

Commercial Code of Bolivia

(Decree Law No. 14379 of Feb. 25, 1977, effective from August 6, 1977, amended by Decree Law No. 15184 of Dec. 15, 1977, effective Jan. 1, 1978.)

PRELIMINARY TITLE. GENERAL PROVISIONS

BOOK ONE. MERCHANTS AND THEIR OBLIGATIONS

Article 1. Application of the Law -The Commercial Code shall regulate juridical relations derived from commercial activity.

In case not expressly regulated, the norms of this Code shall be applied by analogy, and, in defect of this,

the Civil Code shall be applied.

Article 2. Jurisdiction and Competency- Mercantile cases are under the jurisdiction and competency of the ordinary courts, in accordance with the provisions of the Law of Judicial Organization.

Article 3. Procedural Law - Procedures not regulated by this Code or by special law shall be subject to the provisions of the Code of Civil Procedure.

Article 4. Definition of Merchant - A merchant is a person who habitually practices any kind of commercial activity for lucrative purposes.

The quality of being a merchant shall be acquired even in the case in which the commercial activity is

exercised by means of a mandate, an intermediary or agent.

Article 5. Merchants - The following may be merchants:

(1) Natural persons with capacity to contract and to be obligated; and with their principal domicile outside the country, and established under the laws of the country of their domicile, shall remain subject to the provisions of this Code and other relative laws in order to operate validly in Bolivia.

Article 6. Acts and operations of commerce - The following are acts and operations of commerce, inter alia:

(1) The purchase of merchandise or movable property for the purpose of resale in the same state or after any transformation, and the subsequent alienation of same, as well as the act of transformation;

(2) The acquisition or rental of machinery in general or implements to lease them or sublet them, and the

leasing or sub-leasing of the same;

(3) The purchase-sale of a mercantile enterprise or commercial establishment or the alienation of

shares, stocks or quotas of interest in the capital fund;

(4) The receipt of cash on loan with or without guarantee, in order to distribute it on loan at interest and

subsequent loans, as well as habitually loaning cash at interest;

(5) Purchase or transfer of public or private securities with the aim of negotiating them, and the

management, authorization, acceptance or negotiation of the same;

(6) Transactions of the exchange, of auctioneers, brokers, commission agents, and the representation or

agencies or national or foreign firms;

(7) Bonds, avals and other guarantees granted in mercantile acts and operations;

(8) The business activity of premium or mutual insurance entitles, which insure against patrimonial and

personal damages.

(9) The business activity of premium or mutual insurance entitles, which insure against patrimonial and

personal damages;

(10) Industrial activity for the purpose of manufacturing goods by means of transforming raw materials,

whether such raw materials have been acquired or produce by the same entity;

(11) The business activity of transporting persons or goods at onerous title, whatever the way or method

utilized; as well as the operation of communications;

(12) The business activity of depositing merchandise and goods;

(13) The business activity of hotels, boarding houses, apartments, restaurants, bars, cafes, public

spectacles and other similar establishments;

(14) The business activity of publishing periodicals, editorials, printing , photograph, photocopying,

publishing books, notices, information and advertising;

(15) The business activity of sanatoriums, clinics, pharmacies and other similar establishments,

including funeral homes;

(16) The business activity of construction and building in general;

(17) The business activity of the extractive industry, as well as the search for and exploitation of

renewable and non-renewable natural resources;

(18) The business activity of business promotion or business administration;

(19) Private educational enterprises and schools organized for lucrative purposes;

(20) Banking activities; (Amended by Decree Law No. 15184 of Dec. 15, 1977.)

Article 7. Commercial Acts by Connection - Acts by merchants in connection with their commercial activities and those executed by any person when their purpose is compliance with commercial obligations, shall also remain subject to this Code.

Article 8. Non-Commercial Acts - The following are not commercial acts;

(1) The direct production and negotiation or agricultural goods, livestock, poultry and other similar fruits and products, unless that production and negotiation constitutes a business activity;

(2) The direct rendering of services by professionals, as well as scientific or artistic creations and their

alienation by their author;

(3) Manual works or offices or services of artisans, workers and others, established without businesses, and whose subsistence depends upon such products;

(4) Family boarding homes personally attended by the owner, when such activity is engaged in as a

method of subsistence;

(5) The acquisition of fruits, merchandise and other goods for the purpose of consumption or use, or the

occasional sale of an excess, and

(6) The acquisition and imposition of real property, except when engaged in by enterprises habitually

exercising such activity.

