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CHAPTER II

JURISTIC PERSONS

PART I

General Provisions

Section 65. A juristic person can come into existence only by virtue of this Code or of other law.

Section 66. A juristic person has rights and duties conformity with the provisions of this Code or of other law within the scope of its power and duties, or its object as provided by or defined in the law, regulation or constitutive act.

Section 67. Subject to Section 66, a juristic person enjoys the same rights and is subject to the same duties as a natural person.

Section 68. The domicile of a juristic person is the place where it has its principal office or establishment, or which has been selected as a special domicile in its regulation or constitutive.

Section 69. In the case where a juristic person has several establishments or has its branch office, the place of its branch office may also be considered its domicile as to acts there performed.

Section 70. A juristic person must have one or several representatives as prescribed by the law, regulations or its constitutive act, decisions as to the affairs of juristic persons are made by a majority of the representatives.

Section 71. In the case where a juristic person has several representatives, if it is not otherwise provided by the law, or defined in regulations or constitutive act, decisions as to the affairs of juristic person are made by a majority of representatives.

Section 72. The change of representatives of juristic person or of any restriction, or modification of the power of representatives shall be effective after having complied with the law, regulations or its constitutive act, but cannot be set up against third person acting in good faith.

Section 73. If a vacancy occurs among the representatives of juristic person, and there is reason to believe that damage might ensue from delay, the Court may, on the

application of any interested person or of the Public Prosecutor, appoint a temporary representative.

Section 74. In a matter in which the interested of a juristic person conflict with those of the representative of juristic person, the latter has no representative power.

Section 75. If, in the case under Section 74, it causes a non-existence of the representatives of juristic person, or number of the remaining representatives cannot constitute quorum of the meeting or is sufficient to execute such matter, if it is not otherwise provided by the law, or defined in its regulations or constitutive act, the provisions of Section 73 shall apply to the appointment of special representatives, 'mutatis mutandis'.

Section 76. A juristic person is bound to make compensation for any damage done to other persons by its representatives or the person empowered to act on behalf of the juristic person in the exercise of their functions, saving its right of recourse against the causers of the damage.

If damage is done to other persons by an act which is not within the scope of the object or power and duties of the juristic person, all the persons as mentioned in paragraph one who agreed such act or executed it, are jointly liable to make compensation.

Section 77. The provisions on Agency of this Code shall apply to the relationship between the juristic persons and its representatives, and between the juristic person or its representative and third persons, 'mutatis mutandis'.

PART II

Association

Section 78. An association created for conducting any activity which, according to its nature, is to be done continuously and collectively by persons other than that of sharing profits or incomes earned, must have its regulations and must be registered according to the provisions of this Code

Section 79. The regulations must at least have the following particulars:

- (1) The name of the association.
- (2) Its object.
- (3) Address of its principal office and all its branches.
- (4) Rules for admission of its members and conclusion of membership.
- (5) Rates and member-fee.

- (6) Rules for the Committee of association, i.e. number of the directors, appointment of the directors, term of office of the directors, retirement of office of the directors and meetings of the Committee.
- (7) Rules for the management of the association, the keeping of accounts and the property of the association.
- (8) The association must have the word 'association' incorporated with its name.

Section 80. The association must have a word "association" incorporated with its name.

Section 81. The application for registration of an association must be filed jointly in writing by at least three of the would-be members of the association with the Registrar of the area where the principal office of the association is situated, and regulations of the association, list of names, addresses and occupations of at least ten would-be members of the association are to be attached to the application.

Section 82. When the application for registration together with the regulations are received by the Registrar and the application is found correct under Section 81 and the regulations are correct under Section 79, the object of the association is not contrary to the law or good moral or endangering public order or national security and all particulars contained in the application or in the regulations conform the object of the association, or the would-be directors of the association have status or conduct suitable for implementing the object of the association, the Registrar shall make registration and issue a certificate of registration to the association. The registration shall be published in the Government Gazette.

If it is found that the application or the regulations are not in conformity with Section 81 or Section 79, the particulars contained in the application or in the regulations do not conform to the object of the association, or would-be directors of the association do not have the status and conduct suitable for implementing the object of the association, the Registrar shall instruct the applicant to make correction or alteration, and shall, after the correction or alteration having been made, make registration and issue a certificate of registration to the association.

