit same in any institution, with no liability for any losses which may result therefrom, as provided for in these Regulations.
7. **Payment of Taxes:** To pay, with funds from the Foundation Assets, any taxes, if any, assessments and other expenses, even where same are not in favor of any Beneficiary.
8. **Using Companies:** To establish, acquire, operate, represent the Foundation in shareholders assemblies, or control one or more companies in any country and provide or engage the required managerial services, and to transfer assets from the Foundation Assets to such companies.
9. **Engaging Agents:** To engage managers, advisers (including investment advisers) and agents under the usual terms and conditions, charging same against the Foundation Assets, even where same are not affiliated with the Foundation Council.
10. **Legal Advice:** To seek financial and legal advice with regard to the Foundation, charging same against its Assets, but not being obliged to act in accordance with any opinion or advice received.
11. **Operations with Related Persons:** The Foundation Council may do any juridical acts in favor of the Foundation or of any Beneficiary, for which it may engage any company affiliated with the Foundation or the Principal, Substitute or Final Beneficiary or any member of the Foundation Council, provided such acts comply with the aims of the Foundation.

FIFTH: BENEFICIARIES.

A. PRINCIPAL BENEFICIARY(IES).

The Founder(s) declare(s) that the following person(s) is(are) designated as the Principal Beneficiary(s) of the Foundation by means of the present Regulations:

Mr./Mrs./Minor _____, born on _____,
 with domicile at _____.

or/Corporation named _____,
 organized in accordance with the laws of _____,

Registered under _____
as from _____.

The absolute lack of a Principal Beneficiary shall accrue to the other Principal Beneficiaries.

For the designation of other Beneficiaries, the Foundation Council shall, subject to countersignature by the Protector, if any, abide by the following rules:

B. SUBSTITUTE BENEFICIARY(IES).

In the event the Principal Beneficiary(ies) should pass away or lose legal capacity, his (their) rights regarding the Foundation Assets existing on that date shall pass to the Substitute Beneficiary(ies), namely :

Mr./Mrs./Minor _____, born on _____,
with domicile at _____.

or/Corporation named _____,
organized in accordance with the laws of _____,
Registered under _____
as from _____.

C. FINAL BENEFICIARY(IES).

In the event the Substitute Beneficiary(ies) should pass away or lose legal capacity, the funds of the Foundation Assets shall pass to the Final Beneficiary(ies) in equal proportions, namely :

Mr./Mrs./Minor _____, born on _____,
with domicile at _____.

or/Corporation named _____,
organized in accordance with the laws of _____,
Registered under _____
as from _____.

Lacking designated Final Beneficiary(ies), the Substitute Beneficiary(ies) shall be deemed to be the Final Beneficiary(ies).

SIXTH: DISTRIBUTION OF THE BENEFITS AND DISBURSEMENTS.

Once the Private Foundation, which is irrevocable for the undersigned, enters into effect, the Foundation Council shall dispose of the Foundation Assets in the following manner:

A. **DISTRIBUTION OF INTEREST AND PROFITS.** The Foundation Council shall pay the Principal Beneficiary(ies), during his(their) lifetime, all interest, dividends and any other benefit arising from the funds of the Foundation Assets. The Principal Beneficiary(ies) may request that all or part of the benefits accrue to the capital of the Foundation Assets.

In the event the Principal Beneficiary(ies) should pass away or lose legal capacity, his(their) benefits shall be distributed to(among) the Substitute Beneficiary(ies). The Substitute Beneficiary(ies) may request that all or part of the benefits accrue to the capital of the Foundation Assets.

The Foundation Council shall use such distribution mechanism as it may deem expedient.

B. **EMERGENCY EXPENSES.** In addition, emergency expenses payable to the Principal Beneficiary(ies) or to the Substitute or Final Beneficiary(ies) replacing them in their absolute absence shall also be paid. It shall be to the Foundation Council's discretion to define which are emergency expenses. In general, emergency expenses shall include such sums as may be considered necessary for the maintenance, care (medical expenses and others) and education of the Principal, Substitute or Final Beneficiary(ies), as well as such sums as may be required for the annual maintenance of the juridical persons who are Beneficiaries, consisting of taxes, rates and administrative and juridical services.

The disbursement of emergency expenses may be made at the discretion of the Foundation Council or as requested by the Principal Beneficiary(ies), or by his(their) curator (in the event of temporary or permanent incapacity), parent(s), legal representative(s) or guardian(s); or by the (Substitute)(Final) Beneficiary(ies), or by his(their) parent(s), legal representative(s) or guardian(s); or by the Protector, if any.