Article 9. Mixed Mercantile Acts - If the act is commercial for one of the parties, it shall also be regulated by the provisions of this Code.

Article 10. State Enterprises - State, municipal or other fiscal enterprises are not commercial enterprises, but may engage in acts of commerce with private parties, and on account of such acts or commerce remain subject to this Code and special laws on the matter.

Article 11. State Enterprises - The following are mercantile assets:

(1) Mercantile enterprises or commercial establishments;

(2) Merchandise or goods to display merchandise and other movable goods for transfer by or to mercantile

enterprises;

(3) Real property, when it is the object or commercial activity of the enterprise;

(4) Securities;

(5) Industrial property, trade names, advertisement, trademarks, patents, licenses of use and operation and

other similar signs

(6) Other assets regulated by this Code.

BOOK ONE. MERCHANTS AND THEIR OBLIGATIONS

TITLE I. MERCHANTS

CHAPTER I. COMMERCIAL OPERATION

Article 12. Capacity - Persons with capacity to contract and be obligated in accordance with the Civil Law, may undertake commercial operations.

Article 13. Emancipated or habilitated minors - (Amended by Decree Law No. 15184 of Dec. 15, 1977.)

Emancipated or habilitated minors who have reached at least 18 years of age may carry on commercial

activities.

The requirements fulfilled, such a minor shall be considered of majority age for all commercial effects and

obligations; he may not in any case invoke the rights inherent to his minority against third parties of good

faith.

Article 14. Continuation by the father or the mother - The father or the mother, in exercising their parental authority, may continue the mercantile negotiations belonging to their minor child through inheritance, gift or legacy, in accordance with the provisions of the Family Code, and must render account when the child reaches majority age or becomes emancipated.

Article 15. Continuation by Guardians - In the case of a minor subject to guardianship or of a person declared incompetent, the Family Court shall decide, upon testimony of experts and of whoever is legal representative, whether to continue the business or to liquidate it, and must establish in each case the bases to which it shall be subject, unless there is a special provision of the donor or decreased which shall be respected.

Article 16. Appointment of the Administrator - Persons who exercise parental authority or guardianship, and do not assume administration of the business, shall appoint an administrator or administrators under their liability. The family court shall establish the guarantees which they must authorize.

Article 17. Married Women - A married woman who has reached majority age as set forth in Article 13 may carry on commerce separately from her husband, and as liability for those acts, her own assets or part of the common property shall be obligated in accordance with the provisions of the Family Code.

Article 18. Commerce for both spouses - If the spouses carry on commercial activities jointly, both shall be considered as merchants, unless one of them is solely an auxiliary or employee of the mercantile activity of the other.

Article 19. Impediments and Prohibitions to the Exercise of Commerce - The following are impediments and prohibitions to the exercise of commercial activities:

- (1) Persons incapacitated by legal provisions or as a consequence of judicial sentence.
- (2) Bankrupt persons who have not been rehabilitated.
- (3) Directors, administrators, managers or legal representatives, as well as syndicates of companies

declared in a state of culpable or fraudulent bankruptcy for the penal period; and

- (4) Officers or public employees of official or semi-official entitles in relation to activities which encumber

their functions.

Article 20. Legal Presumption - For legal purposes, it shall be presumed that a person is carrying on commercial activities in any of the following cases;

- (1) He has an establishment or location open to the public; and
- (2) He announces by any media that he is a merchant.

Article 21. Penalty of Commercial Incapacity - In felonies against property, public faith, the national economy, industry and commerce or for contraband, unfair competition, usurpation of industrial property rights and others carrying on commercial activities concurrent with the condemnation, shall be imposed.

Article 22. Loss of Quality of Merchant The quality of merchant shall be lost by incapacity for carrying on commercial activities.

Article 23. Liability of Parents and Guardians - The exercise of commerce without the required capacity does not confer the quality of merchant.