If it is considered by the Registrar that the registration cannot be made because the object of the association is contrary to the law or good moral or likely to endanger public order or national security, or the applicant fails to make correction or alteration as such within thirty days from the day of which the instruction of the Registrar came to his knowledge, the Registrar shall give and order refusing the registration and inform the applicant without delay of reasons for such refusal.

The applicant is entitled to appeal in writing against the order of refusal for registration to the Minister of Interior through the Registrar within thirty days from the date of receipt of the refusal order.

The Minister of Interior shall decide the appeal and inform the appellant of the decision within thirty days from the date of receipt of the written appeal by the Registrar. The decision of the Minister of Interior shall be final.

Section 83. The association so registered is a juristic person.

Section 84. No alterations of and additions to the regulations of an association may be made, except by a resolution of the general meeting. Such alterations and additions must be deposited for registration at the Registrar Office where the principal office of the association is situated within fourteen days from the date of the resolution, and the provisions of Section 82 shall apply, mutatis mutandis. It shall become effective after the registration thereof by the Registrar.

Section 85. The appointment of new directors of the association of the alteration thereof shall be made in accordance with the regulations of the association and must be registered by the Registrar at the Registrar Office where the principal office of the association is situated within thirty days from the date of such appointment or alteration of the directors of the association.

If it is considered by the Registrar that any of the directors under paragraph one does not have status or conduct suitable for implementing the object of the association, the Registrar may refuse the registration of that director of the association. In case of refusal, the Registrar shall notify the association of reason for such refusal within sixty days from the date of application, and the provisions of Section 82 paragraph four and paragraph five shall apply, mutatis mutandis.

If the registration of new directors of the association has not yet been made, the old directors of the association shall further perform the functions of the directors of the association until the registration of the new directors of the association is made, unless otherwise provided in the regulations of the association.

Section 86. The directors of the association is to carry on the activities of the association under the law and the regulations of the association, and under supervision of the general meetings.

Section 87. An association is represented in its relations with third persons by its committee.

Section 88. All activities performed by the Committee of the association are valid even though it appears afterwards that there is any fault concerning the appointment or qualification of the directors of the association.

Section 89. A member of an association is entitled during working hours of the association inspect the business and property of the association.

Section 90. A member of the association has to pay total subscription on the day when he applies for being member or at the beginning of the period for payment of subscription, unless otherwise provided in the regulations.

Section 91. A member of the association is entitled to withdraw at any time from the association, unless otherwise provided in the regulations.

Section 92. Each member of an association is liable to the debt of the association for not more than the amount of the subscription due by him.

Section 93. A general meeting shall be called by the directors of the association at least once a year.

Section 94. The Committee of the association may summon extraordinary meetings as they think fit.

A requisition for summoning an extraordinary meeting may be made in writing by members of not less than one-fifth of the whole members of the association, or of not less than one hundred, or of not less than the number set forth in the regulations to the Committee of the association. The requisition must specify the object for which the meeting is required to be summoned.

When the Committee of the association have received the requisition for the summoning of an extraordinary meeting under paragraph two, they shall summon such meeting within thirty days from the date of receipt of the requisition.

If the meeting is not summoned within the period of time under paragraph three, the members who have made the requisition for summoning such extraordinary meeting or other members of not less than the number set forth in paragraph two may summon the meeting by themselves.

Section 95. In summoning a general meeting, a notice for the meeting shall be sent not later than seven days before the date fixed for the meeting to every member whose name appears in the register of the association, or may be published at least twice in a prevailing local paper, not less than seven days before the date of the meeting.

The notice must specify the place, the day and the hour of the meeting as well as its agenda, and closely relevant details and documents shall also be sent. As for a summoning of the extraordinary meeting through a publication, the said details and documents must be provided and ready for distributing to the member who request therefore at the place fixed by the person summoning such meeting.

Section 96. In a general meeting of the association, members present at the meeting of not less than one-half of the total number of members shall constitute a quorum, unless provisions on a quorum of the meeting in the regulations of the association are otherwise provided.