C. **GENERAL PRINCIPLES OF THE BENEFITS.** The Foundation's benefits shall be subject to the following rules:

(1) The Beneficiaries of each class shall receive their benefits in equal proportions.

- (2) No certificates or documents on the right to benefit from the Foundation shall be issued.
- (3) Neither the benefits nor the capital or any distribution of the Assets or of the proceeds of the Foundation's income may be the object of any kind of precautionary measure, attachment or garnishment, unless same is in regard to the Foundation's debts.
- (4) Any transfer of the right to receive benefits from the Foundation, whether present or future, shall be null and void. Any Beneficiary who attempts to transfer his benefits shall lose them.
- (5) Neither may the right to the Foundation's benefits (capital and interest) be given as surety of any kind, whether pledge, mortgage or of whatever other nature.

SEVENTH: RENDERING OF ACCOUNTS.

In addition, and without prejudice to the obligation to render annual accounts as established in the Eleventh Clause of the Foundation Charter, once the present Regulations enter into effect, the Foundation Council shall advise the Principal Beneficiary(ies), or whoever replaces them in their absolute absence (the Substitute or Final Beneficiary(ies)) every time a Beneficiary or the Protector, if any, requests it, regarding the financial status of the Foundation Assets, specifying the total funds and assets, kinds of investment, interest or profits earned and collected, donations or contributions received and disbursed.

So long as the Beneficiary(ies) have not attained legal age, the parent(s), legal representative(s) or guardian(s) shall be informed.

EIGHTH: ABSOLUTE LACK OF THE PRINCIPAL AND SUBSTITUTE BENEFICIARY(IES).

If, on the date of the death or loss of legal capacity of the Principal Beneficiary(ies) the Substitute Beneficiary(ies) no longer exist(s) or do(does) not have legal capacity, the Foundation Council shall be governed by the following additional rules :

A. DISTRIBUTION TO(AMONG) THE FINAL BENEFICIARY(IES). The Foundation Assets existing at such date shall be immediately divided, in equal proportions, among the Final Beneficiaries, but the Foundation Assets shall not be distributed.

B. RIGHT TO ACCRUE. In the event that, on such date one of the Final Beneficiaries has passed away without leaving any heirs, the whole of the Foundation Assets shall pass to the survivor(s) (among them), accruing to his(their) assets.

C. BENEFITS. In the case of subsection A of the present Article, once the division has been made, the Foundation Council shall pay the Final Beneficiary(ies) (or his(their) parents, legal representatives or guardians, until he (they) attain(s) legal age), all the interest, dividends and any other benefit arising from the funds and assets of the Final Beneficiary(ies) in the Foundation Assets, as well as emergency expenses.

The parents, legal representatives or guardians of the Final Beneficiary(ies) shall identify themselves as such.

The Final Beneficiary(ies) may ask for the whole or part of the benefits to accrue to the capital of the Foundation Assets.

D. ABSOLUTE LACK OF BENEFICIARIES. Should there be none of the Beneficiaries mentioned in the preceding Articles, upon verification, the benefits or interest arising from the existing Foundation Assets shall be permanently assigned to the following charitable institutions, namely:

_____ %	to
_____ %	to
_____ %	to

In the event any or all of these institutions should not exist, the Foundation Council shall designate other institutions having the same or similar objectives. These institutions shall not have the right to information on the source of the donations.

NINTH: DISTRIBUTION OF THE CAPITAL OF THE FOUNDATION'S ASSETS TO THE FINAL BENEFICIARY(IES).

At the time (each of) the Final Beneficiary(ies) attains the age of twenty-five (25), the Foundation Council shall turn over fifty percent (50%) of (his respective share of) the capital of the Foundation Assets existing on that date to him. As soon as he(they) attain(s) the age of thirty (30), the remaining balance (50%) of his(their) share of the capital of the Foundation Assets shall be turned over to him(them).

The distribution of the capital of the Foundation Assets shall be subject to the following rules:

A.. In the event the (any of the) Final Beneficiary(ies) should pass away before attaining the age of thirty (30), his(their) rights shall pass to his(their) legitimate heirs. Should he(they) not have heirs, his(their) share of the capital of the Foundation's Assets shall accrue to the other Final Beneficiaries. Subsequently, the Foundation Council shall turn over to the surviving Final Beneficiary(ies), upon his(their) attaining the age of twenty-five (25), his(their) respective share of the capital of the Foundation Assets existing at such date. As soon as he(they) attain(s) the age of thirty (30), the final balance of the capital of the Foundation Assets existing at that date shall be turned over to him(them).

