

The National Assembly of Panama

Decrees

Section I

Incorporation of the Corporation

- Incorporation **Article 1.** Two or more persons, of any nationality, although not domiciled in the Republic of Panama, may incorporate a corporation for any lawful purpose, in accordance with the formalities established in this law.
- Articles of Incorporation **Article 2.** The persons who desire to incorporate a corporation shall subscribe to Articles of Incorporation which shall contain:
1. The name and domicile of each subscriber to the Articles of Incorporation;
 2. The name of the corporations, which shall not be identical or similar to another pre-existing corporation in such a way as to cause confusion.
The name shall include a word, phrase or abbreviation which indicates that it is a corporation and which distinguishes it from a natural person or a legal entity of another nature.
The name of the corporation may be expressed in any language;
 3. The purpose or general purposes of the corporation;
 4. The amount of the authorised capital and the number and par value of the shares into which it is divided; and if the corporation may issue no par value shares, the declarations mentioned in article 22 of this law.
The amount of the authorised capital and the par value of shares may be expressed in the currency of the Republic or in the gold value of currency of another country, or in both;
 5. If there are shares of various classes, the number of each class, and the designations, preferences, privileges and voting rights, as well as the restrictions or requirements of the share of each class; or the provision that such designations, preferences, privileges and voting rights, or the restrictions or requirements may be determined by the resolution of the majority of the interested shareholders or by the resolution of the majority of the directors;
 6. The number of shares which each subscriber agrees to take;
 7. The domicile of the corporation and the name and domicile of the agent in the Republic, which may be a legal person;
 8. The duration of the corporation;
 9. The number of directors which shall not be less than three, specifying their names and addresses;
 10. Any other legal clauses which the subscribers may agree upon.
- Execution and language **Article 3.** The Articles of Incorporation may be executed in any place, inside or outside of the Republic, and in any language.
- Formalities for execution **Article 4.** The Articles of Incorporation may be evidenced by way of a public deed, or in another form, so long as they are attested to by a Notary Public or by any other public servant that is authorised to make attestations in the place of execution.

Formalities before registration	<p>Article 5. If the Articles of Incorporation are not in a public deed, they must be formalised by protocol in a Notary's office in the Republic. If said document was issued outside the Republic, it must, in order to be formalised by protocol, be previously authenticated by a Panamanian Consul, or in lieu thereof by a friendly nation's Consul. If said document is in a language which is not Spanish, it should be formalised by protocol together with an authorised translation by an official or public translator of the Republic.</p>
Registration at the Public Registry	<p>Article 6. The public deed or the protocolised document containing the Articles of Incorporation shall be presented for filing in the Commercial Registry.</p> <p>The incorporation of the corporation shall not have effect with respect to third parties until corresponding Articles of Incorporation have been registered.</p>
Amendments to Articles of Incorporation	<p>Article 7. A corporation incorporated according to the provisions of this law may reform any article of the Articles of Incorporation, insofar as the amendments are done in accordance with the provisions of this law. Consequently, the corporation may: vary the number of shares or any class of the shares subscribed to at the time of the amendment; vary the par value of the subscribed shares of any class; exchange subscribed shares of par value of one class the the same or a different number of shares of the same class or another class of shares with no par value; exchange shares of no par value of one class for the same or a different number of shares of the same class, or of another class of shares with a par value; increase the quantity or the number of shares of the authorised capital; divided its authorised capital into classes; increase the number of classes of the authorised capital; vary the denomination, rights, privileges, preferences, voting rights, and the restrictions or requirements of the shares.</p> <p>But it may not reduce the capital unless in accordance with the provisions of articles 14 and following of this law.</p>
Persons authorised to make Amendments prior to issuance of shares	<p>Article 8. The amendments to the Articles of Incorporation shall be done by the persons determined herein and in the form established in this law for the execution of the Articles of Incorporation.</p> <p>Article 9. Amendments to the Articles of Incorporation which are agreed upon before the issuance of shares shall be signed by all the subscribers to the Articles of Incorporation, and by any other persons who agreed to subscribe to shares thereof.</p>
Amendments following issuance of shares	<p>Article 10. Where shares have been issued, the amendments to the Articles of Incorporation shall be signed by:</p> <ol style="list-style-type: none"> a. By the holders or the proxies of all issued shares with voting rights, provided that to the amending document the Secretary or an Assistant Secretary of the corporation provides a certification to the effect that the persons who executed said amendments, in their own name or by proxy, represent the entirety of the holders of the issued shares with voting rights; b. By the President or one of the Vice Presidents and the Secretary or one of the Assistant Secretaries of the corporations, who shall sign and include in the amending document a certification in

which they attest: that they were authorised to issue said document by a resolution adopted by the owners or the proxies of the majority of said shares and that said resolution was adopted in a shareholders meeting in which they verified the date of notice given or in which notice was waived.