Those who exercise parental authority and guardianship shall be personally liable for damages and

losses occasioned by third parties of good faith by commercial activities engaged in by incapacitated

persons in their care.

Article 24. Liability of Impediments and Prohibitions - Persons included in Article 19 who, notwithstanding, shall be engaged in commerce, are considered as merchants only for purposes of civil liability and shall be subject to penal sanctions they incur.

CHAPTER II. OBLIGATIONS OF MERCHANTS

Article 25. Obligations of Merchants

All merchants are obligated:

- (1) to be registered in the Commercial Registry;
- (2) To inscribe in the same Registry all acts, contracts and documents which the Law demands;
- (3) To advise the competent authority the cessation of payments for obligations contracted, within the
period fixed by Law;
- (4) To keep accounting records of their negotiations in proper legal form;
- (5) To comply with tax obligations as prescribed by Law;
- (6) To keep books, documents and other papers related to their negotiations for the length of time
prescribed by Law;
- (7) To abstain from executing acts which would give evidence of unfair competition;
- (8) To fulfill other obligations as prescribed by Law.

CHAPTER III. COMMERCIAL REGISTRY

Article 26. Charge of the Commercial Registry - The Commercial Registry shall be under the charge of the Ministry of Industry, Commerce and Tourism, and its administrative organization and it shall be regulated by the respective regulation.

Article 27. Purpose of the Registry - The purpose of the Commercial Registry is to keep a record of merchants and of all the acts, contracts and documents required by the Law.

Article 28. Persons subject to Listing - Individuals or legal entities mentioned in Article 5 except joint ventures or participation accounts must be registered in the Commercial Registry.

Article 29. Acts and Contracts Subject to Recording - The following must be recorded in the Commercial Registry:

(1) The system regulating conjugal relations and, if such is the case, the liquidation of the conjugal family

by divorce or separation of property, when the husband and the wife, or either of them are merchants;

(2) Emancipations or authorizations that, in accordance with the Law, authorize minors to carry on

commerce;

(3) Resolutions or sentences prohibiting a merchant from carrying on commerce; a judicial interdiction

pronounced against a merchant; preventive agreements; the declaration of bankruptcy and appointment

of liquidators or trustees; public charges that incapacitate the exercise of commerce and, in general,

incapacities provided by Law;

(4) Constituting contracts of mercantile companies, their amendments and amplifications, as well as the

winding up, transformation or merger of such companies;

(5) Any act, by virtue of which the power of general or special administration of assets or negotiations of

the merchant shall be conferred, amended, substituted, or revoked;

(6) The opening of commercial establishments and of branch offices or agencies and acts which change

or affect their ownership or their administration;

(7) Encumbrances and related civil demands by law whose change is subject to the Commercial

Registry;

(8) Approval, additions and statutory reforms and, if required, the regulations;

(9) Designation of legal representatives and liquidators and their removal in the case of liquidation of a

company;

(10) Bonds of directors, administrators, trustees, and all who are obligated to loan them, as well as their

cancellation, and

(11) Other acts and documents provided by Law.

Article 30. Obligation of Reporting to the Commercial Registry - The merchant is under obligation to report to the Commercial Register any change or transfer relative to his commercial activity and in case of loss of his standing as merchant. Branches, agencies and commercial establishments are also under such obligation, as are any acts and documents subject to registration.

Article 31. Effects of Listing and Registration - The listing may be required at the commencement of trade or within the month, if the regulation does not fix a definite term for it. However, acts and documents subject to recording shall have no effect against third parties until the date of recording. No inscription may be made altering the order of their presentation.

Article 32. Request of Recording - The recording may be requested by the merchants or by any interested person. In the case of an erroneous inscription, it may be appealed within 5 days before the Superior Court of Justice of the District, without further recourse.

Article 33. Evidence of Listing - Merchants appearing in court may be demanded to show their listing in the Commercial Register.

Article 34. Sanctions - A person who habitually carries on commerce without being listed in the Commercial Register shall be sanctioned by a fine imposed by the Commercial Register, without prejudice to other legal sanctions. This sanction shall also be applied if the inscription of acts and documents subject to be registered is omitted.

Article 35. Other Registers - Registers created for certain companies, by virtue of their object, as in the case of cooperatives and others, shall be regulated by their respective laws.