If the quorum so provided is not present, the general meeting, if summoned upon requisition of members, shall be dissolved. But if the general meeting had not been summoned upon the requisition of members, another general meeting shall be summoned by the Committee within fourteen days from the date of the first summoned meeting and at such later meeting no quorum shall be necessary.

Section 97. Decision of the meeting shall be by majority of votes, except in the case where a particular majority of votes is specially provided in the regulations of the association.

Each member shall have one vote. In case of an equality of votes, the chairman of the meeting shall have an additional vote as casting vote.

Section 98. Any member may vote by proxy, unless otherwise provided in the regulations of the association.

Section 99. Any director or any member of an association who has in a resolution an interest in conflict with an interest of the association cannot vote in such resolution.

Section 100. If any general meeting has been summoned or held or a resolution passed contrary to the regulations of the association or the provisions of this Title, any such member or the public Prosecutor may apply to the Court for cancellation of the resolution of such general meeting, provided that the application is entered within one month after the date of the resolution.

Section 101. An association is dissolved:

- (1) In the cases provided in its regulations, or
- (2) If formed for a definite period of time, by the expiration of such period, or
- (3) If formed for any undertaking, by the termination of such undertaking, or
- (4) By a resolution to dissolve passed in a general meeting, or
- (5) By the association becoming bankrupt, or
- (6) By having its name struck off the register by the Registrar under Section 102, or
- (7) By an order of the Court under Section 104.

Section 102. The Registrar shall have the power to give an order to have the name of an association struck off the register in the following cases:

- (1) If appears after registration that the object of the association is contrary to the law or public moral or is likely to endanger the public peace or national security and an order for alteration of such object has been given by the Registrar, but the association fails to comply therewith within period of time fixed by the Registrar.
- (2) If appears that any activity conducted by the association is contrary to the law or public moral or is likely to endanger the public peace or national security.
- (3) The association has stopped doing business for more than two consecutive years.
- (4) It appears that the association allows or let other persons who are not members of the association to execute business of the association.
- (5) The number of members of the association has been less than ten for more than two consecutive years.

Section 103. After the name of any association has been struck off the register by the order of the Registrar under Section 102, the Registrar shall send to order together with

its reason to the association without delay, and shall publish such dissolution in the Government Gazette.

Any director or member of the association of not less than three in number are entitled to appeal against the order of the Registrar given under paragraph one to the Minister of Interior. The appeal must be in writing and sent to the Registrar within thirty days from the date of being informed of the order, and provisions of Section 82 paragraph five shall apply, *mutatis mutandis*.

Section 104. When a case under Section 102 happens, an interested person may request the Registrar to have the name of the association struck off the register. If the Registrar fails to comply with the request and does not inform the person who made the request of the reasons within a reasonable period of time, or the reason given by the Registrar are not satisfied by the person having made the request, he may apply to the Court for dissolution of the association.

Section 105. When an association is to be dissolved under Section 101 (1) (2) (3) or (4), the Committee of the association that holds the office at the time of dissolution of the association shall inform the Registrar of the dissolution within fourteen days from the date of such dissolution.

In case where an association is declared bankrupt by a final judgment or order of the Court under Section 101 (5), or is dissolved by a final order under Section 104, the Court shall notify the Registrar of the said judgment or order.

The Registrar shall publish such dissolution in the Government Gazette.

Section 106. Upon dissolution of an association, the liquidation of the association shall be made, and the provisions in Book III, Title 22 on Liquidation of Registered Partnerships, Limited Partnerships and Limited Companies shall apply to the liquidation of the association, *mutatis mutandis*.

Section 107. After liquidation, the remaining assets, if any, cannot be distributed among the members of the association. They shall be transferred to such other association or foundation, or any juristic person whose object is of charity purposes as may be designated in the regulations, by the resolution of the association in general meeting. If no transferee of the said assets has been designated, by the regulations or by the resolution of association in general meeting, or if designated but it is unable to comply therewith, the remaining assets shall belong to the State.

Section 108. Any person may, on application to the Registrar, inspect the documents relating to an association kept by the Registrar or request for certified copies of the said documents to be delivered to him by the Registrar, and Registrar, and the Registrar shall comply therewith after payment of such fee as may be prescribed by the Ministerial Regulations has been made.