Amendments of share rights **Article 11.** Where the amendments to the Articles of Incorporation alter the preferences of the issued shares of any class or authorise the issuance of shares with preferences which in some way are more advantageous than those shares issued in another class, then in the certification referred to in subsection b. of the previous article, the officers of the corporation who execute shall attest that they were authorised to execute the amending document by a resolution adopted by the owners or the proxies of the majority of the shareholders of each class with voting rights, and that this resolution was adopted in a shareholder meeting in which they verified the date of the notice given or in which notice was waived.

Special majority requirement for Amendments **Article 12.** If the Articles of Incorporation provide that more than a simple majority of the issued shares or any class of shares is required in order to amend the Articles of Incorporation, then the certification referred to in subsection b. or article 10 shall attest that the amendment has been authorised in this manner.

Pre-emptive rights to subscribe **Article 13.** Unless the Articles of Incorporation of the amendments thereto provide otherwise, each shareholder shall have the pre-emptive right to subscribe proportionately to his shareholding to the new shares issued in accordance with an increase in capital.

Decrease of authorised capital **Article 14.** The corporation may reduce the authorised capital by an amendment to the Articles of Incorporation; but it may not make a distribution of any assets as a result thereof if the remaining assets do not represent at least the total value of the liabilities of the company, considering the reduced capital as part of the latter. A certification under oath shall be made by the President or the Vice President and the Treasurer or one of the Assistant Treasurers to the document containing the respective amendment, in which they attest that the distribution does not breach the above requirement. The appraisal of the value of the assets or liabilities by the Board of Directors shall be deemed to be correct, except in the case of fraud.

Acquisition of own shares **Article 15.** Unless otherwise provided in the Articles of Incorporation, the corporation may acquire its own shares. If the acquisition is made with funds or assets which are not part of the excess assets over liabilities or net profits, the acquired shares shall be paid for by a reduction of the issued capital; nevertheless, said shares may be sold again if the authorised capital is not reduced upon the cancellation of said shares.

Shares acquired from assets or net profits **Article 16.** The shares of a corporation acquired with funds derived by the excess assets over liabilities or from net profits, may be retained by the corporation, or sold by it for corporate purposes, and may be cancelled and reissued by resolution of the Board of Directors.

Treasury shares **Article 17.** The shares acquired by the corporation may not, directly or indirectly, be represented at a shareholders' meeting.

Prohibitions
against
acquisition

Article 18. No corporation may acquire its own shares with funds, unless they are derived from the excess assets over liabilities or net profits, if such acquisition will result in the decrease of the actual value of the assets to an amount which is less than the total value of the liabilities, considering the reduced capital as part of the latter. The appraisal of the value of the assets and liabilities by the Board of Directors shall be deemed to be correct, except in the case of fraud.

Section II Powers of the Corporation

Powers of the
Corporation

Article 19. Every corporation incorporated in accordance with this law shall have, in addition to the powers which the law provides, the following powers:

