



REPUBLIC OF SAN MARINO

We, the Captains Regent

of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and to Article 6 of Qualified Law no. 186/2005;

Hereby promulgate and order the publication of the following Ordinary Law, approved by the Great and General Council during its sitting of 25 June 2015:

LAW N. 101 OF 1 JULY 2015

LAW ON FOUNDATIONS

TITLE I

GENERAL PROVISIONS

CHAPTER I

DEFINITIONS AND GENERAL ASPECTS

Art. 1

(Definitions)

1. In this Law, the following terms have the following meanings:
 - a) “Law”: this Law and its subsequent amendments;
 - b) “Register”: the Register of Foundations under Article 7;
 - c) “Register of Auditors”: the Register of Auditors established by Law no. 146 of 27 October 2004 and subsequent amendments;
 - d) “Fiduciary Company”: a Company authorised to exercise the reserved activity referred to in Annex 1, letter C) of Law no. 165 of 17 November 2005 and subsequent amendments;

- e) “Registrar”: the Court Registrar responsible for keeping the Register;
- f) “Unfit Person”: a natural and/or legal person fulfilling the conditions referred to in Article 1, paragraph 1, point 9) of Law no. 47 of 23 February 2006 and subsequent amendments;
- g) “FIA”: the Financial Intelligence Agency for the prevention and combating of money laundering and terrorist financing referred to in Law no. 92 of 17 June 2008 and subsequent amendments;
- h) “Entity”: a private and non-profit Entity with legal personality and financial independence other than a Company, which does not carry out any economic activity and is governed by law;
- i) “Non-profit Entity”: an Entity referred to in letter h);
- l) “certificates”:
 - 1) when referred to a legal person, the Certificate of Status and the Certificate of licence revocation;
 - 2) if referred to a natural person, the General Criminal Certificate and the Certificate of licence revocation;
- m) “formal check of documents” by the Registrar: a check exclusively of compliance with formal requirements in deeds, of the presence of documents and certificates, of the lack of conditions for the integration of the definition of Unfit Person and of the production of other documents specifically required by law in order to enter documents and data in the Register;
- n) “Founder”: anyone allocating a number of goods and assets for the establishment of a Foundation in order to achieve the objectives regulated by this Law.

2. To this effect, if in this Law reference is made to the founder’s death or to his qualification as Fit or Unfit Person, such reference shall be understood as a reference to all founders in case there are more than one founder. The certificates of persons that are not resident or established in the Republic of San Marino shall be substantially equivalent to those referred to in paragraph 1, letter l). With regard to natural persons, certificates evidencing that the person concerned is not an Unfit Person shall be considered substantially equivalent. With regard to legal persons, certificates issued by the person responsible for keeping the Register of Foundations in the country where the legal person is established, in which the contents of the Certificate of Status are present, shall be considered substantially equivalent. The competent Law Commissioner may issue circulars in order to generally identify equivalence, or to further clarify the criteria for assessing the substantial equivalence of certificates. In assessing General Criminal Certificates, due regard shall be given to the grounds for extinguishing the offence, the grounds for terminating the criminal effects of convictions, rehabilitation and the provisions more favourable to the offender contained in the Criminal Code, in the rules implementing the Criminal Code, as well as in other laws and decrees of the Republic. If a foreign State does not issue any records with characteristics similar to those specified by the law, the certificates shall be replaced by a declaration of the competent consular

authority, which shall also indicate whether any other replacements have been issued by foreign State authorities.

3. Natural persons residing in the Republic and San Marino citizens may replace the certificates with a statement issued pursuant to Law no. 159 of 5 October 2011.

4. The certificates, either the original or a certified copy thereof, shall not be dated earlier than six months from the date of their submission to the Registry or to a notary upon establishment of the foundation.

Art.2

(Purpose)

1. This Law shall fully implement the principles contained in Article 6 of Law no. 59 of 8 July 1974 and subsequent amendments and integrations “Declaration on the Citizens’ Rights and Fundamental Principles of San Marino Constitutional Order”.

2. This Law shall also be aimed at:

- a) promoting general interests or the interests of certain categories of persons not pursuing the objective of making a profit;
- b) guaranteeing that public or social benefit activities are carried out;
- c) ensuring effective control of foundations in order to prevent and suppress abuses relating to money laundering and terrorist financing.

3. This Law shall also be aimed at aligning San Marino legislation with international standards and recommendations on the prevention and combating of money laundering and terrorist financing.

Art.3

(Scope and exclusion)

1. This Law shall govern foundations having acquired legal personality and established in the territory of the Republic of San Marino.

2. The Foundation Central Bank of the Republic of San Marino (Fondazione Banca Centrale della Repubblica di San Marino) shall be excluded from the scope of this Law. Banking foundations governed by Law no. 130 of 29 November 1995 and subsequent amendments shall also be excluded from the scope of this Law.

3. Moreover, this Law shall not apply to foundations, private entities, committees and, more generally, any forms of association that, regardless of their purposes, have not acquired legal personality.

4. With regard to the entities referred to in paragraph 3, anyone acting directly shall have unlimited liability with all their assets for the obligations of such entities, including for the purposes of any criminal liability.

Art. 4.

(Definition and purposes of foundations)

1. Foundations shall mean private entities governed by this Law, having legal personality, organisation of goods, assets and financial independence, not pursuing the objective of making a profit, other than companies, which do not carry out any economic activity, established by one or more founders, natural and/or legal persons, allocating, in full autonomy, their assets only to achieve a specific public benefit objective in one of the sectors mentioned in paragraph 3.
2. With regard to foundations, the determining element is characterised by the assets allocated by founders to achieve the objectives identified by the founders themselves.
3. Foundations shall carry out their activities in one or more of the following sectors:
 - a) culture;
 - b) health and welfare;
 - c) arts;
 - d) music, theatre;
 - e) dance;
 - f) volunteering;
 - g) education and training;
 - h) protection of civil rights;
 - i) environmental protection;
 - l) art promotion;
 - m) worship;
 - n) leisure;
 - o) care;
 - p) social solidarity;
 - q) scientific research;
 - r) any other sector different from those listed above not involving the exercise of an economic activity, except for directly related ancillary activities under Article 53, which is not subject to specific authorisations or regulated by special laws.
4. In any case, the purpose of foundations shall be lawful, feasible, identified or identifiable in the memorandum of association and articles of association and it shall comply with this Law and any authorisation required for certain sectors of activity in relation to special reference laws.

Art.5

(Public benefit non-profit organisations – ONLUS)

1. Public benefit non-profit organisations (ONLUS) shall mean private entities, with legal personality and other than Companies, also established in the form of foundations, which pursue exclusively social solidarity purposes without making any profit. They shall carry out activities pursuing altruistic purposes and shall be prohibited from carrying out other activities, except for directly related ones. Foundations intending to carry out public benefit non-profit activities (ONLUS) shall carry out their activities, except for directly related ones, in one or more of the following sectors:

- a) presumed solidarity activities:
 - 1) social and socio-health assistance;
 - 2) charity;
 - 3) protection and promotion of historic and art property;
 - 4) protection and promotion of nature and environment;
 - 5) directly conducted scientific research of particular social interest;
 - 6) promotion of culture and arts;
- b) conditional solidarity activities:
 - 1) health assistance;
 - 2) education;
 - 3) training;
 - 4) protection of civil rights.

2. Conditional solidarity activities shall be considered to be based on solidarity only when, according to the memorandum of association and the articles of association, such activities are aimed at benefiting some categories of predetermined persons with specific needs or disadvantaged persons due to their physical, mental, economic, social or family conditions.

3. Charitable activities shall mean donations in cash or in kind to persons in need or, in any case, aimed at alleviating the needs of persons deserving social solidarity, including donations to entities operating directly for the benefit of said persons and also in favour of other ONLUS and public entities.

4. Directly conducted scientific research activities of particular social interest shall mean activities carried out in one or more of the following sectors, subject to authorisation by the competent bodies under special reference laws:

- a) prevention, diagnosis and treatment of all human diseases;

- b) prevention and limitation of damage caused by drug abuse;
- c) study of environmentally caused diseases;
- d) production of new drugs and vaccines for human and veterinary use;
- e) methods and systems to increase agri-food and environmental security for the protection of public health;
- f) energy consumption reduction;
- g) waste disposal;
- h) simulations, diagnosis and prediction of climate change;
- i) prevention, diagnosis and treatment of social pathologies and forms of social exclusion;
- l) improvement of social, socio-health and health services and interventions.

5. Directly conducted scientific research activities of particular social interest shall also include those assigned by a foundation to universities, research institutes or other foundations, which directly carry out such activities.

6. Public benefit non-profit organisations shall be entered in the relevant register referred to in Article 7 by indicating the acronym ONLUS after their name. They may enjoy special treatment in their relations with the Public Administration and may obtain tax benefits in accordance with the purposes pursued and based on specific regulatory provisions issued by means of a delegated decree.

7. The sectors referred to in paragraph 1 may be amended, extended or reduced by means of a delegated decree.

Art.6

(Requirements of foundations – Liability)

1. Foundations shall be established by one or more natural or legal persons.

2. In any case, foundations shall not be established by legal persons carrying out fiduciary activities.

3. A set of assets allocated for a purpose established by the allocator, also by will drawn up in the form of a public will, may be aimed at establishing a foundation.

4. The memorandum of association may be revoked until the foundation is entered in the register referred to in Article 16. This option, however, shall not be exercised by heirs.

5. Foundations shall not be established by natural and/or legal persons qualified as “Unfit Persons”.

6. With respect to foundations with legal personality, only the foundation shall be liable for corporate obligations with its assets.

7. Violation of the provisions contained in paragraphs 2 and 5 shall entail the nullity of a foundation.

Art.7

(Register of Foundations)

1. A Register of Foundations shall be established and kept at the Court Registry with a view to entering the following data for each foundation:

- a) details of the memorandum of association;
- b) name, followed by the acronym ONLUS in case of foundations carrying out the activities referred to in Article 5, and any changes thereof;
- c) registered office and any changes thereof;
- d) amount of the assets and any changes thereof;
- e) sector of activities among those listed in Article 4, paragraph 3 and any changes thereof;
- f) personal details of legal representatives, members of the governing council, auditors and liquidators, indicating their respective powers;
- g) date of approval of the budget;
- h) any order issued by the judicial authority concerning liquidation of the foundation, starting of bankruptcy proceedings and any other order that the judicial authority deems useful to have noted.

2. Unless otherwise provided for by law, the data referred to in paragraph 1 shall be entered in the Register at the request of the legal representative or of liquidators, accompanied by the relevant documents.

3. Moreover, all minutes of the meetings convened by the founder and of the governing council of foundations containing decisions on approval of the budget, amendments to the memorandum of association and articles of association and appointments, shall be deposited with the Registry within thirty days from registration or, if decisions are not subject to such procedure, from the date of the meeting, without prejudice to other time-limits specified by law.