Section 109. The Minister of Interior shall take charge and control of the execution of the provisions of this Part and have the power to appoint the Registrar and to issue Ministerial Regulations on:

- (1) The application for registration and the making of registration.
- (2) Fees for the registered, the inspection of documents and the copying of documents as well as the fee for any activities concerning the foundation to be performed by the Registrar, including the exemption of the said fees.
- (3) The conduct of business of the association and its register.
- (4) Any other matters for carrying out the provisions of this Title.

Such Ministerial Regulations shall become effective upon their publication in the Government Gazette.

PART III

Foundation

Section 110. A foundation consists of property specially appropriated to public charity, religious, art, scientific, education or other purpose for the public benefit and not for sharing profit, and has been registered under the provisions of this Code.

The property of a foundation must be managed for implementing the objects of that foundation, and not for seeking interest for any person.

Section 111. A foundation must have its regulations and must have a Committee, consisting of at least three persons, to conduct business of the foundation according to the law and regulations of the foundation.

Section 112. The regulations must have at least the following particulars:

- (1) The name of the association
- (2) Its objects
- (3) Addresses of its principal office and all its branch offices.
- (4) Its property at the time of creation.
- (5) Rules for the Committee of the foundation, i.e. number of the directors, appointment of the directors, term of office of the directors, retirement of office of the directors and meetings of the Committee.
- (6) Rules for management of the foundation, the management of the property and keeping of accounts of the foundation.

Section 113. The foundation must have a word 'foundation' incorporated with its name.

Section 114. The application for registration of a foundation must be filed in writing with the Registrar of the area where the principal office of the foundation is situated, and it must at least specify the owner of the property and the list of the property

appropriated for the foundation together with the list of names, addresses and occupation of all the would-be directors of the foundation, including the regulations of the foundation.

Section 115. When the application for registration together with the regulations are received by the registrar, and the application is found correct under section 114 and the regulations correct under section 112, the objects of the foundation are not contrary to the law or good moral or endangering public order or national security and all particulars contained in the application or in the regulations conform to the objects of the foundation, or the would-be directors of the foundation have status or conduct suitable for implementing the objects of the foundation, the registrar shall make registration and issue a certificate of registration to the foundation. The registration shall be published in the Government Gazette.

If it is found that the application or the regulations are not in conformity with section 114 or section 112, the particulars contained in the application or in the regulations do not conform to the object of the foundation, or the would-be directors of the foundation do not have status and conduct suitable for implementing the object of the foundation, the registrar shall instruct the applicant to make correction or alteration, and shall, after the correction or alteration having been made, make registration and issue a certificate of registration to the foundation.

If it is considered by the registrar that the registration cannot be made because the objects of the foundation are contrary to the law or good moral or likely to endanger public order or national security, or the applicant fails to make correction or alteration as such within thirty days from the day on which the instruction of the registrar came to his knowledge, the registrar shall give an order refusing the registration and inform the applicant without delay of reasons for such refusal.

The applicant is entitled to appeal in writing against the order of refusal for registration to the Minister of Interior through the registrar within thirty days from the date of receipt of the refusal order.

The Minister of Interior shall decide the appeal and inform the appellant of the decision within thirty days from the date of receipt of the written appeal by the registrar. The decision of the Minister of Interior shall be final.

Section 116. Before the registration of the foundation being made by the registrar, the applicant for creating a foundation is entitled to withdraw the application by submitting a written notice to the registrar. The right to withdraw the application does not devolve on the heirs.

In the case where the application for establishment of the foundation is made by many persons, if it is withdrawn by any applicant, it shall become extinguished.

Section 117. If the applicant for creating the foundation dies before the registration by the registrar, and the deceased does not make a will revoking the application for creation of such foundation, the application shall be effective and be proceeded on with the creation of the foundation by the heirs or administrator, or the person entrusted by the deceased. If the said person fails to proceed with the matter within one hundred and twenty days from the death of the applicant for creation of the foundation, any interested person or the public prosecutor may proceed with the matter in the capacity of the applicant.

If the foundation cannot be created in accordance with the objects set by the deceased and no testamentary disposition is provided otherwise, the provisions of

section 1679 paragraph two shall apply, mutatis mutandis. If proceeding under section 1679 paragraph two cannot be made or the foundation cannot be created under section 115, the appropriated property shall be vested in the estate of the deceased.