1. To sue and be sued in court;
2. To adopt and use a corporate seal and to modify it when deemed expedient;
3. To acquire, purchase, hold, use and transfer real and personal property of any kind and to make and accept pledges, mortgages, leases, liens and encumbrances of every kind;
4. To appoint officers and agents;
5. To execute contracts of every kind;
6. To issue, without breaching the current laws or the Articles of Incorporation, Bylaws for the management, regulation and government of its business and assets, for the transfer of shares, for the calling of shareholders' and directors' meetings for any legal purpose;
7. To conduct business and to exercise its powers in foreign countries;
8. To agree upon the dissolution in accordance with the law, whether voluntarily or for other reasons;
9. To borrow money and to incur debts in relation with its business or for any legal purpose; to issue bonds, promissory notes, bills of exchange and other debt instruments (which may or may not be convertible into shares of the corporation) payable on determined date or dates, or payable upon the occurrence of a specific event; whether secured by a mortgage or pledge, for money borrowed or in payment of acquired assets, or for any other legal consideration;
10. To guarantee, acquire, buy, hold, sell, assign, transfer, mortgage, encumber, or otherwise dispose or trade in shares, bonds or other debt instruments issued by other corporations or by any municipality, province, state or government;
11. To do anything necessary for the execution of the purposes established in the Articles of Incorporation or in any amendments thereto, or what is necessary or convenient for the protection and benefit of the corporation and, in general, to undertake any legitimate business although not similar to any of the purposes specified in the Articles of Incorporation or its amendments.

Section III

Shares and Capital

Classes of shares	<p>Article 20. The corporation shall have the power to create and issue one or more classes of shares with the designations, preferences, privileges, voting rights, restrictions or requirements and other rights which the Articles of Incorporation determine, and subject to the redemption rights which the corporation has reserved in the Articles of Incorporation.</p> <p>The Articles of Incorporation may provide that the shares of one class be converted into shares of one or more other classes.</p>
Par value	<p>Article 21. Shares may have a par value. Such shares may be issued as fully paid and non-assessable, as well as partially paid, or even without any payment being made therefore. Unless the Articles of Incorporation otherwise provide, par value shares may not be issued as fully paid and non-assessable, nor bonds or shares convertible into par value shares which are fully paid and non-assessable, in exchange for services or goods which, in the judgement of the Board of Directors, have a lesser value than the par value of said shares or the shares which are convertible from said bonds or shares. Certificates for partially paid shares may not indicate that a greater sum has been paid than the value, in the Board of Directors' judgement, of what was really paid. The payment may be in cash, work, services or in property of any kind. The appraisal of the Board of Directors regarding the values shall be held to be correct, other than in the case of fraud.</p>
No par value	<p>Article 22. Corporations may create and issue share of no par value, provided that the Articles of Incorporation state:</p> <ol style="list-style-type: none">1. The number of shares that the corporation may issue;2. The number of shares with par value, if any, and the value of each one;3. The number of shares of no par value;4. One or the other of the following declarations:<ol style="list-style-type: none">a. That the capital shall be at least equal to the total sum represented by the par value shares, plus a determined amount for each share of no par value which is issued, and any amounts which are incorporated into the capital by a resolution or resolutions of the Board of Directors, from time to time; orb. That the capital shall be at least equal to the total value represented by the par value shares, plus the price received by the corporation for the issuance of the no par value shares, and any amounts which are incorporated into the capital by a resolution or resolutions of the Board of Directors, from time to time. <p>The Articles of Incorporation may also include an additional declaration to the effect that the capital will not be less than an amount specified therein.</p>
Equality of rights	<p>Article 23. All shares of a given class, whether par value or no par value, shall have equal rights with respect to shares of that same class, subject, however, to any designations, preferences, privileges, voting rights, restrictions or requirements conferred or imposed on that class of</p>

	shares.
Price of no par value shares	Article 24. The corporation may issue and sell the no par value shares which it is authorised to issue, for the sum specified in the Articles of Incorporation; the price which in the judgement of the Board of Directors is considered fair; the price which is determined from time to time by the Board of Directors, if permitted by the Articles of Incorporation; or the price determined by the holders of the majority of the shares with voting rights.
Liability of holders of no par value shares	Article 25. All; shares referred to in articles 22, 23, and 24 of this Law, shall be considered to be fully paid and non-assessable. The holders of said shares shall not be liable neither to the corporation nor to the creditors thereof.
Payment for shares	Article 26. Payment of the share price shall be made on the dates and in the manner determined by the Board of Directors. In the event of default, the Board of Directors may opt to proceed against the delinquent shareholder to collect the portion of the capital which is unpaid and the damages which the corporation has suffered or to rescind the contract with the delinquent shareholder, with the right in this latter case to retain for the corporation the amounts which said shareholder would be due from the corporate assets. In the event that they opt to rescind the contract with respect to the delinquent shareholder and to retain for the corporation the sums which correspond to that shareholder, the Board of Directors shall give notice of this to said shareholder with at least sixty days anticipation. The shares which the corporation acquires as a result of the provisions of this article may be reissued and offered again for subscription.
Share certificates	Article 27. The share instrument or certificate shall contain: <ol style="list-style-type: none"> 1. The registration details of the corporation in the Mercantile Registry; 2. The capital; 3. The number of shares which correspond to the holder; 4. The class of share, where there are different classes, as well as the special conditions, designations, preferences, privileges, premiums, advantages and restrictions or requirements that one class of shares may have other the others; 5. If the shares which the certificate represents are fully paid and non-assessable, said certificate shall express this fact; and if they are not fully paid and non-assessable, the certificate shall indicate the sum which has been paid. 6. If the share is registered, it should indicate the name of the shareholder.
Bearer shares	Article 28. No bearer shares shall be issued unless they are fully paid and non-assessable.
Transfer of registered shares	Article 29. Registered shares shall be transferable in the company's registers according to the provisions of the Articles of Incorporation or the Bylaws. Transfers shall not be binding on the corporation until their recording in the Share Register. If the holder of the certificate is indebted to the corporation for any