CHAPTER IV. ACCOUNTING

Article 36. Obligation to Keep Accounts - All merchants are obligated to keep an accounting adequate to the nature, importance and organization of the enterprise, on a uniform base permitting a demonstration of the situation of its negotiations and a clear

justification of all and each act and operation subject to accounting; they must also keep in good state books, documents and correspondence relating.

Article 37. Books - The merchant must obligatorily keep the following books: Journal, Ledger, Inventories and Balance Sheets, unless other books are specifically required by law.

He may also keep such books and records as he esteems convenient for greater order and clarity and to

obtain information and exercise control. Such books are auxiliary books and are not subject to the

provision in Article 40, even though those considered necessary may be legalized in order to serve as

evidence along with the obligatory books.

Article 38. Small Merchants - Individual merchants who carry on small business, whose volume of operations and capital employed in their commercial activities do not meet the minimum required by legal provisions on that matter, shall comply with the obligation imposed by the preceding article by daily registering a resume of purchases and sales on the accounts, and by a list of credit transactions including collections and payments realized for that purpose.

Article 39. Persons Authorized to Keep Books - The accounts shall be kept by legally authorized accountants who are regulated by rules on liability, system of procedure, remuneration, and guarding of accounting secrets, without prejudice to the liability of merchants to whom they render their services.

Article 40. Manner of Presentation of the Books - Merchants shall present the books they are obligated to keep, bound and numbered by a Notary Public before they use them, including on the first page of each one what the books shall be used for, the name of the person to whom it belongs and the number of pages that it contains, dated and signed by the Notary, stamped also on all the leaves must be the stamp of the notary who authorizes it and complies with the established fiscal requirements.

The entries and notations effected by any kind of mechanical or electronic method on removable leaves or

cards are also valid, so long as they are bound correlatively afterwards into the obligatory books which

must be legalized, provided that they facilitate the operations and shall serve as clear, complete and

faithful evidence.

The authorization for their use shall be granted by the Commercial Register upon request of the interested

party, requiring a resolution founded on the basis of opinion of experts, which may be dispensed with in the case of existing antecedents of use with respect to the proposed procedure.

In the case of stock corporations, the authorization shall be granted upon a favorable opinion of the

respective administrative organization of control.

Article 41. Language and Currency - The accounting items must obligatorily be made in the Spanish language, expressing their values in national currency. Nevertheless, for purposes of internal order, a language different from Spanish may be used and their value expressed in foreign currency.

Article 42. Prohibitions - The following shall be prohibited in books of accounting:

- (1) Altering the progressive order of dates of operations;
- (2) Leaving blank spaces;
- (3) Having interlineations and superimpositions;
- (4) Erasing or crossing out any part of the entries;
- (5) Tearing out leaves, altering the order of numbering or mutilating the pages of the books.

Any error or omission shall be corrected with a new entry on the date it was found; a clear explanation shall accompany such entry.

Article 43. Sanctions - Violation of the two preceding articles, without prejudice to the corresponding penal action, shall render the books containing such irregularities invalid in court for the merchant who has kept them.

Article 44. Entries in the Journals and Ledger - In the Journal by the operation of the enterprise shall be entered day by day in a progressive (chronological) order, so that each entry clearly expresses the account or accounts of debits and credits, with a clear and precise explanation of such operations and their amounts, indicating intervening persons and supporting documents.

The references and debit or credit amounts of each account affecting the operation shall be transferred

from this book to the Ledger in the same chronological order, in order to maintain balances for

individualized accounts.

Article 45. Concentration and Notation by Periods - It is valid, nevertheless, to make a joint notation of totals of transactions for periods no longer than a month, provided that details appear in other books or auxiliary registers, in accordance with the nature of the activity. In this case books shall be considered as an integral part of the Journal.

Article 46. Inventories and Balance Sheets - The book of Inventories and Balances shall be opened with the initial inventories and balances, and following the annual or semestral fiscal period, shall contain the final inventory and general balance, including the account of results. These financial statements shall be elaborated, in accordance with the class of activity, with uniform accounting criteria permitting clear, complete and true knowledge of the financial state of the operation, the patrimonial situation and profits obtained or losses suffered during the fiscal period.