B. In the event the Final Beneficiary(ies) should pass away or lose his(their) legal capacity before complying with all that is stipulated in the present Article and should he(they) leave any descendants or assigns, the capital of the Foundation Assets shall be passed, in equal proportions, to the legitimate heirs or successors (or their legal representatives), that have been legally designated by competent authorities.

C. The Final Beneficiary(ies) may choose to waive the distribution and to have the Foundation remain effective.

D. The distribution of the whole of the capital of the Foundation Assets shall be grounds for the dissolution of the Foundation.

TENTH: REMUNERATIONS.

Once the Foundation enters into effect, the Foundation Council may receive, for its management work, regular payments corresponding to a percentage of the net value of the Foundation Assets, or set regular payments agreed to from time to time, as well as additional payments for specific works requested. These payments are separate from the Resident Agent's fees mentioned in the Fifth Clause of the Foundation Charter and the Thirteenth Article of the present Regulations, as well as from the fees for the preparation and registration of the Foundation Charter and for drawing up the present Regulations.

The Foundation Council is expressly authorized to pay the expenses and/or fees established in the preceding paragraph of this Article against the funds of the Foundation Assets.

ELEVENTH: RESIGNATION OF THE FOUNDATION COUNCIL.

The Foundation Council may resign from its office, giving at least a sixty (60) day prior notice, without need to give any explanation in this regard. The Foundation Council's replacement shall be made as provided for in the Foundation Charter.

TWELFTH: PROTECTOR.

_____, with domicile at _____,
is hereby appointed the Protector. His functions shall be detailed in the Fourteenth Clause
of the Foundation Charter.

The Protector shall act in the interest of the Foundation's Beneficiaries and with the
diligence of a good paterfamilias.

THIRTEENTH : RESIDENT AGENT.

The Foundation's Resident Agent is the law firm of (NAME OF FIRM).

The Foundation Council is expressly authorized to designate any other law firm as the
resident agent if, in its sole judgment, this should be necessary.

FOURTEENTH: THE FOUNDATION'S DOMICILE.

The location of the Foundation's domicile is (ADDRESS)

FIFTEENTH: AMENDMENTS TO THE REGULATIONS.

Only the Foundation Council may amend the present Regulations and, consequently, it may
delete or add Beneficiaries, subject to authorization from and countersignature by the
Protector, if any, as provided for in the Sixteenth Clause of the Foundation Charter.

If a Protector has been designated and same should pass away or no longer have legal
capacity, the present Regulations may not be amended save as set forth at the end of the
present article.

Should the Protector express his wish to change the articles of the Regulations or dissolve
the Foundation, same must be made known to the Foundation Council in writing.

Upon an absolute lack of the Protector and if the Principal and Substitute Beneficiary(ies)
should not be alive or exist, the Final Beneficiary(ies) may express his(their) wish to the
Foundation Council to change the articles of the Regulations in order to maintain the
Foundation in effect indefinitely. Such wish must be made known to the Foundation
Council in writing.

SIXTEENTH : DISSOLUTION AND LIQUIDATION.

The Foundation has, in principle, a perpetual duration. However, same may be terminated
as per the following paragraphs.

The Foundation's aims are those specified in the Sixth Clause of the Foundation Charter, as is the disposal of the Foundation Assets in accordance with the instructions, terms and conditions of the present Regulations and in accordance with such instructions as may be given by the Protector, if any, by which it is understood that the Foundation shall be terminated once the Foundation Council has fully complied with the aims of the Foundation and once the Final Beneficiary(ies) has(have) received the capital of the Foundation Assets, save if he (they) should express his (their) wish to have the Foundation remain in effect.

The Protector, if any, may request the dissolution of the Foundation before achievement of its aims, expressing same in writing, in which case the Foundation Assets shall be returned to the Founder(s) or his(their) legitimate principals or settlors.

Upon dissolution of the Foundation, the Foundation Council may take charge of the liquidation or may appoint one or more liquidators with the purpose of settling its business, collecting its credits, paying its debts and dividing or distributing the capital and the interest of the Foundation Assets to (among) the Beneficiary(ies).

For the termination of the Foundation, performance of the provisions in the Fifteenth Clause of the Foundation Charter shall be required.

SEVENTEENTH: LEGAL SUBMISSION.

Juridical relations deriving from the application of the present Regulations are subject to the Law in force in the Republic of Panama, specifically, Law No.25 of 12th June 1995 and Executive Decree No. 417 of 8th August 1995, as well as the provisions of the Foundation Charter.

The present Regulations are subscribed in the city of _____
on the _____ day of the month of _____ nineteen
hundred and ninety _____(200_____).

Founder

Founder

or/Foundation Council
(represented by _____)

Countersigned by the Resident Agent: _____