4. Until changes to the data referred to in paragraph 1 are entered in the Register, they shall not be enforceable against third parties unless it is proved that the latter were aware thereof. The minutes of foundations, applications, certificates, registration orders and in general all documents contained in the file of a foundation at the Court may be created, transmitted, deposited, communicated, notified and kept in electronic format, with procedures and guarantees to be established by specific regulations of the Congress of State.

5. The Register may also be kept through IT instruments, according to procedures to be determined by means of special regulations.

6. The Register shall be public and anyone shall have free access thereto.

7. In order to have a foundation entered in the Register, certificates pertaining to founder, governing council's members and auditors appointed upon establishment of the foundation shall be in any case deposited with the Registry.

8. As a condition to have the foundation entered in the Register, the certificates of persons holding offices within the foundation shall be deposited with the Registry in case of confirmation of the appointment or replacement.

9. Where registration in a professional or special register or membership in a professional association is required to hold an office, also a certificate of registration or of membership issued by the body keeping said professional/special register shall in any case be deposited with the Registry.

10. Governing council's members and auditors shall declare, under their own responsibility, in the annual budget report falling within their competence or in an attachment thereto, that they continue to meet the subjective and objective requirements prescribed by law to hold such offices.

Art.8

(Assets of a foundation)

1. The assets of a foundation shall consist of the following:
 - a) set of assets or amounts of money provided and allocated by the founder upon establishment of the foundation;
 - b) the founder's contributions subsequent to the establishment of the foundation;
 - c) revenues from the conduction of ancillary activities directly related to the purposes under Article 53;
 - d) grants, donations, gifts, charitable contributions and bequests;
 - e) public and private contributions;
 - f) immovable and movable goods;
 - g) operating surpluses;
 - h) reserve funds under the articles of association.

Art. 9

(Amount of assets)

1. The amount of the assets of a Foundation shall not be less than € 25,500.00.

CHAPTER II

SPECIAL PROVISIONS ON FOUNDATIONS' ASSETS

Art.10

(Contributions and payments)

1. The assets of a foundation shall be established by the memorandum of association and by the articles of association.
2. Unless otherwise provided for by the articles of association, the assets of the foundation shall be contributed in cash and be paid in full at a San Marino credit institute within sixty clear days following the date on which the foundation was entered in the Register under Article 7.
3. The payment of contributions shall be certified by a statement made by the legal representative in the manner and subject to the sanctions laid down in Law no. 159 of 5 October 2011, to be filed by the president of the foundation with the Registry within thirty days from the date of the payment.
4. Failure to pay the contributions within the time-limits specified herein shall entail the dissolution of the foundation, which shall be placed into liquidation. In the event of inaction by the governing council, liquidation may be ordered ex officio. To this end, the Law Commissioner shall first grant a time-limit not exceeding sixty days for the governing council to file the documents certifying that contributions have been made.
5. In addition to money, all goods subject to economic assessment may be contributed, with the exclusion of works, services or profit participation rights. Such contributions shall in any case be declared upon drafting of the memorandum of association of the foundation or when the decision to increase assets is adopted.
6. Founders contributing credits shall be liable for the insolvency of debtors.
7. With respect to goods contributed, founders shall be subject to the same obligations as if they had sold such goods.
8. Anyone contributing goods in kind or credits shall submit a sworn report of an auditor or an auditing firm registered in the register of auditors or of a professional registered in a San Marino professional register. The sworn report shall not be drawn up by a person meeting the conditions of ineligibility for auditors under Article 32. The report shall contain a description of the goods or credits contributed, the evaluation criteria adopted and a statement that their value is at least equal to the value for which they have been contributed. The report shall be annexed to the memorandum of association or to the decision to increase assets.

Art.11

(Sole founder)

1. Foundations may have a sole founder at the time of their establishment.

2. The sole founder shall exercise the powers and rights conferred by this Law.
3. The existence of the sole founder shall be recorded in the Register.
4. In the event of insolvency of the foundation, the sole founder shall have unlimited liability for the obligations of the foundation only if:
 - a) the application for entering the existence of the sole founder in the Register is not submitted within the time-limits provided for in Article 16, in case of establishment of the foundation through a unilateral act, or
 - b) the contributions are not fully paid within sixty days from the date when the foundation established through a unilateral act is entered in the Register.

Art.12

(Reduction of assets)

1. When the assets of a foundation have decreased by over a third, the governing council and, in case of inaction, the board of auditors or the sole auditor, shall summon, without delay, the founder to take appropriate measures and, where the assets are not readily built up, the founder shall reduce the assets, without prejudice to the limits established under Article 9.
2. The reduction of assets may be decided when assets are excessive compared to the purposes of the foundation. The decision shall be enforced only after ninety days from the date when such decision is entered in the Register, provided that no creditor has filed an objection within said time-limit.
3. Where the reduction of assets is mandatory, the founder required to reduce assets may be summoned by the Law Commissioner ex officio or upon request of anyone interested therein, if those required to summon the founder under paragraph 1 fail to do so.
4. If the founder, summoned pursuant to the preceding paragraphs, fails to adopt the measures envisaged by law, the Law Commissioner, at the request of the governing council, board of auditors, sole auditor, anyone interested therein or ex officio, shall order the reduction of assets due to losses resulting from the balance sheet by means of a decree to be entered in the Register.
5. If, due to a loss of over a third of the assets, the latter drop below the minimum threshold envisaged by law, the governing council shall summon the founder to adopt the measures referred to in Article 56.

Art.13

(Increase in assets)

1. No increase in assets shall be decided until the assets previously subscribed are not fully paid up.
2. In case of violation of the provision in paragraph 1, the members of the governing council shall be jointly liable for damages to third parties.

3. The founder may increase the assets of the foundation through the capitalisation of reserves and other funds entered in the budget as far as available.
4. Whenever assets are increased, the founder shall make the payment in the manner and within the time-limits set out in Article 10.

CHAPTER III

ESTABLISHMENT THROUGH INTER VIVOS ACT AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Art.14

(Form of the memorandum of association)

1. The memorandum of association of a foundation shall be a public deed, under penalty of nullity.

Art.15

(Contents of the memorandum of association)

1. The memorandum of association shall include:
 - a) name;
 - b) purpose among one or more of the sectors of activities listed in Article 4, paragraph 3;
 - c) non-profit making and impossibility for the founder to receive the proceeds of the activity in any circumstances, not even indirectly;
 - d) obligation to draw up financial statements, balance sheets and notes on the accounts, as well as relevant procedures for approval thereof by the bodies of the foundation;
 - e) procedures for dissolution and termination of the foundation;
 - f) procedures for the donation of the foundation's assets exclusively for public purposes in case of dissolution;
 - g) in case of an ONLUS, the exact type and characteristics of the beneficiaries of activities carried out by such ONLUS;
 - h) duration;
 - i) registered office;
 - l) surname, name, date and place of birth, residence, nationality of the founder in case of natural persons, or business name, date and place of incorporation, registered office and registration number in the register of companies in case of legal persons, having taken part as founder in the drafting of the memorandum of association;

- m) amount of assets and value attributed to contributions in kind and the relevant assessment criteria;
 - n) contributions by each founder;
 - o) rules on assets and proceeds of the foundation;
 - p) first appointed members of the foundation's bodies;
 - q) rules on the functioning of the foundation, with particular reference to:
 - 1) regulation of surviving founders' powers and of cases where some of the founders lose their qualification as Fit Person in relation to foundations established by more than one founder;
 - 2) regulation of any powers of third parties contributing money or assets to the foundation in case of voluntary liquidation thereof and of changes to its purpose.
2. The articles of association shall contain rules relating to the appointment, convening, composition and powers of the foundation's bodies, including those concerning management and representation, as well as rules on the functioning of the foundation's bodies.
3. Despite being a separate deed, the articles of association shall be an integral part of the memorandum of association.
4. The elements referred to in paragraph 1, letters b), c), d), f), g), m) and o) shall be indicated in the memorandum of association, under penalty of nullity.

Art.16

(Deposit of the memorandum of association and registration in the register)

1. The notary who has received the memorandum of association of the foundation shall verify the fulfilment of the conditions prescribed by law and shall deposit a certified copy thereof with the Registry within 30 days from the date of registration, by enclosing the documents proving that the conditions provided for by law are met.
2. If the notary fails to deposit the memorandum of association within said time-limit, the founder or, in any case, the appointed legal representative may deposit it at the expenses of the foundation.
3. The registration of the foundation shall be made upon deposit of the memorandum of association.
4. After verifying only the formal compliance of the documents, the Registrar, within ten days following the application, shall register the foundation in the relevant Register or shall adopt a reasoned decision to refuse the application, to be notified to the applicant.
5. If the Registrar refuses to enter the foundation in the Register, or if he fails to make the registration within the time-limit referred to in paragraph 4, the notary or, failing this, the appointed legal representative or the founder, may apply to the Law Commissioner within 30 days from the notification of the decision to refuse registration or from the expiry of the time-limit within which

the Registrar should have adopted the decision. In this case, the Law Commissioner, after verifying the fulfilment of the conditions provided for by law, shall order, by means of a decree, that the foundation be entered in the Register. In case of refusal to enter the foundation in the Register, the decree of the Law Commissioner may be appealed against before the Judge of Appeal within 30 days following the notification.

6. The registration of the foundation shall be communicated by the Registrar also to the Committee for Control over Foundations laid down in Article 42 within fifteen days from the date of registration.

7. Upon registration in the Register, the foundation shall acquire legal personality, which shall last until its cancellation from the Register.

8. Those who have carried out any operations on behalf of the foundation before its registration shall be personally, jointly and severally liable to third parties for such operations. The founders who, in the memorandum of association or with a separate deed, have decided, authorised or permitted such operations shall also be personally, jointly and severally liable therefor. Any agreement to the contrary shall not have effect in relation to third parties.

9. With the acquisition of legal personality, the assets of the foundation shall become separate from the assets of the founder.

10. With respect to foundations with legal personality, only the foundation shall be liable for obligations with its assets.

11. The acquisition of legal personality shall not allow to buy immovable goods in the territory of the Republic, to accept donations of immovable goods or inheritance or to receive bequests without the authorisation of the Council of the Twelve.

12. Moreover, the acquisition of legal personality shall not allow to buy immovable goods abroad without the authorisation of the Committee for Control in the manner laid down in Article 52.

Art.17

(Amendments to the articles of association)

1. The decisions amending the articles of association shall be included in a public deed. Within thirty days from the date of registration of the deed, the designated notary shall verify fulfilment of the conditions laid down by law and shall require that the decisions be entered in the Register. Upon deposit of the decisions, the notary shall attach any required authorisations and documents. The Registrar shall verify only the formal compliance of documents and shall enter the decision in the Register.