Section 118. If there is a testamentary disposition to create a foundation under section 1676, the person charged with the duty to create the foundation under section 1677 paragraph one shall proceed with the matter under section 114 and under provisions of this section.

If the person charged with the duty to create the foundation under paragraph one fails to apply for registration to effect the creation of the foundation within one hundred and twenty days from the date that the testamentary disposition to create the foundation came to or should have come to knowledge of the said person, any interested person or the public prosecutor may apply for such registration.

If the applicant for registration of the foundation fails to make modifications or alterations in compliance with the instruction of the registrar under section 115 and it causes the registrar refuse the registration, any interested person or the public prosecutor may again apply for such registration.

If a protest is made to the registrar on the ground that the will does not provide for creating the foundation, the registrar shall notify the protester to make a request to the Court within sixty days from the date he has been notified by the registrar, and the registrar shall not consider the registration but wait for the judgment or order of the Court and comply therewith. If the protester fails to make the request to the Court within the time limit. The registrar shall further consider the registration of the foundation.

Section 119. If the will that contains the testamentary disposition does not have such particulars as provided in section 112 (1) (3) (5) or (6), the applicant under section 118 can stipulate the said particulars. If any interested person makes a protest against the applicant, the registrar shall give an order as he thinks fit and notify the applicant and the protester of the order, he can file a protest with the Court within sixty days from the date of receipt of the notification from the registrar. The registrar shall not consider the registration but wait for the judgment or order of the Court and comply therewith. If no protest is filed within the time limit, the registrar shall consider the registration according to the order given.

Section 120. If there are many applicants for registration of the foundation under the will of the same de cuius, and the applications contradict each other, the registrar shall summon the applicants for making an agreement. If the applicants do not show up or cannot come to an agreement within a period of time fixed by the registrar, the registrar shall give an order as he thinks fit, and the provisions of section 119 shall apply, mutatis mutandis.

Section 121. After registration of the foundation, the property appropriated therefore shall, if the applicant for creating the foundation is still alive, vest in the foundation from the date of registration of the foundation by the registrar.

If the applicant for creating a foundation dies before the registration of the foundation by the registrar, the property appropriated therefore shall, after the registration, vest in the foundation from the death of the applicant.

Section 122. The foundation so registered is a juristic person.

Section 123. A foundation is represented in its relations with third persons by its committee.

Section 124. All activities performed by the committee of the foundation are valid even though it appears afterwards that there is any fault concerning the appointment or qualification of directors of the foundation.

Section 125. The appointment of new directors of the foundation or the alteration thereof shall be made in accordance with the regulations of the foundation and must be registered within thirty days from the date of such appointment or alteration of the directors of the foundation.

If it is considered by the registrar that any of the directors under paragraph one does not have status or conduct suitable for implementing the objects of the foundation, the registrar may refuse the registration of that director. In case of refusal, the registrar shall notify the foundation of reasons for such refusal within sixty days from the date of application, and the provisions of section 115 paragraph four and paragraph five shall, apply, *mutatis mutandis*.

In the case where the directors of the foundation vacate their office and no director is remaining, or the remaining directors are unable to perform their function, the directors who have vacated their office shall, if no regulations of the foundation provides, perform further the function of directors until the foundation is notified by the registrar of the registration of the new directors.

The director who has vacated his office on account of dismissal by the order of the Court under section 129 cannot perform the function under paragraph three.

Section 126. Subject to section 127, the committee of the foundation is empowered to amend the regulations of the foundation. But if the rules and manners for the amendment have been provided in the regulations of the foundation, the amendment must be made according to those provided in the regulations and it shall be deposited for registration at the registrar office within thirty days from the date of amendment by the committee of the foundation, and the provision of section 115 shall apply, *mutatis mutandis*.

Section 127. The amendment of any particulars in the regulations of the foundation under section 112(2) can be made only for the following purposes:

- (1) To make the implementation of the object of the foundation possible; or
- (2) The change of circumstance makes the object of the foundation become less benefit or makes it unable to carry on the activities to fulfill the object of the foundation, and the object of the foundation so amended are close to the original objects.