sum, the corporation may oppose the transfer until the amount owed has been paid. In any case, the transferor and transferee are jointly responsible for the payment of the amounts due to the corporation for the transferred shares.

Transfer of bearer shares	Article 30. The assignment of bearer shares shall be effected simply by the delivery of the instrument.
Exchange of shares	Article 31. If the Articles of Incorporation so provide, the holder of a bearer share certificate may exchange said certificate for a certificate in his name for the same number of shares; and the holder of registered shares may exchange his certificate for a bearer share certificate for the same number of shares.
Pre-emptive purchase of shares	Article 32. The Articles of Incorporation may provide that the corporation or any of the shareholders shall have the preferential right to purchase the shares of the corporation from another shareholder that wishes to transfer. It is also possible to impose other restrictions on the transfer of shares; but any restriction which absolutely prohibits the transfer of shares shall be null and void.
New share certificates	Article 33. The corporation may issue new share certificates to replace those which have been destroyed, lost or stolen. In such an event, the Board of Directors may require that the owner of the destroyed, lost or stolen certificate, post a bond to respond to the corporation for any claim or damages.
Voting rights	Article 34. The Articles of Incorporation may provide that the holders of a determined class of shares shall not having voting rights, or may restrict or define this right with respect to different classes of shares. These provisions of the Articles of Incorporation shall prevail in all voting which takes place and in all cases where the law requires the voting or written consent of the holders of all the shares or of a part thereof. The Articles of Incorporation may also requires the vote of more than a majority of any class of shares for specific purposes.
Voting trusts	Article 35. One or more shareholders may agree in writing to transfer their shares to one or more Trustees for the purpose of granting to them the right to vote in the name and stead of the owner, for a determined period and in accordance with the conditions indicated in the agreement. Other shareholders may transfer their shares to the same Trustee or Trustees, becoming, by virtue of said transfer, parties to the agreement. The share certificates so transferred shall be delivered to the corporation and cancelled by the corporation and new certificates issued in favour of the Trustee or Trustees, in which it is expressed that they are issued in accordance with the aforementioned agreement, and these circumstances shall be noted in the Share Register. In order for the provisions of this article to take effect, it shall be necessary for the corporation to receive an authenticated copy of the aforementioned agreement.
Share register	Article 36. The corporation shall maintain in its office in the Republic, or in any other place in which the Articles of Incorporation or the Bylaws provide, a book called the "Share Register", in which the names of all persons that are shareholders of the company shall be noted,

except in the case of bearer shares, in alphabetical order, with an indication of the domicile, the number of shares which each one has, the date of acquisition and the sum paid for them and whether the shares are fully paid and non-assessable.

In the case of bearer shares, the Share Register shall indicate the number of shares issued, the date of the issuance and that the shares are fully paid and non-assessable.

Dividends **Article 37.** The shareholders may be paid dividends from the net profits of the company or from the excess of the assets over liabilities, but not otherwise. For shares which are only partially paid, the company may declare and pay dividends proportionately to the amount actually paid.

Dividends paid in shares **Article 38.** When the Board of Directors so decides, they may pay dividends in shares of the company, provided that the shares issued for this purpose have been duly authorised and provided that if the shares have not been previously issued, a sum at least equal to the shares which are being issued has been transferred from the surplus account to the capital of the corporation.