2. If the notary deems that the conditions established by law have not been fulfilled, he shall inform the legal representative without delay, and in any case within said time-limit. Within the following 30 days, the legal representative and, failing this, the sole auditor or each member of the board of auditors may apply to the Law Commissioner at the expense of the foundation. In this case, the Law Commissioner shall verify the fulfilment of the conditions provided for by law,

approve the decisions and order their registration in the Register. The decree of the Law Commissioner may be appealed against before the Judge of Appeal within 30 days following the notification.

3. The clauses of the articles of association may be amended at the request of the founder in compliance with the provisions laid down in this Law.

Art.18

(Nullity of a foundation)

1. Following registration in the Register, the nullity of a foundation may be declared, at the request of any interested party, not only for violation of the provisions of Article 6, paragraph 7 and of Articles 14 and 15, paragraph 4, but also in case of alleged unlawfulness of the purpose.

2. The declaration of nullity shall not undermine the effectiveness of the acts performed in the name of the foundation after its registration in the Register and the founder shall not be relieved from the obligation to make contributions until creditors have been paid off.

3. The nullity shall not be declared when its cause has been eliminated and such elimination has been made public through registration in the Register.

4. The judgement declaring the nullity shall contain the order of dissolution and liquidation of the foundation and shall be entered in the Register.

CHAPTER IV

ESTABLISHMENT BY WILL

Art.19

(Establishment by will)

1. The establishment of a foundation through an act mortis causa shall be provided by a public will, under penalty of nullity.

Art.20

(Testamentary dispositions)

1. By means of a will providing the establishment of a foundation, the testator shall have the right to:

- a) provide all elements required by law for the memorandum of association referred to in Chapter III of this Title, expressing its willingness to permanently divest the ownership of the goods to be allocated for the purpose of the foundation and indicating the relevant manner of execution;
- b) express his willingness to allocate certain goods to achieve the purpose of a foundation, leaving to others the task of finalising negotiations in relation to the foundation's missing elements;

- c) entrust one or more heirs or legatees with the task of establishing a foundation by determining all elements or indicating only the means, goods and purpose.
2. The notary that establishes a foundation through the execution of a testamentary disposition shall notify the Committee for Control thereof within thirty days following the establishment.
3. In the event that the obliged person is not identified in the testamentary disposition aimed at establishing a foundation, the establishment shall be made by a person designated for this purpose by the Committee for Control at the request of a notary appointed to this end.
4. Following the notification of the notary referred to in paragraph 3, the Committee for Control shall be authorised to encourage acts preserving the integrity of assets that he deems necessary for the execution of the testamentary disposition and, in particular, to request the Law Commissioner, in case of urgency or necessity, to appoint a provisional administrator of the future assets of the foundation.
5. The provisions of Articles 15, 16, 17 and 18, insofar as compatible, shall not in any case be affected.

TITLE II

ORGANISATION OF A FOUNDATION

CHAPTER I

FOUNDER

Art. 21

(Powers of the founder, modalities and functioning of meetings and relevant decisions)

1. The founder shall have the right to carry out all advisory and decision-making activities provided for by this Law and by the articles of association of the foundation.
2. In case of a foundation established by several founders, the latter shall decide by majority and in proportion to the value of the assets or of contributions allocated by each of them to the foundation.
3. In cases where it is not possible to adopt a decision, the latter shall be made by a person designated for this purpose by the Committee for Control.
4. In case of death of the sole founder or of all founders, the functions entrusted to them shall be taken on by the Committee for Control. The preceding provision shall also apply where the sole founder or all founders become Unfit Persons. The decisions adopted by the founder shall be entered in the specific book of meetings and decisions referred to in Article 39, paragraph 4, letter a), which shall be signed by the secretary taking the minutes and appointed, from time to time or permanently, by the founder.
5. The meetings of the founder shall be convened by the chairman of the governing council at the request of the founder and whenever the chairman of the governing council deems it necessary

and, in the event of inaction or default of the chairman, by the vice-chairman of the governing council.

6. Where neither the chairman nor the vice-chairman convene the meeting, the latter may be convened by the sole auditor or by the chairman of the board of auditors.

7. The founder may ask the Law Commissioner to convene the meeting and to designate the person who shall preside over it in case of inaction by the sole auditor or by the chairman of the board of auditors.

8. All members of the governing council, the sole auditor or all members of the board of auditors shall be invited to participate in the meetings of the founder without voting right.

9. The articles of association shall establish the rules governing formalities, convening procedures and functioning of the meeting, including voting procedures.

10. The articles of association shall, in any case, envisage the following:

- a) the meetings shall be held in the territory of the Republic;
- b) the notice convening the meeting shall contain the full list of items on the agenda;
- c) the notice convening the meeting shall be sent to the founder, to all members of the governing council, to the sole auditor or to all members of the board of auditors, by registered letter to their residence address, or by e-mail or fax, at least eight days before the meeting;
- d) in case of urgency, the meetings of the founder may still be held even without fulfilling the formalities referred to in letter c), with the presence of the founder, the entire governing council, the sole auditor or all members of the board of auditors.

CHAPTER II

GOVERNING COUNCIL

Art. 22

(Powers of the governing council)

1. The governing council, consisting of a minimum of three members including the chairman appointed for the first term of office through the memorandum of association, shall have the power to perform all acts necessary or useful to achieve the purposes of the foundation.

2. The governing council shall implement the will of the founder in accordance with the purposes stated in the articles of association.

3. The governing council:

- a) shall pursue the aims and institutional purposes provided for in the memorandum of association and in the articles of association;

- b) shall approve the signing of supply contracts for goods and services and in favour of the foundation;
 - c) shall propose to the founder the acquisition and transfer of immovable goods instrumental in exercising the activities falling within the competence of the foundation;
 - d) shall decide to take loans;
 - e) shall draw up the balance sheet, profit and loss account and notes on the accounts;
 - f) shall adopt decisions concerning the hiring of employees, collaborators and consultants;
 - g) shall propose to the founder all decisions that it deems appropriate to submit to him for assessment;
 - h) shall adopt decisions concerning all measures necessary for the operation of the foundation.
4. The governing council may appoint, from among its members, the vice-chairman, to whom the functions of the chairman are entrusted in case of absence or impediment of the latter.
5. The governing council may appoint, from among its members, the treasurer, who, without management independence, shall manage the assets of the foundation exclusively under the authority of the governing council.
6. The majority of members of the governing council shall be resident in the Republic of San Marino.

Art. 23

(Grounds for ineligibility and removal from office)

1. Unfit Persons shall not be appointed as members of the governing council and, if appointed, they shall be removed from office.
2. The articles of association may also provide for other grounds for incompatibility, limits and criteria for appointment or removal from office of members of the governing council.

Art. 24

(Functioning of the governing council)

1. The articles of association shall contain the rules governing the formalities and procedures for the convening and functioning of the governing council. In any case, they shall provide for the following:
 - a) the council shall be validly convened with the presence of an absolute majority of its members and decisions shall be adopted by a majority of votes in favour by members present, it being understood that the articles of association may provide for higher presence and voting quorums, including for individual decisions;
 - b) no powers of attorney shall be admitted;

- c) decisions shall be recorded in the minutes drawn up and signed by the chairman and the secretary taking the minutes, who shall be appointed from time to time or permanently by the council, including from among non-members;
 - d) decisions concerning persons shall be adopted by secret ballot if so requested, in accordance with procedures to be established in the articles of association.
2. The articles of association may provide that the meetings of the governing council may also be held by videoconference or teleconference, if the minutes are drawn up by a notary. In this case, the articles of association shall however provide for the following:
- a) the chairman and the secretary taking the minutes shall be present in the Republic of San Marino;
 - b) each participant shall be allowed to identify the others, speaking in real time in the debate;
 - c) each participant shall be allowed to see, receive and transmit documents relating to the meeting.

Art. 25

(Term of office of the governing council's members)

1. The members of the governing council shall be appointed for a maximum renewable period of three years.
2. The appointment of the governing council's members may be revoked by the founder even before the expiry of their term of office for just cause.
3. In case of death of the founder or when he becomes an Unfit Person, the governing council's members shall be revoked and/or appointed by decision of the Committee for Control.
4. The members of the governing council may resign from office by giving written notice to the other members or, failing these, to the sole auditor or to the board of auditors.
5. The resignation of a member of the governing council may be immediately effective if the majority of the governing council's members remains in office.
6. If during the year the majority of the governing council's members resigns or is revoked, the remaining members shall immediately summon the founder so that he replaces the missing members.
7. If all members of the governing council resign or are revoked, the founder shall be summoned by the sole auditor or by the board of auditors to appoint the entire council.
8. The termination of appointment of the governing council's members upon expiry of their term of office shall be effective from the date on which such administrative body has been re-established.

Art. 26

(Power of representation of the chairman)

1. The power of representation, through which the foundation acquires rights, enters into obligations and is a party to legal proceedings, shall be entrusted, unless otherwise provided for by the articles of association, to the chairman of the governing council, who shall have the power to perform all acts falling under the purposes of the articles of association, except for limitations imposed by the law or by the articles of association.
2. Any acts relating to the balance sheet shall be signed by the chairman and, in case of his absence or impediment, by the vice-chairman.
3. The chairman shall convene and preside over the governing council.
4. The chairman shall initiate, upon decision of the governing council, legal and administrative proceedings and shall appoint lawyers and attorneys for lawsuits in case of actions brought against the foundation.
5. Failure to comply with the limits resulting from the articles of association or from the purposes contained therein shall not be enforceable against third parties in good faith.

Art. 27

(Appeals against decisions adopted by the governing council)

1. Any absent or dissenting member of the governing council, the sole auditor or each member of the board of auditors may lodge an appeal against the decisions of the governing council that are not adopted in accordance with the law or the articles of association by applying to the Law Commissioner for the annulment and possibly the suspension, as a matter of urgency, of the decisions appealed against.
2. The appeal shall be lodged with the Registry within ten days following the filing of a copy of the governing council's minutes; failing such filing, the appeal shall be lodged within ten days from the moment the applicant has become aware of the decision, provided that no more than two years have elapsed since the adoption of the decision.
3. If the appeal appears to be prima facie well-founded, the Law Commissioner may issue a decree temporarily suspending the decision.
4. This decree shall be notified ex officio and at the expense of appellants to the legal representative and the auditors; this shall be noted in the Register.
5. Within thirty days of the notification, and provided that the governing council has not initiated proceedings for the confirmation of the decision appealed against, the appellant shall initiate adversarial proceedings for the annulment of the decision; otherwise, the appeal shall be considered as definitely lapsed.
6. All appeals against the same decision shall be determined through a single judgement.

7. The annulment shall not be pronounced if the decision appealed against is replaced with another decision that complies with the law, it being understood that the costs of the appeal proceedings shall be borne by the foundation.

8. Any annulment of decisions shall not affect the rights of third parties in good faith.

Art. 28

(Liability of the governing council's members)

1. The members of the governing council shall perform the obligations imposed upon them by the law, the memorandum of association and the articles of association and shall be jointly liable for the management of the foundation according to the rules of their mandate, without prejudice to Article 29 and to criminal sanctions.