Section 128. The Registrar shall have the power to inspect, control and supervise the carrying on of activities of the foundation to be in conformity with the law and the regulations of the foundation. The Registrar or any competent officials entrusted by the Registrar in writing shall, for this purpose, have the power;

- (1) To give and order in writing to a director, officer, employee or agent of the foundation for giving explanation and presenting facts concerning the business of the foundation, or to summon the said person for enquiry or to instruct him to send or produce account books and other documents of the foundation for inspection.

(2) To enter the office of the foundation between sunrise and sunset for inspecting the business of the foundation.

In performing his duty under paragraph one, the registrar shall produce his identity card while the entrusted competent officials have to produce to any concerned person their identity cards and a letter of power of the registrar.

Section 129. Any director, who causes an injury to the foundation through his wrongful performance of activities or performs the activities contrary to the law or the regulations of the foundation, may, on application of the registrar, the public prosecutor or of any interested person, be dismissed from being director of the foundation by the court.

If the performance of activities under paragraph one is of the committee of the foundation or the objects of the foundation are not implemented without reasonable causes by the committee, the court may, on application of the registrar, the public prosecutor or of any interested person, give an order dismissing the committee from the office.

In case of dismissal of any director or of the committee of the foundation by the court under paragraph one or paragraph two, the court may appoint other person or a committee in place of a director or the committee of the foundation so dismissed and the registrar shall make registration of the person who has been appointed as director of the foundation by the court.

Section 130. A foundation is dissolved:

- (1) Upon such cause as provided in the regulations, or
- (2) If formed for definite period of time, by the expiration of such period, or
- (3) If formed for any object, upon its object being fulfilled or becoming impossible, or
- (4) Upon the foundation becoming bankrupt, or
- (5) By an order of the Court to dissolve the foundation under section 131.

Section 131. The court may, on application of the registrar, the public prosecutor or of any interested person, order a foundation to be dissolved in the following cases:

- (1) It appears that the objects of the foundation are contrary to the law.
- (2) It appears that the foundation has done the business contrary to the law and good moral, or may endanger the public peace or national security.
- (3) It appears that the foundation cannot proceed on its activities by any cause whatsoever or has stopped doing business for more than two years.

Section 132. When a case under section 130 (1) (2) or (3) happens, the committee of the foundation that holds the office at the time of dissolution of the foundation shall notify the registrar of the dissolution within forty days from the date of its dissolution.

If the court passes a final judgment or gives a final order to effect to foundation to become bankrupt under section 130(4), or gives a final order to dissolve the foundation under section 131, the Court shall also notify the registrar of the said judgment or order.

The registrar shall publish the dissolution of the foundation in the Government Gazette.

Section 133. Upon dissolution of the foundation, the liquidation of the foundation shall be made, and the provisions in Book III, Title 22 on Liquidation of Registered Partnerships, Limited Partnerships and Limited Companies shall apply to the liquidation of the foundation, mutatis mutandis. The report on the liquidation shall, to

this effect, be submitted to the registrar by the liquidator, and it shall be approved by the registrar.

Section 134. After liquidation, the remaining assets shall be transferred to such foundation or juristic person whose object is in conformity with section 110 as specified in the regulations, the public prosecutor, the liquidator or any interested person may apply to the court for appropriating the assets to other foundation or juristic person whose object is closely similar to that of such foundation.

If the foundation is dissolved by the order of the court under section 131 (1) or (2), or the appropriation of the assets under paragraph one cannot be made, the assets of the foundation shall vest in the State.

Section 135. Any person may, on application to the registrar, access to the documents relating to a foundation kept by the registrar or request for certified copies of the said documents, and the registrar shall comply therewith after payment of such fee as prescribed by the Ministerial Regulations.

Section 136. The Minister of Interior shall take charge and control of the execution of the provisions of this Part and have the power to appoint the Registrar and issue Ministerial Regulations on:

- (1) The application for registration and the making of registration.
- (2) Fees for the registration, the inspection of documents and the copying of documents as well as the fee for any activities concerning the foundation to be performed by the registrar, including the exemption of the said fees.
- (3) Forms of the identity cards of the registrar and of a competent official.
- (4) The conduct of business of the foundation and its register.
- (5) Any other matters for carrying out the provisions of this Title.

Such Ministerial Regulations shall become effective upon their publication in the Government Gazette.