Shareholder liability **Article 39.** The shareholders are only liable to the creditors of the company up to the amount owed on their shares; but no law suit can be filed against a shareholder for debts of the company until a judgement has been rendered against the company for an amount which has not been collected following the liquidation of the corporate assets.

Section IV Shareholder Meetings

Notice of shareholder meetings **Article 40.** Whenever the approval or authorisation of the shareholders is necessary according to the provisions of this law, the notice for a Shareholders Meeting shall be given in writing in the name of the President, Vice President, Secretary or Sub-Secretary, or any other person or persons authorised to this effect by the Articles of Incorporation or the Bylaws.

The notice shall include the purpose or purposes for which the meeting is being called and the place and time it will be held.

Location of shareholder meetings **Article 41.** Unless the Articles of Incorporation or Bylaws otherwise provide, all shareholder meetings shall be held in the Republic.

How notice is to be given **Article 42.** Notice shall be given in advance in the manner provided in the Articles of Incorporation or the Bylaws, but if these do not provide otherwise, it shall be given by person or mail delivery of the notice to each registered shareholder with voting rights, no less than ten and no more than sixty day before the day of the meeting.

If the corporation has issued bearer shares, the notice shall be published in accordance with the provisions of the Articles of Incorporation or the Bylaws.

Waiver of notice **Article 43.** The shareholders or their legal representatives may waive notice of any meeting in writing, either prior to or after the meeting.

Validity of shareholder resolutions **Article 44.** Resolutions adopted at any meeting in which all the shareholders are present, whether personally or via proxy, shall be valid; and the resolutions adopted in a meeting in which there was a quorum, those absent having waived notice, shall be valid for all those ends

indicated in the waiver, even if in these cases notice has not been given in the manner prescribed by the Law, the Articles of Incorporation or the Bylaws.

Right to vote	Article 45. Unless the Articles of Incorporation provide otherwise, every shareholder has a right to vote at the Shareholders Meeting for each share registered in his name, regardless of the class of said share or whether it be of par or no par value. It is understood, nonetheless, that unless the Articles of Incorporation otherwise provide, that the Board of Directors may establish a period of no more than forty days before the date of a Shareholders Meeting, during which no transfer of shares shall be recorded in the registers of the company, or may establish a date, which shall not be more than forty days before the date of the meeting, as the date on which the shareholders of the company who have a right to be given notice and to vote at said meeting shall be determined (other than the holders of the bearer shares). In this case only those registered shareholders at said date shall have the right to be given notice of the meeting and to vote at said meeting.
Bearer share voting rights	Article 46. In the case of bearer shares, the bearer shall have the right at a Shareholders Meeting to one vote for each share with voting rights, to which end they shall present in said meeting the corresponding certificate or certificates, or the proof of this right, in the manner prescribed in the Articles of Incorporation or the Bylaws.
Proxy	Article 47. In all shareholder meetings any shareholder may be represented by a proxy, which need not be a shareholder, who may be appointed by a public or private document, with or without powers of substitution.
Cumulative voting	Article 48. The Articles of Incorporation may provide that in the elections of members of the Board of Directors the shareholders with voting rights to elect a director shall have a number of votes equal to the number of shares which they hold multiplied by the number of directors to be elected, and they may cast all of their votes in favour of a single candidate, or distribute them between the total number of directors to be elected or between two or more as they deem convenient.

Section V Board of Directors

Board of Directors	Article 49. The business of the corporation shall be administered and directed by a Board of Directors composed of at least three members, of legal age, without distinction of sex.
Control of corporate affairs	Article 50. Subject to the provisions of this law and that provided in the Articles of Incorporation, the Board of Directors shall have absolute control and full management of the transactions of the corporation.
Powers of the Board of Directors	Article 51. The Board of Directors may exercise all of the powers of the corporation, except those that the law, the Articles of Incorporation or the Bylaws confer or reserve to the shareholders.
Number of directors	Article 52. Subject to the provisions of this Law and that provided in the Articles of Incorporation, the number of directors shall be established in the Bylaws.
Quorum of	Article 53. The presence of the majority of the members of the Board of