2. In particular, they shall be liable:

- a) for the regular keeping of the foundation's books and of accounting books;
- b) for carefully supervising the foundation's management;
- c) for monitoring compliance of balance sheets with the principles laid down in Article 40;
- d) for the obligation to allocate the foundation's economic and financial resources exclusively for the purposes indicated in the articles of association;
- e) for the diligent enforcement of any measures taken by the judicial authority, as well as of any measures and/or instructions issued by the Committee for Control;
- f) for any damages to the foundation deriving from the use of data, news or goods of the foundation for their own benefit or that of third parties.

3. The members of the governing council shall be liable to the foundation's creditors for non-compliance with obligations related to the preservation of the integrity of assets. Creditors may bring liability actions when the assets of the foundation are not sufficient to satisfy their claims.

4. The members of the governing council shall also be personally liable to the founder and to third parties that have been damaged by negligent or intentional acts performed by them.

5. Liability action against the members of the governing council shall be brought by the founder and, in case of his death or when he becomes an Unfit Person, by the Committee for Control.

6. The decision to bring liability action shall entail the revocation of the governing council's members and, in this case, they shall be replaced according to the modalities envisaged by Article 25.

7. The foundation may waive the right to bring liability action and reach a settlement, provided that the waiver and settlement are approved, through a waiver of the founder and, in case of death of the founder or when he becomes an Unfit Person, by the Committee for Control. The waiver shall

not be enforceable against the foundation's creditors, while the transaction may be appealed against by them only if the elements of actio pauliana apply.

8. The members of the governing council, the auditors, the liquidators subjected to criminal proceedings for facts pertaining to their office or for serious criminal facts may be suspended from their tasks through a measure adopted by the same body or office responsible for the assignment of the tasks. Convictions for the facts mentioned in this paragraph shall entail the definitive removal from office and the inability to hold the office of member of the governing council or liquidator of foundations for a period of time to be established by the judgement.

Art. 29

(Limits to the liability of the governing council's members)

1. The liability of the governing council's members shall concern their actions or omissions from the day they take office to that of their replacement with other members or with liquidators.
2. Liability for collegial decisions shall not apply to governing council's members who, being free from guilt, did not participate in the decision or had their motivated disagreement on the decisions arising from the minutes immediately entered in the minutes themselves.

CHAPTER III

AUDITORS

Art. 30

(Appointment, termination and removal from office)

1. The appointment of the sole auditor or of the board of auditors shall be mandatory.
2. The sole auditor or the board of auditors shall be appointed for the first time in the memorandum of association and subsequently by the founder; in case of death of the founder, or if he becomes an Unfit Person, the sole auditor or the board of auditors shall be appointed by decision of the Committee for Control.
3. The auditors shall remain in office for three years.
4. The termination of the office of auditor due to expiry of the term of office, resignation and removal from office shall take effect from the moment when he is replaced.
5. The office of auditor shall be renewable and may be freely resigned, but it shall be revoked only for just cause.
6. The revocation decision shall be approved by decree of the Law Commissioner after having heard the person concerned.
7. Any auditor who, without justified reason, does not participate, during a financial year, in at least one meeting of the governing council shall be removed from office.

Art. 31

(Replacement)

1. In the event of death, resignation or removal from office of the sole auditor or of the entire board of auditors, the replacement shall be decided by the founder; in case of death of the founder, or if he becomes an Unfit Person, the replacement shall be made by the Committee for Control.
2. In the event of death, resignation or removal from office of one or more auditors of the board of auditors, the replacement shall be made by the founder; in case of death of the founder, or if he becomes an Unfit Person, the replacement shall be made by the Committee for Control, in which case the expiry of the term of office of the new auditors shall coincide with that of auditors already in office.

Art. 32

(Grounds for ineligibility and removal from office)

1. The following persons shall not be appointed as auditors and, if appointed, they shall be removed from office:
 - a) Unfit Persons;
 - b) spouses, blood relatives or relatives by affinity up to the fourth degree of governing council's members;
 - c) spouses, blood relatives or relatives by affinity up to the fourth degree of the founder;
 - d) anyone bound, in whatsoever manner, to the foundation by an employment relationship or a continuous or periodic consulting or service provision relationship or by any other financial relationship affecting their independence;
 - e) anyone cancelled or suspended from the Register of Auditors;
 - f) anyone cancelled or struck off the professional register.
2. The articles of association may envisage grounds for incompatibility, limits and criteria for the holding of multiple offices.

Art. 33

(Composition of the board of auditors and sole auditor's requirements)

1. The board of auditors shall consist of three or five members.
2. At least two members shall be enrolled in the Register of Auditors.
3. The remaining members, if not enrolled in said Register, shall be members of the Professional Association of Accountants (holding a university degree) and of Auditors, or in the Professional Association of Lawyers and Notaries. Membership in foreign professional associations or a qualification to practice such liberal professions obtained abroad shall be deemed equivalent: to

this end, foreign certificates and attestations shall be considered equivalent to those of San Marino if they show that the necessary requirements are met.

4. The majority of members of the board of auditors shall be resident in the Republic of San Marino.
5. The chairman of the board of auditors shall be appointed from among its members by a majority thereof.
6. The sole auditor shall reside in the Republic of San Marino and be registered in the Register of Auditors.

Art. 34

(Meetings of the board of auditors)

1. The board of auditors shall meet at least quarterly.
2. Minutes of the board of auditors' meetings shall be taken, entered in the book referred to in Article 39, paragraph 4, letter c) and signed by all participants.
3. The board shall be validly convened with the presence of a majority of its members and decisions shall be adopted by a majority of members present.
4. The auditor shall have the right to have his disagreement entered in the minutes.

Art. 35

(Duties and powers of the board of auditors or of the sole auditor)

1. The sole auditor or the board of auditors shall:
 - a) ensure compliance with the law, the articles of association and the principles of proper administration by the bodies of the foundation;
 - b) audit accounts;
 - c) participate in the governing council's meetings;
 - d) submit to the members of the governing council written, mandatory, non-binding opinions prior to the performance of acts entailing changes in the assets or the conclusion of loan contracts;
 - e) express to the members of the governing council its disagreement on any acts or facts, calling them to comply with the law, the articles of association and their duties, indicating the need for specific fulfilments and submitting comments to be entered in the minutes of the governing council's meeting;
 - f) make the publications required by law in case of failure or unjustified delay of the governing council's members;

- g) summon the founder, following a notice to the members of the governing council, if any reprehensible serious facts are identified while performing their tasks;
 - h) fulfil other obligations and duties prescribed by law;
 - i) report any serious facts to the Committee for Control for the adoption of measures falling within its competence.
2. The auditor may, at any time:
- a) carry out inspections and controls;
 - b) request to the members of the governing council any information and news relevant for control purposes, including on the progress of the foundation's operations or on specific issues.
3. If there is a board of auditors, the powers referred to in paragraph 2 may be exercised by the sole auditor without the need for any power of attorney by the board of auditors. Decisions concerning actions to be taken following the exercise of these powers shall be adopted by the board of auditors.
4. Assessments, investigations, control and inspection actions, as well as decisions of the sole auditor, of the board of auditors and/or of its members shall be entered in the book referred to in Article 39, paragraph 4, letter c).

Art. 36

(Liability)

1. The auditors shall fulfil their duties with the competence and diligence required by the nature of this office; they shall be liable for the truthfulness of their claims and shall preserve the secrecy of facts and documents they become aware of by reason of their office.
2. Auditors shall be liable to the foundation, the founder and third parties, jointly and severally with the members of the governing council, for the acts or omissions of the latter when the damage would not have occurred had they exercised supervision in conformity with the obligations pertaining to their office.
3. Liability action shall be brought by the founder; in case of his death or if he becomes an Unfit Person, liability action shall be brought by the Committee for Control. The provisions referred to in Article 28 shall apply insofar as compatible.

Art. 37

(Reporting to auditors)

1. The founder may report the facts he deems to be reprehensible to the board of auditors or to the sole auditor; the latter shall investigate the facts reported without delay and submit its conclusions and any proposals to the founder himself, by summoning him immediately if the report

appears to be well-founded; if requirements are met, the board of auditors or to the sole auditor shall submit the report to the Court under Article 38.

Art. 38

(Reporting to the Court)

1. If there is well-founded suspicion that the members of the governing council have committed serious irregularities in the management, which may damage the foundation, the sole auditor, the board of auditors or the founder and, in case of his death or if he becomes an Unfit Person, the Committee for Control, may report such serious irregularities to the Law Commissioner.
2. After hearing the members of the governing council, the sole auditor or the members of the board of auditors, or the reporting persons, and having collected all appropriate information and completed summary investigations into the case, the Law Commissioner may order an inquiry at the expense of the foundation, also relying on experts appointed ex officio; the Law Commissioner may also require the lodging of a security by the reporting persons for costs and any damage compensation.
3. If the reported irregularities are established, the Law Commissioner, depending on circumstances, may adopt the urgent measures he deems most suitable to limit the effects of these irregularities and issue any order necessary to eliminate the irregularities and, where necessary, to ensure the continuity of the foundation's activities. To this end, the Law Commissioner may summon the founder for the consequent decisions and appoint an administrator, after revoking the members of the governing council in office.
4. The administrator shall be in charge of day-to-day administration; any other acts besides ordinary administration necessary to prevent irreparable damages to the foundation shall be authorised by the Law Commissioner; the administrator may bring liability action against the governing council's members and the auditors and, if the foundation is insolvent, submit an application to initiate bankruptcy proceedings.
5. Before the expiry of his term of office, the administrator shall summon the founder for the appointment of the new governing council's members and auditors or to propose the foundation's liquidation, in case of dissolution proceedings. The administrator shall lodge the management report and the summoning notice with the Court.

TITLE III

FOUNDATION'S DOCUMENTS AND BALANCE SHEET

Art. 39

(Foundation's books and mandatory accounting records)

1. The foundation shall keep, also in an electronic form, the journal, the inventory ledger and the book of depreciable assets.

2. It shall also keep, in an orderly manner, for each business, the original copies of the correspondence and invoices received, as well as copies of the correspondence and invoices sent.
3. The books and documents indicated in paragraphs 1 and 2 shall be kept at the registered office of the foundation for five years.
4. The foundation shall also keep:
 - a) the book of meetings and decisions of the founder;
 - b) the book of meetings and decisions of the governing council;
 - c) the book of meetings and decisions of the sole auditor and of the board of auditors respectively;
5. The books referred to in paragraph 4 shall be kept at the registered office of the foundation for its entire duration. However, it shall be possible to deposit such books, as well as the books and documents referred to in paragraphs 1 and 2, with the office of a notary or an accountant (holding a university degree or a high school diploma) enrolled in the relevant professional register. The person with whom the books are deposited shall in any case be required to submit them to judicial, administrative and control bodies upon their simple request. Failure to submit them shall result in the application of the sanctions referred to in Article 68, paragraph 5. The foundation shall file with the Court Registry a statement designating the professional, with whom the books referred to in paragraphs 1 and 2 are deposited.
6. Before their use, all books shall be endorsed by the persons legally authorised thereto, in accordance with the procedures laid down by law.