The statement of results shall reflect profits obtained and expenses or losses deducted in order to

determine net gains or losses of the fiscal period and to distinguish the current results from those originating in extraordinary operations.

Article 47. Appraisal of Parts of the Balance Sheet - Without prejudice to special laws, parts of the Balance Sheet shall be appraised, when necessary, in accordance with objective criteria guaranteeing business interests and interests of third parties in agreement with the principles demanded by order and prudent economic management. Once adopted, a criterion of valuation shall be maintained, and may not be changed without justifiable cause. Likewise, the method of determination of cost or other applied value must be indicated in the balances and inventories, or on a separate page.

Article 48. Balances of Banks, Financial and Insurance Entities - Without prejudice to what is established in this chapter, banks and other financial or credit entities, as well as insurance companies, are subject to the rules on information, accounting and other concomitant aspects, established by the respective administrative organ of fiscalization.

Article 49. Signatures and Liabilities - The merchant himself or his authorized legal representatives shall sign the balance sheet of the fiscal period and the account of results, jointly with the professional preparer. Applicable legal rules shall establish liability for the veracity of those statements.

Article 50. Period for elaboration and revision of the balance sheet - Merchants must file the balance sheet and other financial statements with the authorities established by law, and with the organizations of internal direction and control, within the periods set forth by the respective provisions, under their report to the meeting.

Article 51. Correspondence File - The merchant must keep a file copy of correspondence relating to business negotiations by whatever means will assure the exactitude and durability of the copy. Also, he shall keep the correspondence he receives relative to his commercial activities, with notation of the date of receipt, reply or note of not having answered.

Also, he shall keep files of documents establishing entries in this accounting books. in a form which would facilitate their verification at any time.

If the books are made up of removable pages or cards, they must be numbered and kept in files for later

binding.

Article 52. Conversation of books and commercial papers. - Books and papers to which the preceding article refers must be kept for at least 5 years from their closure or from the date of the last entry or proving document, unless special provisions establish another period for certain types of documents. After this period destroyed, provided the legal norms are complied with.

Article 53. Obligation to keep books and papers even in the case of ceasing of activities or the death of the

merchant.- The cession or commercial activities does not exempt the merchant from the obligation referred to in the preceding article, and if he should die, the obligation falls upon his heirs. In the case of winding up of a company, the liquidators are obligated to comply with the preceding provision.

Article 54. Audit - The balance sheet of the fiscal period and the account of results are subject to verification and exemption by a legally authorized auditor, in the following cases:

- (1) When the Law, the regulations or the statutes expressly establish it;
- (2) Upon request of persons or entitles who have a legal right;
- (3) In the case of issuance of securities for public offering or listed on the Securities Exchange;
- (4) Upon court or controlling authority request for a legitimate reason.

The verification shall include a substantiation of the balance sheet and account or results by the auditor at

his liability, and of the accounting and documents.

The regulatory norms concerning liability, incompatibility, retribution and system of actuation shall apply as regards the guarding of professional secrecy by the auditor.

Article 55. Audit order by the court or controlling authority - In the case of non-compliance with the obligation of verification established by reason of Numbers (1), (2) and (3) of the preceding article, the court or competent administrative authority, by petition of the interested party, shall order such verification by a court appointed auditor.

In the case shown in Number (4), the petitioner shall be required to adequately guarantee payment of

processing costs and verification expenses which shall be charged to him if there are no essential

violations or irregularities in the accounting investigated.

Article 56. Prohibition of investigations - Official investigations of books and accounting registers are prohibited, except when carried out by provisions of judicial authority.

The provision of this article shall not restrict the right of inspection of the books, correspondence and

documents or commercial companies that the law grants to partners, neither does it restrict their right to

control, receivership or audit of them.

Article 57. DeOfficio inspection of books and papers - The judicial or administrative authorities may only order DeOfficio inspection of books, correspondence and documents of merchants in the following cases:

(1) To define amounts of taxes owned in cases of controversy;

(2) To exercise vigilance and control of stock corporations, banks, financial entities and other credit

institutions, as well as insurance companies;

(3) In the investigation of felonies, in accordance with the provisions of Penal Procedure.