directors	Directors shall be necessary to form a quorum to decide about the business of the corporation. Nevertheless, the Articles of Incorporation may provide that a determined number of directors, whether more or less than the majority, is necessary to form a quorum.
Resolutions of the Board	Article 54. The resolutions of the majority of the directors present in a meeting in which the required quorum was present shall be considered as resolutions of the Board of Directors.
Directors need not be shareholders	Article 55. Unless the Articles of Incorporation provide otherwise, the Directors need not be shareholders.
Directors power to amend Bylaws	Article 56. The Directors may adopt, amend, reform and revoke the Bylaws of the company, unless the Articles of Incorporation or the Bylaws adopted by the shareholders provide otherwise.
Election of directors	Article 57. The Directors of the company shall be elected in the form, date and place which the Articles of Incorporation or Bylaws establish.
Vacancies	Article 58. Vacancies in the Board of Directors shall be filled in the manner prescribed in the Articles or the Bylaws.
Appointment of Directors by Directors	Article 59. Subject to the provisions of the two previous articles the vacancies which occur in the Board of Directors, whether due to an increase in the number of Directors or any other cause, shall be filled by the votes of the majority of the members of the Board of Directors.
Directors in office until replaced	Article 60. The actual directors shall continue in office until their successors are elected, if the directors are not elected on the date set for this purpose.
Board Committees	Article 61. Unless the Articles of Incorporation of the Bylaws provide otherwise, the Board of Directors may appoint two or more of its members to form a committee or committees, with all the powers of the Board of Directors for the management of the business of the company, but subject to the restrictions mentioned in the Articles of Incorporation, the Bylaws or in the resolutions in which they were appointed.
Proxy	Article 62. If the Articles of Incorporation expressly permit it the directors may be represented and vote at meetings of the Board of Directors by a proxy who need not be a Director and may be appointed by private or public documents, with or without power of substitution.
Removal of Directors, Officers, Agents and Employees	Article 63. The directors may be removed at any time by the votes, cast for this purpose, of the holders of the majority of the issued shares with voting rights for the election of directors. The Officers, Agents and employees may be replaced at any moment by a resolution adopted by the majority of the directors, or in any other manner prescribed by the Articles of Incorporation or the Bylaws.
Liability of Directors	Article 64. If any dividend or distribution of assets, which reduces the value of the assets of the company below the value of the liabilities including the capital in this latter, is declared or paid; or if the capital is reduced; or if any declaration is made or any false report is given in a substantial matter, the directors who have given their consent to such acts, with knowledge that this would affect the capital, or that the declaration or report was false, shall be jointly and severally liable to the credits of the company for the damages which result.

Section VI

Officers

- Officers of the corporation **Article 65.** The corporation shall have a President, a Secretary and a Treasurer who shall be elected by the Board of Directors; and may also have the officers, agents and representatives that the Board of Directors, Bylaws or the Articles of Incorporation determine, and shall be elected in the manner established therefore.
- Holdings two or more offices **Article 66.** The same person may hold two or more offices if the Articles of Incorporation or the Bylaws to provide.
- Officers not required to be directors **Article 67.** It is not necessary for a person to be a member of the Board of Directors of the company in order to be an officer, unless the Articles of Incorporation or the Bylaws so require.

Section VII Sale of Assets and Rights

- Sale of assets **Article 68.** Every corporation may, by virtue of a resolution of the Board of Directors, sell, lease, transfer or in any other way dispose of all or part of its assets, including its clients and privileges, franchises, and rights, in accordance with the terms and conditions that the Board of Directors deems expedient, provided that they are authorised to do so by a resolution of the holders of the majority of the shares with voting rights in the matter, adopted in a meeting duly convened for this purpose in the manner prescribed in the articles 40 and 44 of this Law, or by the written consent of said shareholders.
- Consent of other classes **Article 69.** Notwithstanding the previous articles provisions, the Articles of Incorporation may require the consent of any class of shareholders in order to confer the authorisation mentioned in that article.
- Assets in trust or encumbrances **Article 70.** Unless the Articles of Incorporation provide otherwise, neither the vote nor the consent of the shareholders is necessary to transfer assets in trust or to encumber them with a pledge or a mortgage, in guarantee of the debts of the corporation.