Art. 40

(Balance sheet)

1. The balance sheet shall constitute the document by means of which, for each financial year coinciding with the calendar year, the governing council shall present an overview of the net assets and financial situation of the foundation, as well as the operating results of the financial year.
2. Article 74 and following articles of Law no. 47 of 23 February 2006 and subsequent amendments shall apply, insofar as compatible, to the drawing up of the balance sheet, the principles governing its drawing up, the layout of the asset and liability statement and of the profit and loss account, the content of the asset and liability statement, the provisions relating to the single items of the asset and liability statement, the content of the profit and loss account, the recording of revenues, income and expenses, the assessment criteria of the balance sheet, the content of the notes on the accounts, the auditors' report, the deposit of the balance sheet and its publication.
3. The balance sheet and the notes on the accounts shall only be approved by the governing council.

TITLE IV

OBLIGATIONS AND PROHIBITIONS OF FOUNDATIONS

Art. 41

(Obligations and prohibitions)

1. The foundation shall be required:
 - a) to constantly update the books and documents required under Article 39;
 - b) to draw up and approve the annual balance sheet and notes on the accounts;
 - c) to keep and constantly update the accounts related to revenues and expenditures;
 - d) to pursue exclusively the institutional purposes indicated in the memorandum of association and in the articles of association and aimed at meeting collective interests;
 - e) not to carry out, either directly or indirectly, any economic or otherwise profit-making activity and in any case activities other than the institutional ones indicated in the memorandum of association and in the articles of association, except for ancillary activities directly related to the aims and institutional purposes of foundations, as referred to in Article 53;
 - f) not to acquire, either directly or indirectly, shareholdings in companies without the prior authorisation of the Committee for Control, to which a specific reasoned application under Article 51 shall be submitted, demonstrating the connection of the shareholdings with the aim of the foundation. The Committee for Control shall draw up, within three months following the entry into force of this Law, a draft legislation aimed at regulating the limits and requirements for the acquisition of such shareholdings, to be adopted as Congress of State Regulations;
 - g) not to distribute, either directly or indirectly, the profits or operating surpluses; the indirect distribution of profits or operating surpluses shall consist of the following:
 - 1) the transfer of goods and the provision of services, at more favourable conditions because of their quality, to founders, members of the administrative and control bodies, their blood relatives up to the third degree and relatives by affinity up to the second degree, as well as to businesses and/or companies directly or indirectly controlled by the latter;
 - 2) the purchase of goods or services at a consideration which, without valid economic reasons, is higher than their normal value:
 - a) normal value of immovable goods shall mean the value identified on the basis of the criteria set out in Article 25 of Law no. 85 of 29 October 1981 and subsequent amendments;
 - b) normal value of goods other than immovable goods shall mean the average price or consideration of goods and services of the same or similar kind, in

conditions of free competition and at the same marketing stage, at the time and place where the goods or services were acquired or provided, or, failing that, at the nearest time and place;

- 3) the payment to administrative bodies of individual annual emoluments in excess of € 2,000.00, without prejudice to the right to reimbursement of all expenses for activities closely related to the performance of the functions in the interest of the foundation;
 - 4) the payment to control bodies of individual annual emoluments in excess of those envisaged by existing tariff tables, without prejudice to the right to reimbursement of all expenses for activities closely related to the performance of the functions in the interest of the foundation;
 - 5) the payment, to persons other than supervised entities authorised to carry out the reserved activities referred to in Law no. 165 of 17 November 2005 and subsequent amendments, of debt interest higher than that charged by supervised and authorised entities as a result of loans;
 - 6) the payment to employees of wages or salaries 20% higher than those provided for by the relevant collective labour agreements;
- h) to allocate economic resources, profits and operating surpluses exclusively to the institutional purposes indicated in the memorandum of association and in the articles of association;
 - i) to request to the Council of the Twelve the required authorisation to accept donations of immovable goods, inheritance or bequests;
 - l) to buy, with the prior authorisation of the Council of the Twelve, immovable goods exclusively destined and suited to meet the needs and purposes of the foundation; to this end, the authorisation application to the Council of the Twelve for the registration of immovable goods located in the Republic shall be accompanied, besides the usual documents, also by a specific technical report indicating the characteristics, size, intended use, estimated value of the immovable good; the purchase of immovable goods abroad shall be instead authorised by the Committee for Control according to the modalities and procedures provided for in Article 52;
 - m) to donate assets, in the event of dissolution and liquidation, for exclusively public purposes or to other foundations and/or associations;
 - n) to request to the Committee for Control the authorisation to accept grants, transfers, allocations, gifts, sponsorships and charitable contributions whatsoever or donations of movable goods whose value, in a single operation or several operations linked to the same person, also split, exceeds € 25,000.00 per year according to the modalities and procedures provided for in Article 50;
 - o) to request to the Committee for Control the authorisation to open current accounts abroad or in any case to establish and/or execute banking, financial and insurance relationships with

foreign authorised entities according to the modalities and procedures laid down in Article 51;

- p) to refuse sums of cash which, in a single operation or several operations linked to the same person, exceed the annual amount of € 1,000.00, unless through a person authorised to carry out reserved activities under Law no. 165 of 17 November 2005 and subsequent amendments and with the limit referred to in letter n);
- q) to make cash payments not exceeding € 1,000.00, unless through a person authorised to carry out reserved activities under Law no. 165 of 17 November 2005 and subsequent amendments and with the limit referred to in letter n);
- r) to refuse any grant, transfer, assignment, allocation, gift, sponsorship and charitable contribution whatsoever or donations of movable goods by natural and/or legal persons who are resident in a non-cooperative country, subject to monitoring and included in the list disseminated and updated by the FIA;
- s) to identify and register natural and/or legal persons making grants, transfers, allocations, gifts, sponsorships and charitable contributions whatsoever or donations of movable goods, by keeping the relevant documents at the registered office of the foundation for five years;
- t) to register data and information regarding funding and funds received and use thereof. Data, information and relevant documents shall be kept for at least five years from the date on which the funding was received or the transaction relating to the use of funds was carried out. These data and information shall be provided, on request, to the Committee for Control and to the FIA to perform the functions assigned to the latter by Law no. 92 of 17 June 2008 and subsequent amendments. To this end, the prospectus “Detailed funding and uses” shall be used, in compliance with the model adopted by the Committee for Control through its own decision;
- u) to file annually with the Committee for Control the balance sheet and the prospectus “Summary of Funding and Uses”, in compliance with the model adopted by the Committee for Control through its own decision;
- v) to report to the Committee for Control facts particularly relevant to the management and administration for the adoption of measures falling within the competence of the Committee for Control;
- z) to provide, upon simple request of the Committee for Control and of the FIA, any information and/or documents related to management, administration and also use of the foundation’s resources for the adoption of measures falling within their respective competence;
- aa) to request to the Committee for Control the authorisation to carry out ancillary activities directly related and linked to the aims and institutional purposes indicated in the memorandum of association and in the articles of association according to the modalities and procedures provided for in Article 53;

- bb) to keep for at least five years, and to make available to the Committee for Control and to the FIA, the list of national and international transactions in order to verify that the funds have been used in accordance with the aims and institutional purposes contained in the memorandum of association and in the articles of association;
- cc) not to proceed to mergers and divisions with other foundations;
- dd) to request to the Committee for Control the authorisation to purchase, at any title, registered movable goods with a cylinder capacity exceeding 2000 cc., provided that they are instrumental to the aims and institutional purposes set out in the memorandum of association and in the articles of association.

TITLE V

CONTROL AND AUTHORISATIONS IN A FOUNDATION

CHAPTER I

ESTABLISHMENT, APPOINTMENT AND FUNCTIONING OF THE COMMITTEE FOR CONTROL

Art. 42

(Establishment of the Committee for Control)

1. The Committee for Control shall be established and entrusted with the tasks, functions and powers referred to in Article 49.
2. The Committee for Control shall perform the functions assigned to it by this Law in complete autonomy and independence.
3. The Committee for Control shall be composed of:
 - a) the Director of the Office for Industry, Handicraft and Trade, who shall preside over it;
 - b) two members appointed by the Great and General Council, one proposed by majority parliamentary groups and one by minority parliamentary groups.
4. The term of office of the members of the Committee for Control referred to in paragraph 3, letter b) shall be three years, renewable for only one further term. The Committee for Control shall appoint, from among its members, a vice-chairman, to whom the functions of the chairman are entrusted in case of absence or impediment of the latter.
5. The Committee for Control shall be provided with an office to carry out its activities and with annual resources, including economic, to be used in an efficient and cost-effective manner; to this end, specific items of expenditure shall be included in the State budget.
6. By May of each year, the Committee for Control shall draw up a report on the management of the resources received in the previous year and by September of each year a document outlining the expenditure forecast for the following year.

7. The report and the forecast document shall be forwarded to the Congress of State through the Ministry of Industry, Handicraft and Trade.
8. The Committee for Control shall be required to annually submit to the Great and General Council, through the Minister of Industry, Handicraft and Trade, a report on the activities carried out.

Art. 43

(Incompatibility of members of the Committee for Control)

1. Members of the Great and General Council and of the Congress of State, magistrates, members of the police corps, employees of foundations and anyone who, directly or indirectly, carries out activities that could lead to interests conflicting or competing with the purposes and functions entrusted to the foundation shall not be appointed as members of the Committee for Control.

Art. 44

(Requirements for appointment as member of the Committee for Control)

1. The office of member of the Committee for Control referred to in Article 42, paragraph 3, letter b) shall be held by San Marino citizens or residents enjoying civil and political rights and having obtained a master degree or equivalent degree in administrative or accounting subjects pursuant to Law no. 161 of 5 October 2011.
2. The office of member of the Committee for Control shall not be held by an Unfit Person or by anyone indicted on the same charges entailing qualification as Unfit Person; if appointed, such person shall be immediately removed from office.
3. The members of the Committee for Control shall demonstrate that they meet the requirements envisaged by this Law, as well as the absence of any element that would entail qualification as Unfit Person.
4. The members of the Committee for Control shall be entitled to receive an attendance fee determined on the basis of fees envisaged for similar functions. This attendance fee shall not be provided to members who are public employees when the meetings are held during working hours.

Art. 45

(Convening of the Committee for Control)

1. The meetings of the Committee for Control shall be convened by the chairman, taking into account the criteria of efficiency and cost-effectiveness referred to in Article 42, paragraph 5, through notice sent to members either by registered letter to their address, or by email or fax at least five days before the meeting.
2. The notice shall include a list of the items on the agenda and indicate the date, time and place of the meeting.