Article 58. Cases in which the books and other documents shall be investigated, exhibited or surrendered - The investigation, exhibition or surrender of books, correspondence and other documents of merchants,

may only be ordered deofficio or at the request of a party in cases of secession, suspension of payments,

bankruptcies and liquidation.

Article 59. Exhibition by request of party - In the cases set forth in the preceding article, the exhibition of the books, correspondence, and documents of merchants may only be ordered by request of a party when the person has a legitimate interest or liability in the matter for which the exhibition is requested.

The examination shall be limited exclusively to the matters relative to the request.

Article 60. Place of exhibition - In all cases, the exhibition shall be made in the establishment of the merchant or in the place where the books, correspondence and documents are kept, in the presence of the merchant or of the person he has commissioned for that purpose, without power to demand their transference.

Article 61. Refusal to exhibit - If the merchant does not present books, correspondence and documents whose exhibition has been legally ordered, or if he should hide any of them or impede their examination, proceedings shall be ordered for their collection.

Article 62. Evidence among merchants - Commercial books and papers kept with all the requirements demanded by this chapter shall constitute plenary evidence in mercantile controversies, whether judicial or extra-judicial.

If in a litigation, one of the parties presents books kept as required by Law, and the other party does not, the litigation shall be resolved in favor of the party who has kept the books properly, unless plenary evidence is presented which should destroy or discredit the contents of such books.

If the books of both parties are not subject to legal prescriptions, such books shall be totally rescinded, and

only other evidence shall be taken into account for the litigation.

Article 63. Evidence with non-merchants - In a litigation between a merchant and private parties who are not merchants, the books shall only constitute a rule of evidence which must necessarily be complemented with other legal evidence.

Article 64. Double Accounting - If a double set of books is kept for fraudulent purposes, the books and papers shall constitute evidence against the merchant, independently of applicable penal sanctions.

Fraudulent double accounting exists when a merchant keeps two or more sets of books which register the

same operations in a different manner, when he has different evidentiary documentation on the same acts

or when the operations are only partially recorded.

Article 65. Filing and reproduction of documents - Merchants may keep their documents and correspondence in general by means of systems of micro-filming, photographic copies, photostats and other similar systems, in compliance with the legal requirements demanded for this purpose.

CHAPTER V. UNFAIR COMPETITION

Article 66. Unfair Competition - A commercial activity constituting unfair competition, in accordance with the provisions of this Code and related laws, shall be sanctioned in accordance with the provisions of the Penal Code.

Article 67. Indication of Place of Origin - Merchandise produced in the Country must be marked "Hecho en Bolivia", without prejudice to the same expression in other languages.

Article 68. Prohibited Uses - The use of marks, countersigns, words, drawings or indications that may induce public confusion concerning quality, derivation or quantity of objects offered for sale, shall constitute a crime sanctioned by the Penal Code.

Article 69. Acts constituting unfair competition - The merchant who does the following shall be considered as engaging in unfair competition:

(1) Violates the provisions pertaining to commercial name, trademarks, invention patents, advertising,

patterns, secrets, etc.;

(2) Operates under assumed names or adopts distinctive signs that can be confused with the products,

activities or advertising of other competitors;

(3) Uses methods or systems tending to discredit the products or services of a competitor or altering them

with the intent to deceive;

(4) Uses a name of origin or imitates and profits by the qualities of foreign products for his own benefit;

- (5) Employs exaggerations whose use may induce errors of judgment in the public;
- (6) Suborns employees of another enterprise in order to obtain its clientele or exercises machination to find out confidential techniques and methods of his competitors;
- (7) Uses fraudulent methods or systems designed to disrupt the commercial market;
- (8) Effects any other procedure, in detriment to other enterprises, contrary to Law and mercantile custom.

Article 70. Action of damaged parties - Damaged parties may have recourse to the competent court, in summary proceedings, in order to order:

- (1) The abstention from the denounced act and the destruction of the material methods employed, and
- (2) Public rectification in the case of inexact or false affirmations.

The damaged party may also demand the payment of damages occasioned as well as the granting of

guarantees set forth by the court for responding to acts of unfair competition.

If such acts cause damages to a group of merchants, the action may be executed personally or by the

corresponding chamber.