Section VIII Merger with other Corporations

- Merger agreement **Article 71.** Subject to the provisions of the Articles of Incorporation, two or more corporations incorporated in accordance with this law may consolidate in order to form a single corporation. The directors or the majority thereof, of each of the corporations which wish to consolidate, may execute an agreement to this effect, which they should sign and in which they should establish the terms and conditions of the merger, the manner in which it will be effectuated, and any other facts and circumstances which are necessary according to the Articles of Incorporation or the provisions of this Law, as well as the manner of conversion of the shares of each one of the constituent corporations into shares of the new corporation, and any other details the lawful provisions which they deem convenient.
- Contents of the merger agreement **Article 72.** The agreement may establish the distribution in cash, promissory notes or bonds, in all or in part, rather than the distribution in shares, provided that, after this distribution the liabilities of the new corporation, including all of those acquired from the constituent corporations, and the capital which is issued in the new corporation,

	do not exceed the assets.
Approval by shareholders	Article 73. The merger agreement shall be submitted to the shareholders of each of the constituent corporations, to a meeting called specially for this purpose, in accordance with the provisions of articles 40 to 43 of this law. This meeting shall consider the agreement and shall vote as to whether or not to approve or reject it.
Execution of the merger agreement	Article 74. Without prejudice to the provisions of the respective Articles of Incorporation, if the votes of the holders of the majority of the shares with voting rights of each corporation were in favour of the merger agreement, this shall be attested to by a certification of the Secretary or Sub-Secretary of each corporation, and the merger agreement so approved and certified shall be executed by the President or the Vice President and the Secretary or Sub-Secretary of each constituent corporation in accordance with the provisions of article 2 of this law regarding the execution of Articles of Incorporation.
Registration of the merger agreement	Article 75. The merger agreement so executed shall be presented to the Mercantile Registry for filing, as provided for Articles of Incorporation, and once filed shall constitute the consolidation act of the respective corporations.
Rights and obligations of the consolidated corporation	Article 76. Once the merger agreement has been executed and filed in the Mercantile Registry in accordance with the two previous articles, each of the constituent corporations shall cease to exist and the consolidated corporation, so constituted, shall succeed the extinguished ones in their rights, privileges, powers and franchises as owner and holder of the same, subject to the restrictions, obligations and duties which corresponded to the constituent corporations respectively, and the encumbrances on assets shall not be prejudiced by the merger, but such encumbrances shall only affect those assets encumbered at the date of the execution of the merger agreement. The debts and obligations of the extinguished constituent corporations shall fall upon the new consolidated corporation and the fulfilment and payment may be enforced against it as if it had contracted for these directly.
Articles may establish conditions	Article 77. In addition to the requirements established in the law, the Articles of Incorporation of any corporation may determine and fix the conditions which must be fulfilled for the merger of the corporation with another.
Law suits	Article 78. In judicial or administrative proceedings in which one of the extinguished corporations or either of them was a party, the new consolidated corporation shall continue acting as a party.
Prior rights and duties	Article 79. The liabilities of corporations and their shareholders, directors or officers, as well as the rights and legal recourses of the creditors thereof or the persons who had business dealings with the consolidated corporations, shall not be diminished in any way or for by the merger.