3. In cases of urgency, the meeting may be convened without complying with the time-limit referred to in paragraph 1, with at least one day's notice.
4. The Committee for Control shall meet at least once a month and whenever the chairman deems it appropriate or when requested by the majority of its members.
5. The meetings of the Committee for Control shall not be public.

Art. 46

(Decisions of the Committee for Control)

1. In order to be valid, the decisions of the Committee for Control shall be adopted in the presence of the chairman or, failing this, of the vice-chairman, and in any case of the majority of the members.
2. Decisions shall be adopted by an absolute majority of the members.
3. In urgent cases, decisions may also be adopted through handwritten indication of the vote on the document containing the text of the proposed decision.
4. In the event of a tie in an open ballot, the vote of the chairman or, failing this, of the vice-chairman shall prevail.
5. The members of the Committee for Control shall not take part in debates, decisions or measures in which they, or their blood relatives or relatives by affinity up to the second degree, have a personal and/or professional interest.
6. Advisors and external experts, magistrates, officials of the FIA and of police corps may take part in the meetings of the Committee for Control upon invitation by the chairman and without voting right.

Art. 47

(Minutes of the Committee for Control)

1. The Committee for Control shall appoint from time to time a secretary taking the minutes from among its members, or permanently also among persons who are not members of the Committee for Control.
2. The minutes of the meetings of the Committee for Control shall be signed by the chairman or, failing this, by the vice-chairman and the secretary taking the minutes.
3. The secretary taking the minutes may issue copies and excerpts of the minutes to the parties concerned by the decisions.

Art.48

(Removal from office and replacement of members of the Committee for Control)

1. The members of the Committee for Control referred to in Article 42, paragraph 3, letter b) who fail to take part, without just cause, in five consecutive meetings, or who, by their conduct, prejudice the interests of the Committee, shall be removed from office; in this case, the remaining members shall notify the Congress of State that the conditions are met for removal from office within 30 days of discovery of the cause thereof, for the purposes of replacement according to the modalities referred to in Article 42, paragraph 3.
2. The proposal for removal from office shall be notified by registered letter to the person concerned at least five days before the decision by the Committee for Control, in order to allow the recipient to submit any observations, on which the Committee expresses its opinions in the final decision.
3. The Committee for Control shall take note of resignations submitted by its members by informing the Congress of State thereof. If it fails to take note or inform thereof, this may be done directly by the Congress of State.
4. Resigning members shall remain in office until their replacement by the Great and General Council.

CHAPTER II

POWERS AND FUNCTIONS OF THE COMMITTEE FOR CONTROL

Art. 49

(Powers and functions of the Committee for Control)

1. The Committee for Control:
 - a) shall exercise control and supervision over foundations governed by this Law;
 - b) shall check that foundations pursue the institutional purposes set out in the memorandum of association and in the articles of association and that they comply with the obligations and prohibitions provided for by law;
 - c) shall control that foundations use economic resources, profits and operating surpluses exclusively to pursue the institutional purposes indicated in the memorandum of association and in the articles of association, and in any case for purposes envisaged by law;
 - d) shall control that foundations donate their assets, in the event of dissolution and liquidation, for exclusively public purposes or to other foundations and/or associations;
 - e) shall grant foundations the authorisation to accept grants, transfers, allocations, gifts, sponsorships and charitable contributions whatsoever or donations of movable goods whose value, in a single operation or several operations linked to the same person, also split,

exceeds € 25,000.00 per year according to the modalities and procedures provided for in Article 50;

- f) shall grant foundations the authorisation to open current accounts abroad or in any case to establish and/or execute banking, financial and insurance relationships with foreign authorised entities, or to acquire shareholdings in companies, according to the modalities and procedures laid down in Article 51;
- g) shall grant foundations the authorisation to register immovable goods located abroad according to the modalities and procedures referred to in Article 52;
- h) shall grant foundations the authorisation to purchase, at any title, registered movable goods with a cylinder capacity exceeding 2000 cc., provided that they are instrumental to the aims and institutional purposes set out in the memorandum of association and in the articles of association;
- i) shall grant foundations the authorisation to carry out ancillary activities directly related and linked to the aims and institutional purposes indicated in the memorandum of association and in the articles of association according to the modalities and procedures provided for in Article 53;
- l) shall appoint, revoke or replace governing council's members and auditors in the cases referred to in Article 25, paragraph 3, and Articles 30, paragraph 2, and 31;
- m) shall bring liability action against governing council's members and auditors in case of death of the founder or when he becomes an Unfit Person;
- n) may waive the right to bring liability action against governing council's members in case of death of the founder or when he becomes an Unfit Person;
- o) shall check, on a sample basis, the registration of data and information regarding funding and funds received by foundations and use thereof;
- p) shall check and examine reports received concerning non-compliance by foundations with the duties and obligations imposed by law and shall adopt the measures falling within its competence;
- q) may request from foundations any information and documents, including of a banking nature, relating to the activities and management of the foundation;
- r) shall issue instructions, regulations, measures and/or circulars binding on foundations and aimed at improving the achievement of the objectives of foundations, as well as memoranda of understanding with other authorities, including international, for the circulation of information in order to prevent the risk of money laundering and terrorist financing; all this shall be done in accordance with the powers and functions envisaged by this Law and to ensure compliance with international recommendations and standards;

- s) shall organise training courses, conferences and seminars in order to promote, also in conjunction with the FIA, information and awareness raising campaigns on the risk of money laundering and terrorist financing targeted to all foundations;
- t) may request to supervised entities authorised to carry out reserved activities under Law no. 165/2005 and subsequent amendments, and through the FIA, any information and documents concerning the relationships established by the foundations covered by this Law for the purpose of performing its functions;
- u) shall inform the Council of the Twelve about foundations that have not requested the necessary authorisation to accept donations, inheritance and bequests of immovable goods;
- v) shall report to the judicial authority facts and circumstances which could constitute a crime, by providing any information and/or documents useful for investigations;
- z) shall report to the judicial authority any serious facts for the adoption of measures falling within its competence;
- aa) shall propose to the judicial authority the liquidation of the foundation in the cases provided for by this Law;
- bb) shall collaborate with the FIA to implement coordination with a view to ensuring exchange of information domestically and internationally in order to effectively prevent and counter money laundering and terrorist financing, by reporting anomalies and/or suspected violations of the provisions contained in Law no. 92/2008 and subsequent amendments;
- cc) shall regularly prepare questionnaires to be transmitted to foundations and non-profit organisations, also in collaboration with the FIA, in order to analyse the risks of abuse of non-profit organisations;
- dd) shall draw up, by May of each year, a report on the management of the resources received in the previous year and by September of each year a document outlining the expenditure forecast for the following year;
- ee) shall appoint, from among its members, a vice-chairman, to whom the functions of the chairman are entrusted in case of absence or impediment of the latter;
- ff) shall apply the sanctions provided for by law.

CHAPTER III

AUTHORISATIONS FALLING WITHIN THE COMPETENCE OF THE COMMITTEE FOR CONTROL, APPLICATION AND AUTHORISATION

Art. 50

(Authorisations to accept grants, transfers, allocations, gifts, sponsorships and charitable contributions whatsoever or donations of movable goods, application and authorisation procedure)

1. Foundations intending to accept grants, transfers, allocations, gifts, sponsorships and charitable contributions whatsoever or donations of movable goods, whose value, in a single operation or several operations linked to the same person, also split, exceeds € 25,000.00 per year, shall be required to submit a relevant application to the Committee for Control.
2. The application shall be accompanied by a report and by the relevant documents specifying:
 - a) the natural and/or legal person intending to make the grant, transfer, allocation, gift, sponsorship, charitable contribution or donation of movable goods and the relevant value;
 - b) the value of previous grants, transfers, allocations, gifts, sponsorships, charitable contributions or donations of movable goods, where the authorisation is required for exceeding the amount referred to in the first paragraph;
 - c) the commitment undertaken by the foundation to use the goods indicated in the application exclusively for the institutional purposes set out in the memorandum of association and in the articles of association with the prohibition to use them for other purposes;
 - d) the foundation's obligation to take note of grants, transfers, allocations, gifts, sponsorships, charitable contributions or donations of movable goods, which in any case shall be entered in the mandatory accounting records.
3. The Committee for Control shall examine the application referred to in paragraph 2 within thirty days after its submission and, through a motivated decision, it may grant or refuse authorisation; if the Committee considers that the application or enclosed documents are insufficient, it may order their integration, under penalty of rejection of the application.
4. The refusal to grant the authorisation shall entail the impossibility for the foundation to receive grants, transfers, allocations, gifts, sponsorships, charitable contributions or donations of movable goods and, if they have already been delivered, their consequent return; in this case, the Committee for Control shall be required to report to the judicial authority any facts and circumstances that could constitute a crime, by providing any information and/or documents useful for investigations, also to the FIA when it identifies anomalies and/or suspected violations of the provisions contained in Law no. 92/2008 and subsequent amendments, with application, in case of infringement of the provisions contained in this Article, of the sanction envisaged by Article 68, paragraph 5.
5. The amount referred to in paragraph 1 may be modified by means of a delegated decree.

6. An appeal may be lodged against the decisions of the Committee for Control according to the modalities and terms provided for in Law no. 68 of 28 June 1989.

Art. 51

(Authorisations to open current accounts abroad and to establish and/or execute banking, financial and insurance relationships with foreign authorised entities, or to acquire shareholdings in companies, application and authorisation procedure)

1. Foundations intending to open bank accounts abroad or in any case to establish and/or execute banking, financial and insurance relationships with foreign authorised entities, or intending to acquire, either directly or indirectly, shareholdings in companies, shall be required to submit a relevant application to the Committee for Control.
2. The application shall be accompanied by a report and by the relevant documents specifying:
 - a) the reasons for the application, indicating that the latter is closely related to the pursuit of the institutional purposes indicated in the memorandum of association and in the articles of association;
 - b) the commitment undertaken by the foundation to keep and maintain at its registered office all documents relating to the relationship or to the acquisition of shareholdings;
 - c) the foundation's obligation to make all documents concerning the relationship or shareholdings available to the Committee for Control for the checks and verifications falling within its competence;
 - d) the obligation to include in the mandatory accounting records and in the balance sheet the banking and/or financial relationship and the shareholdings acquired.
3. The Committee for Control shall examine the application referred to in paragraph 2 within thirty days after its submission and, through a motivated decision, it may grant or refuse authorisation; if the Committee considers that the application or enclosed documents are insufficient, it may order their integration, under penalty of rejection of the application.
4. The refusal to grant the authorisation shall entail the impossibility for the foundation to open current accounts abroad or in any case to establish and/or execute banking and/or financial relationships with foreign authorised entities, or to acquire shareholdings; in this case, the Committee for Control shall be required to report to the judicial authority any facts and circumstances that could constitute a crime, by providing any information and/or documents useful for investigations, also to the FIA when it identifies anomalies and/or suspected violations of the provisions contained in Law no. 92/2008 and subsequent amendments, with application, in case of infringement of the provisions contained in this Article, of the sanction envisaged by Article 68, paragraph 5.
5. An appeal may be lodged against the decisions of the Committee for Control according to the modalities and terms provided for in Law no. 68/1989 and subsequent amendments.