Article 71. Non-compliance with judicial resolution and fines - The non-compliance with the judicial resolution ordering the cessation of acts of unfair competition within the period set forth by the court, shall render the merchant guilty of contempt subject to a fine of from .002 to 0.01 of his capital, without prejudice to the sanctions established in the Penal Code.

TITLE II. COMMERCIAL AUXILIARIES

CHAPTER I. FACTORS OR ADMINISTRATORS

Article 72. Concept - A factor is a person in charge of the administrations of negotiations or of a commercial establishment, appointed by the owner.

Article 73. Manner of Acting - A factor must act in accordance with the faculties and powers granted him by the holder of the general or special mandate, and by the acts, contracts, and documents relative to the management of the enterprise or establishment showing the kind of mandate given him.

The factor shall be considered empowered to fulfill all acts and contracts relative to the management of the enterprise or established, including judicial intervention as plaintiff or defendant, unless the principal sets specifically determined limitations which are notarized and recorded in the Commercial Register.

In the absence of inscription in the Commercial Register, the limitations are not opposable before third

parties.

Article 74. Effect of the Acts - All acts and contracts celebrated by the factor in his capacity, shall obligate the principal without exception, provided that the factor has acted within the limits of his mandate. Even when the factor acts in his own name, if it can be shown that he really acted on behalf of his principal, the principal shall be jointly and severally liable with the factor.

Article 75. Presumption of a mandate - If the acts performed by the factor involve operations included in the ordinary management of the enterprise or establishment, they shall be understood to be acts in the name of and on behalf of the principal, even when the factor has not demonstrated them as such in his execution of them, has transgressed his powers or has committed abuses of trust, without prejudice to the actions the principal may take against the factor.

The principal shall, however, be liable for acts executed by the factor, having been entrusted with the

ordinary management of the enterprise or establishment, when the factor has worked in accordance with

his instructions, when they have been either expressly approved or when, by positive acts, they may be

presumed valid.

Article 76. Recording in the Registry - The designation of factor, mandate and its modifications shall be recorded in the Commercial Register along with the principal enterprise or establishment.

Revocation of powers must also be recorded in the Commercial Register.

Failure to record makes an act unopposable before third parties.

Article 77 Plurality of principals - If there are several principals, all shall be jointly and severally liable for the acts of the factor.

Article 78. Several factors - If there are several factors, all shall act jointly unless the mandate states that each one may act, totally or partially, independently of the others.

Article 79. Remuneration - The factor has a right to the agreed remuneration and to perquisites recognized by law.

Article 80. Prohibitions - The factor, unless there is express authorization of the principal, may not perform the following acts:

- (1) Delegate the mandate that has been conferred on him;
- (2) Reveal industrial or commercial secrets of the enterprise he administrates;
- (3) Constitute an enterprise with purposes similar to those of the principal's enterprise;
- (4) Execute, in his own name or that of another, negotiations of the same kind as those of the enterprise to which he renders services.

In this latter case, the principal may receive whatever profits are obtained without being liable for losses.

Article 81. Termination of function - The functions of a factor shall cease by:

- (1) Death, incapacity or disqualification for carrying on commerce;
- (2) Revocation of his powers;
- (3) Dissolution or alienation of the enterprise;
- (4) Withdrawal, once accepted;
- (5) End of the agreed term;
- (6) Bankruptcy of the enterprise.

The death of the principal shall not interrupt the functions of the factor and does not revoke his powers, but he must offer surety if so requested by the heirs. The surety shall be qualified by the competent Court.

In all cases of cessation of functions of the factor, the fact must be recorded in the Commercial Register.

Article 82. Compliance with Laws - The factor shall conserve the laws and regulations of commerce in relation to the enterprise or establishment he administrates.

Article 83. Rendition of accounts - The factor must render accounts of his management in established periods.

Article 84. Revocation or transferal not notified to the factor - Acts and contracts celebrated by the factor in the name or and on behalf of the principal are valid, even in the case of revocation of powers or sale of the enterprise, if such acts were not notified to the factor within an opportune time.

Article 85. Termination of the mandate by fraud - In addition to the cases set forth by Law, the mandate shall terminate when the factor, in carrying it out, commits fraud or abuse of trust, without prejudice to the penal action to which he is liable; likewise, if he violates the prohibition of delegating his mandate.