Section IX Dissolution

Dissolution Agreement	Article 80. If the Board of Directors of any corporation subject to this law deems it convenient that the corporation be dissolved, they shall propose a dissolution agreement to the shareholders, adopted by a majority of
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	the directors, and shall, within the following ten days, call or cause to be called a shareholders meeting of those shareholders with voting rights in accordance with articles 40 to 43, to decide about the Board of Directors' resolution.
Approval of the dissolution agreement	Article 81. If in the shareholders meeting so called, the holders of the majority of the shares with voting rights in this matter adopt a resolution approving the dissolution agreement, a copy of said resolution of the shareholders shall be issued with a list of the names and addresses directors and officers of the corporation, certified by the President or a Vice President and the Secretary or Sub-secretary and the Treasurer or a Sub-Treasurer, and said certified copy shall be formalised by protocol and presented to the Mercantile Registry, in the manner prescribed in article 2.
Publication of the dissolution agreement	Article 82. Once said copy has been presented at the Registry, it shall be published at least once in a newspaper of the Republic in the place of its registered office, or if there is no newspaper in that place, in the Office Gazette of the Republic.
Dissolution by unanimous consent	Article 83. If all the shareholders with voting rights in the matter provide written consent to the dissolution, neither a meeting the Board of Directors nor a shareholders meeting shall be necessary.
Registration and publication of unanimous consent	Article 84. The instrument evidencing the consent of the shareholders shall be formalised by protocol, filed at the Mercantile Registry, and published in the manner prescribed in article 82. Once said formalities are complete, the corporation shall be considered dissolved.
Existence following dissolution or expiration	Article 85. Every corporations whose existence is terminated by expiry of the date established in the Articles of Incorporation or by dissolution, shall nevertheless continue for a period of three years thereafter for the specific purposes of initiating any special proceedings considered convenient, defending its interests as a defendant, arranging its affairs, transferring and disposing of its assets and dividing its capital; but in no case may it continue for the purposes for which it was incorporated.
Directors acting as trustees	Article 86. When the existence of a corporation is terminated by expiry of its duration, or by dissolution, the directors shall act as trustees of the corporation with powers to arrange its affairs, collect its loans, sell and transfer its assets of all kinds, divide its assets between the shareholders after paying the corporation's debts; and shall also have the power to begin legal proceedings in the name of the corporation with respect to its loans and assets, and to represent it in all proceedings which may be started against it.
Liability of trustee directors	Article 87. In the aforementioned case, the Directors shall be jointly and severally liable for all debts of the corporation, but only to the value of the assets and funds whose management and holdings they were entrusted.
Remuneration of trustee directors and vacancies	Article 88. Said directors are authorised to apply funds and assets of the corporation to the payment of a reasonable compensation for their services and may fill any vacancy which occurs in their number.
Majority decision of trustee	Article 89. The directors, when acting as trustees in accordance with the provisions of articles 86, 87, and 88, shall adopt their decisions by a

directors

majority of votes.

Section X Foreign Corporations

Foreign corporations operating in Panama

Article 90. A foreign corporation may have offices or agencies and do business in the Republic, after presenting to the Mercantile Registry for their filing the following documents:

1. Public deed, formalised by protocol, of the Articles of Incorporation;
2. Copy of the latest balance sheet accompanied by a declaration of the part of the capital which will be utilised or which it proposes to utilise for business in the Republic;
3. Certificate stating that it has been incorporated and authorised in accordance with the laws of its respective country, issued and authenticated by the Consul of the Republic in that country, or in the absence thereof, by a friendly nation.

Foreign corporations which breach these requirements

Article 91. The foreign corporations which operate in the Republic and which have not fulfilled the requirements of this law may not start legal or other proceedings before the courts or authorities of the Republic, but may be sued in all classes of trials before the judicial or administrative authorities, and furthermore may be liable for a fine of up to five thousand balboas(*) imposed by the Secretary of Economy and Finance(**).

*1 balboa = 1 US dollar

** the law actually states "Public Finance & Treasury" - but the name of the Ministry was later changed to the Ministry of Economy and Finance

Registration of amendments, consolidations and dissolution

Article 92. Foreign corporations registered in the Mercantile Registry in accordance with this law shall present for filing at the Mercantile Registry the amendments of their Articles of Incorporation, as well as any instruments of consolidation and dissolution which may affect them.

Section XI Miscellaneous Provisions

Laws applicable to corporations in existence prior to law

Article 93. National or foreign corporations which are established in the Republic or which have agencies or branches therein at the time this Law enters into force, shall be governed as to their corporate charter by their founding public deeds, their Bylaws and by the laws in force at their time or incorporation or their establishment in the Republic, as the case may be.

Application of this law to prior corporations

Article 94. National corporations incorporated prior to the entry into force of this law may at any time be governed by the provisions hereof, for which it will be necessary to evidence this decision by a resolution adopted by the shareholders which shall be filed at the Public Registry. The shareholders of national corporations actually dissolved but not liquidated, may, for the effects of the liquidation, adhere to the provisions of this article, provided that this be resolved by at least as many shareholders as required to agree to the dissolution of the corporation before the expiry of the period established for its term of existence.

Repeal

Article 95. All current provisions regarding corporations are hereby repealed.

Entry into force

Article 96. This law shall enter into force as of the 1st of April of nineteen twenty

seven.