Art. 52

(Authorisations to purchase immovable goods abroad, application and authorisation procedure)

1. Foundations intending to purchase, in any form, immovable goods abroad shall be required to submit a relevant application to the Committee for Control.
2. The application shall be accompanied by a report and by the relevant documents specifying:
 - a) the reasons for the application, indicating that the latter is closely related to the pursuit of the institutional purposes indicated in the memorandum of association and in the articles of association;
 - b) characteristics, size, location, intended use and estimated value of the immovable good;
 - c) the origin of the immovable good, with a detailed indication and identification of the natural and/or legal person;
 - d) the commitment undertaken by the foundation to use the immovable goods indicated in the application exclusively for the institutional purposes set out in the memorandum of association and in the articles of association with the prohibition to use them for other purposes;
 - e) the foundation's obligation to enter in the mandatory accounting records and in the balance sheet the immovable goods held abroad;
 - f) the commitment undertaken by the foundation to keep and maintain at its registered office all documents relating to immovable goods held abroad;
 - g) the foundation's obligation to make all documents concerning immovable goods held abroad available to the Committee for Control for the checks and verifications falling within its competence.
3. The application referred to in paragraph 1 shall be accompanied by a professional estimate of the immovable good, prepared by a qualified expert authorised to practice as an engineer, architect or land surveyor, sworn before the Registrar of the Court of the Republic of San Marino.
4. The Committee for Control shall examine the application referred to in paragraph 1 within thirty days after its submission and, through a motivated decision, it may grant or refuse authorisation; if the Committee considers that the application or enclosed documents are insufficient, it may order their integration, under penalty of rejection of the application.
5. The refusal to grant the authorisation shall entail the impossibility for the foundation to purchase immovable goods abroad and, if the purchase took place in the absence of an authorisation by the Committee for Control, the foundation's liquidation procedures shall be initiated according to the modalities and terms set out in Article 56 and subsequent articles.
6. The Committee for Control may report to the judicial authority any facts and circumstances that could constitute a crime, by providing any information and/or documents useful for investigations, also to the FIA when it identifies anomalies and/or suspected violations of the

provisions contained in Law no. 92/2008 and subsequent amendments, with application, in case of infringement of the provisions contained in this Article, of the sanction envisaged by Article 68, paragraph 5.

7. An appeal may be lodged against the decisions of the Committee for Control according to the modalities and terms provided for in Law no. 68/1989 and subsequent amendments.

Art. 53

(Authorisations to carry out ancillary activities directly related to the aims and purposes of foundations, application and authorisation procedure)

1. Foundations intending to carry out ancillary activities directly related and linked to the aims and purposes set out in the memorandum of association and in the articles of association shall be required to submit a relevant application to the Committee for Control.

2. Ancillary activities directly related and linked to the aims and institutional purposes set out in the memorandum of association and in the articles of association shall include temporary activities involving the sale of goods and/or the provision of services for periods not exceeding fifteen consecutive days, organisation of lotteries with prizes or other forms of organisation of events to raise funds for the achievement of the goals of the foundation.

3. The application shall be accompanied by a report and by the relevant documents specifying:

- a) the reasons for the application, indicating that the latter is closely related to the pursuit of the institutional purposes indicated in the memorandum of association and in the articles of association;
- b) the duration, place and manner of carrying out the related activities, with indication of the persons who will be responsible for the organisation and management of these activities;
- c) the origin, with a detailed indication and identification of the natural and/or legal person, of goods and services used to carry out the related activities, as well as the product category with an indication of the relevant value;
- d) the commitment undertaken by the foundation to use the funds raised exclusively for the institutional purposes set out in the memorandum of association and in the articles of association with the prohibition to use them for other purposes;
- e) the foundation's obligation to keep and maintain a report concerning the related activities, which in any case shall be entered in the mandatory accounting records;
- f) the foundation's obligation to enter in the mandatory accounting records and in the balance sheet the proceeds deriving from the exercise of related activities;
- g) the foundation's obligation to make all documents concerning the exercise of related activities available to the Committee for Control.

4. The Committee for Control shall examine the application referred to in paragraph 3 within thirty days after its submission and, through a motivated decision, it may grant or refuse

authorisation; if the Committee considers that the application or enclosed documents are insufficient, it may order their integration, under penalty of rejection of the application.

5. By admitting the application, the Committee for Control may order that special requirements be met for the exercise of ancillary activities directly related and linked to the aims and institutional purposes of the foundation.

6. Specific authorisations granted by the bodies responsible for health and safety, occupation of publicly-owned property and, more generally, authorisations envisaged by special rules, shall not be affected.

7. No authorisation shall be required when the exercise of ancillary activities directly related and linked to the aims and institutional purposes of the foundations set out in the memorandum of association and in the articles of association entails the sale of goods and/or the provision of services, the organisation of lotteries with prizes or other forms of organisation of events with proceeds not exceeding € 5,000.00.

8. The refusal to grant the authorisation shall entail the impossibility for the foundation to carry out ancillary activities directly related and linked to the aims and institutional purposes set out in the memorandum of association and in the articles of association.

9. The Committee for Control may report to the judicial authority facts and circumstances which could constitute a crime, by providing any information and/or documents useful for investigations, also to the FIA when it identifies anomalies and/or suspected violations of the provisions contained in Law no. 92/2008 and subsequent amendments, with application, in case of infringement of the provisions contained in this Article, of the sanction envisaged by Article 68, paragraph 5.

10. An appeal may be lodged against the decisions of the Committee for Control according to the modalities and terms provided for in Law no. 68/1989 and subsequent amendments.

TITLE VI

DISSOLUTION AND LIQUIDATION OF FOUNDATIONS

Art. 54

(Causes of dissolution)

1. A foundation shall be dissolved and shall be subject to liquidation in the following circumstances:

- a) the time limit expires;
- b) the objectives and the purposes are achieved or it becomes impossible to achieve them;
- c) it is impossible for the foundation to operate;
- d) it is no longer possible to carry out the activity due to a lack of resources, including financial resources;

- e) by will of the founder and for failure to pay contributions;
- f) upon decision by the Committee for Control and upon report by the latter to the judicial authority;
- g) the provisions contained in Article 52 are violated.

2. A foundation shall also be dissolved when the assets fall below the minimum threshold established by law due to losses.

3. Moreover, a foundation shall be dissolved for the other causes established by law and by the articles of association.

Art. 55

(New operations)

1. When an event giving rise to the dissolution of the foundation takes place, the governing council shall not carry out new operations. In case new operations are conducted by the members of the governing council, they shall be jointly and severally liable for the damages incurred by the foundation, the founder, the creditors and third parties.

Art. 56

(Liquidation)

1. Upon the occurrence of a cause of dissolution of the foundation, the governing council shall summon the founder; in case of death of the founder or when he becomes an Unfit Person, the decision to put the foundation into liquidation shall be made by a person duly designated by the Committee for Control.

2. If the articles of association do not provide for a way to liquidate the assets of the foundation and if the governing council fails to summon the founder within thirty days of the occurrence of the cause determining the dissolution, the foundation shall be put into liquidation by the liquidators appointed ex officio by the Law Commissioner or upon request of anyone interested therein.

3. For serious reasons, the Law Commissioner, ex officio or upon request of anyone interested therein, may revoke the liquidators even if appointed by the founder.

Art. 57

(Powers of liquidators)

1. Liquidators may transfer and convert the assets of a foundation, accept payments and collect credits, take part in legal proceedings on behalf of the foundation, as well as settle and refer a dispute to arbitration, without prejudice to the duty to obtain the authorisation of the Law Commissioner in case of operations relating to immovable goods.

2. Liquidators shall not conduct operations or start judicial proceedings in the name of the foundation beyond what strictly necessary to complete the liquidation.

3. Liquidators shall fulfil their duties with the professionalism and diligence required by the nature of their task. Liability for any damages resulting from violation of such duties shall be governed by Article 28.

4. Liquidators shall not be Unfit Persons.

Art. 58

(Proceedings)

1. Within six months of their appointment, liquidators shall submit a report and a plan defining all debts based on the order of priority established by existing laws.

2. Liquidation and bankruptcy proceedings shall be declared closed by decree of the Law Commissioner, without further formalities, when no assets or assets less than € 1,000.00 result from the report drawn by the liquidator or by the bankruptcy attorney.

3. Liquidators shall submit an annual report outlining the most relevant facts of the proceedings. However, the period between the entry of the decision on liquidation, or the decree of the Law Commissioner ordering it and the preparation of the statement of final account shall represent a single tax period. Therefore, the liquidators shall submit the tax return relating to that period in accordance with tax legislation in force.

4. At the end of the liquidation of the assets, the liquidators shall submit the final report with the plan for distribution of any residual assets to the founder in accordance with the provisions of the articles of association, and, in case of the founder's death or when he becomes an Unfit Person, to the Committee for Control. The final report shall be filed with the Court Registry, where it remains available to interested parties for thirty days. Such filing shall be notified by posting it publicly and in the Government Building.

5. If objections to the distribution plan are filed by bringing an action against the liquidator within thirty days of the expiry of the period referred to in paragraph 4, the Law Commissioner shall issue a relevant judgement in summary proceedings. Objections shall be gathered and decided through consolidated proceedings, in which the founder and the creditors concerned may take part. The judgement shall also apply to absent persons.

6. If no objections are submitted or if they are rejected, the plan shall be approved by decree of the Law Commissioner making the plan immediately enforceable.

7. The liquidators shall summon the founder to approve the statement of final account prepared on the basis of the plan enforced. After approval, payments shall be made to creditors and, according to the purposes indicated in the report, the residual assets shall be allocated in accordance with the articles of association, to public purposes, or to other foundations and/or associations.

8. After completion of all formalities, the liquidators shall request that the foundation be removed from the Register. Through such removal the foundation shall be closed.

Art. 59

(Uncollected amounts)

1. The amounts not collected by those entitled within one year from the date on which they were made available by the liquidators shall be allocated to the State of the Republic of San Marino.

Art. 60

(Deposit of corporate books)

1. The books of a foundation shall be filed and kept for five years in the places and with the guarantees established by law; anyone may examine them by advancing the relevant expenses.

TITLE VII

(MEMBERSHIP AND GROUPING OF FOUNDATIONS)

Art. 61

(Membership and grouping of foundations)

1. The foundations covered by this Law may become member of other foundations, including international ones, subject to compliance with the provisions of the law.

2. The foundations covered by this Law may give rise to instrumental groups in order to help each other in achieving a common objective.

3. Each foundation may offer to the others its own skills and specialisations. Moreover, the foundations taking part in a group may exchange goods and services with each other in order to achieve cost savings and mutual benefits.

4. The group shall neither be a legal entity in its own right with specific characteristics, nor acquire legal personality.

5. An instrumental group shall be established by means of an agreement concluded by the participating foundations.

6. The aforesaid agreement shall consist of the following essential elements:

- a) purpose: participating foundations shall be non-profit organisations that pursue in practice ideal public interest interests, rather than commercial or lucrative purposes under this Law;
- b) common objective: participating foundations shall pursue a common objective;
- c) favourable decision of the governing council of the foundations on the establishment of the group;
- d) object of the activity; registered office; duration; rules on the administration of the group; rules on the acceptance of new members;

- e) election of a common representative: participants in the group shall appoint a common representative, i.e. the participating foundation which represents the group by maintaining relations with third parties;
 - f) equality of the participants in the group: the decisions of the group shall be made unanimously;
 - g) modes of transcription of the decisions of the group that are recorded in a special book of meetings and decisions of the group;
 - h) obligation for the common representative to draw up a regular report on the activity of the group to be included in an appropriate book of meetings and decisions of the group;
 - i) obligation for each foundation belonging to the group to note, on its own accounting books, separately from the others, the operations relating to the agreements reached within the group.
7. The Committee for Control shall be notified of the establishment of a group of foundations.

TITLE VIII

TAX SYSTEM APPLYING TO FOUNDATIONS

Art. 62

(Tax system)

1. With regard to income taxation, the tax system applying to the foundations covered by this Law shall be governed by Law no. 166 of 16 December 2013.
2. For all other tax provisions, the provisions of laws in force shall apply.

Art. 63

(Conclusion of conventions with foundations)

1. The Congress of State shall adopt a delegated decree establishing the terms and procedures for the conclusion of conventions with foundations covered by this Law in order to grant specific tax benefits or exemptions from taxes, duties and charges to contribute to achieving purposes of overriding public interest.

TITLE IX

TRANSITIONAL PROVISIONS FOR THE ADAPTATION OF EXISTING FOUNDATIONS

Art. 64

(Adaptation of existing foundations)

1. The foundations with legal personality existing at the date of entry into force of this Law shall be required to adapt their articles of association and to comply with the legislative provisions within one year from the entry into force of this Law.

Art. 65

(Existing foundations' failure to adapt)

1. Failure to comply with the obligations referred to in Article 64 shall entail the dissolution of a foundation; in this case the foundation shall be put into liquidation.

2. In the event of inaction by the governing council, liquidation may be ordered ex officio by the Law Commissioner.

3. To this end, the Law Commissioner shall grant to the foundation a period of sixty days for the adaptation of its articles of association. In case of unsuccessful expiry of this time limit, the Law Commissioner may order the liquidation ex officio.

4. In case of liquidation, the provisions of Title VI shall apply.

TITLE X

SANCTIONS

Art. 66

(Sanctioning power)

1. The Committee for Control shall supervise the proper application of this Law and of the provisions regulating foundations.

2. The Committee for Control shall detect administrative violations and apply administrative pecuniary sanctions provided for by law.

3. It shall act on its own initiative, or upon report or request of any other public office, including by relying on the Civil Police or the Gendarmerie.

4. The Committee for Control shall have the power to promote investigations, carry out assessments, formulate opinions, give instructions, issue immediately enforceable provisions. It may request the ordinary judicial authority to adopt precautionary measures to stop or provide proof of any unlawful fact or conduct, including the power to request to FIA the measures falling within its competence specified by Law no.92/2008 and subsequent amendments.

5. For the purposes of the provisions of paragraphs 1, 2 and 3:
- a) the police corps shall be required to report to the Committee for Control any facts constituting administrative offences in matters relating to foundations and to provide all evidence to said Committee; they shall also be required to carry out investigations and assessments requested by the Committee for Control and to support the investigations carried out directly by said Committee;
 - b) the Committee for Control shall submit to the ordinary judicial authority information about the criminal offences related to the administrative offences of which they have become aware in the framework of the assessments carried out by the Committee itself;
 - c) the Committee for Control shall have the power to give orders, ensuring that foundations carry out their activities in accordance with the law, conventions and international agreements, in compliance with the legitimate orders of the authority. For this purpose, the Committee for Control over Foundations shall issue, by way of reasoned order, immediately enforceable rules and provisions; the aforesaid orders may be appealed against before the Administrative Judge of Appeal within 20 days of notification and according to the procedure under Article 34 of Law no. 68/1989 and subsequent amendments. The appeal shall not suspend the enforcement of the order, unless otherwise decided by the judge seised;
 - d) the Committee for Control shall report to the other offices of the Public Administration matters falling within their competence and shall provide them with relevant evidence.

Art. 67

(Procedure and criteria for the application of sanctions)

1. The Committee for Control shall notify in writing, by means of a registered letter, the foundations and their legal representatives of the irregularities identified, imposing the relevant sanctions.
2. The sanction shall indicate: the offender's personal details, the exact circumstances of the fact leading to the sanction, an indication of the rule breached, the amount to be paid, as well as the manner and the time-limit for appeal and the competent authority to be seised.
3. The amount of the sanction and its determination within the limits set by law, between a minimum and a maximum, shall be decided by the Committee for Control, taking into account also the existence of multiple violations of the same provision or violations of several provisions committed through a single action or omission, the recurrence of the unlawful conduct, as well as any other element showing the severity of the violation and the conduct adopted following the violation in order to aggravate or mitigate the consequences of the violation itself.
4. Unless otherwise provided by law, the foundation that, through actions or omissions, violates several provisions envisaging administrative sanctions, or commits several violations of the same provision, shall be subject to the sanction envisaged for the most serious violation, increased up to three times.

5. For the purposes of this Law, anyone who, during the three years prior to the last violation, has committed the same administrative violation envisaged by law at least twice shall be considered a repeat offender. In such a case, the voluntary cash settlement provided for in Article 33 of Law no. 6871989 and subsequent amendments shall not be allowed.
6. In case of repeated violation, the administrative sanction shall be increased up to three times, both for the minimum and for the maximum amount, depending on the severity of the infringement.
7. The administrative sanction shall no longer apply when the party sanctioned makes the payment within twenty days from the date of receiving the sanction.
8. The payment within the time limits referred to in paragraph 7 shall include the possibility to discharge the liability for the violation by paying half of the amounts indicated in the sanction.
9. The sanction imposed by the Committee for Control may be appealed against in the manner, within the time limits and according to the procedures provided for in Article 34 of Law no. 68/1989 and subsequent amendments.
10. After the expiry of the payment deadline, the Committee for Control shall resort to the compulsory collection procedure under Law no. 70 of 25 May 2004 and subsequent amendments to collect the amounts. Therefore, pecuniary administrative sanctions shall be collected in accordance with the same procedure envisaged for the collection of taxes, duties, charges, sanctions and any other revenue in favour of the State, Public Entities and the Autonomous State Corporations.
11. The amounts collected as a result of the payment of the sanctions shall be allocated to a specific chapter of the state budget.
12. Pecuniary administrative violations defined in this Law shall be included in the list of administrative sanctions annually proposed by the Administrative Judge of Appeal under Article 32 of Law no. 68/1989 and subsequent amendments.

Art. 68

(Sanctions)

1. The notary who fails to comply with the filing of the memorandum of association of the foundation within the time limits specified in Article 16, paragraph 1, or who fails to file the documents issued by him and amending the articles of association within the time limits specified in Article 17, regardless of and in addition to the sanctions that may be imposed independently by the competent professional association, shall be punished with a pecuniary administrative sanction of € 2,000.00.
2. Unless the fact constitutes an offence, and in addition to the liabilities provided for in Article 28, the members of the governing council of a foundation who do not comply with the obligations under paragraph 2, letters a), c), d) and e) of Article 28, shall be punished with a pecuniary administrative sanction between € 1,000.00 and € 5,000.00.
3. Unless the fact constitutes an offence, the auditor who fails to fulfil the obligations under Article 35, paragraph 1, regardless of and in addition to the sanctions that may be imposed

independently by the competent professional association, shall be punished with a pecuniary administrative sanction between € 1,000, 00 and € 5,000.00.

4. Unless the fact constitutes an offence, the foundations that do not comply with the obligations under Article 39 shall be punished with a pecuniary administrative sanction between € 1,000.00 and € 5,000.00.

5. Unless the fact constitutes an offence, the foundations that do not comply with the obligations under Article 41, paragraph 1, shall be punished with a pecuniary administrative sanction between € 1,000.00 and € 10,000.00.

6. Unless the fact constitutes an offence, in addition to the liabilities of liquidators referred to in Article 57, paragraph 3, the foundations that do not comply with the provisions of Article 58, paragraphs 1, 3, 4, 7 and 8, shall be punished with a pecuniary administrative sanction between € 1,000.00 and € 5,000.00.

7. Unless the fact constitutes an offence, the foundations that:

- a) do not comply with the provisions of Article 60 shall be punished with a pecuniary administrative sanction of € 1,000.00;
- b) do not comply with the provisions of Article 61, paragraphs 6 and 7, shall be punished with a pecuniary administrative sanction between € 1,000.00 and € 3,000.00.

8. Without prejudice to the administrative violations under this Law, the violation of the instructions and orders issued by the Committee for Control shall be punished with a pecuniary administrative sanction between € 1,000.00 and € 5,000.00.

9. The violation of any other provision in this Law shall be punished with a pecuniary administrative sanction between € 1,000.00 and € 5,000.00.

10. In case of repeated violations under paragraphs 1 and 3, the exercise of the profession shall be suspended from a minimum of fifteen days to a maximum of two months.

TITLE XI

TRANSITIONAL PROVISIONS, FINAL PROVISIONS, REPEAL AND ENTRY INTO FORCE

Art. 69

(Reference to provisions)

1. For anything not covered by this Law reference shall be made to the legislative provisions in force and in particular to Law no. 47/2006 and subsequent amendments, as far as compatible.

Art. 70

(Amendments)

1. Within two years from the date of entry into force of this Law a delegated decree may be issued in order to introduce amendments hereto aimed at ensuring compliance with international recommendations and standards for the prevention and combating of money laundering and terrorist financing, as well as with recommendations of Moneyval or of other international bodies of which the Republic of San Marino is a member.

Art. 71

(Repeal)

1. The following legislative provisions are hereby repealed:
- a) Article 37 of Law no. 129/2010 and subsequent amendments, only with respect to the part concerning foundations;
 - b) Article 38 of Law no. 129/2010 and subsequent amendments;
 - c) all rules expressly or implicitly contrary to the provisions of this Law.

Art. 72

(Entry into force)

1. This Law shall enter into force on the fifteenth day following that of its legal publication.

Done at Our Residence, on 1 July 2015/1714 since the Foundation of the Republic

THE CAPTAINS REGENT

Andrea Belluzzi – Roberto Venturini

THE MINISTER OF INTERNAL AFFAIRS

Gian Carlo Venturini