Article 86. Liability for damages - The factor is liable for any damages occasioned by the principal for fraud, negligence or violation of instructions received for the fulfillment of his functions.

Article 87. Factors not expressly constituted - Acts of the factor not expressly authorized shall find, as well, the liability of the principal when, by positive acts or gave omissions, they have taken place by reason of the faculty for acting in his name.

Article 88. Fines - The fines imposed for guilt of the factor for violation of the Law or regulations shall be charged to the establishment that he administrates, notwithstanding the right of the principal to receive repayment from the factor if he was liable for the sanctioned acts.

CHAPTER II. EMPLOYEES

Article 89. Concept - An employee is a person to whom the principal of an enterprise or establishment charges with the carrying out of determined labors proper to commercial management or to a class of negotiations, in temporary or permanent form.

Article 90. Acts of employees - The employer is liable for the acts of his employees when he has expressly conferred the faculty of executing, in his name, determined operations of his commercial management, or when such acts result from the exercise of entrusted functions.

Contracts celebrated by persons with employees to whom the employer has given his written authorization

to execute any operations of his management shall also obligate the employer; but the authorization must

be granted by means of a notarial power registered in the form set forth in Article 76, in order to sign

correspondence, collect, draw, accept or endorse bills of exchange, draw cheques, subscribe other documents that produce an obligation or to celebrate contracts by correspondence.

Article 91. Authorization for collection - Sales personnel shall be understood to be authorized to receive the price of minor sales when the collection is in the place of the negotiation, duly expedited in the name of the employer, invoices or receipts corresponding utilized on proper forms.

Sales personnel have also the faculty to receive the price of major sales provided that the sales shall have

been counted and the payment made in the establishment in which the services were rendered.

Faculties for receiving cash may be limited if those limitations are posted visibly some place in the

establishment.

Article 92. Authorization for collecting in case of being bearer of the document - When sales are made on installment and the price is not paid where the sale was made, the employee may only collect if the document on which the receipt of the adequate amount is declared is duly signed by the employer or his authorized representative.

Article 93. The traveling employee - The traveling employee is one who promotes sales or solicits in zones or places different from that of the principal establishment.

Any other faculty must be granted expressly in writing, and shall obligate the employers to the extent of the attributions set forth in the respective documents.

The traveling employee may have, without prejudice to the prescribed precedent, the quality of common

employee during periods he acts within the principal establishment, under agreed form and conditions.

Article 94. Reception or dispatch of merchandise - Reception or dispatch of merchandise which an employee makes by instruction of the employer, shall be considered as acts by the latter.

Article 95. Applicable rules - Articles 79, 85 and 86 shall be applied to employees.

CHAPTER III. BROKERS

Article 96. Concept - The broker is an individual or legal entity established on his own account who mediates between the offerer (seller) and the bidder (buyer) to obtain agreement of both for the direct concretion of the contract by the interested parties, without having an employee or representative relationship with the parties.

Article 97. Requirements for qualifications - Only persons who have been qualified by the competent administrative organ may be brokers, upon previous compliance with the requirements and conditions of the respective regulations and inscription in the corresponding Registry.

In addition to the conditions demanded by this Code for merchants, a broker shall have a special

knowledge of the market and be capable of appraising and ascertaining the reality and certainty of the

negotiation in question.

Article 98. Violation of rules - In case of violation of the rules set forth in this chapter and in the regulations, the competent administrative organ is empowered to impose sanctions consisting of fines or cancellation of the authorization, without prejudice to the corresponding penal sanctions.

Article 99. Remuneration - Brokers have a right to an agreed commission. In the absence of a stipulated amount the usual commission shall apply, and if there is no usual commission set, experts shall set it in accordance with the corresponding rate in force.

Unless there is a stipulation to the contrary, the contracting parties shall contribute equally to the payment of the broker's commission.

The broker shall have a right to the commission in all cases in which the parties have agreed upon the

negotiation.

Article 100. Costs incurred by the broker - The broker shall have a right to reimbursement of authorized costs incurred in handling the commission, even when the negotiation, has not been celebrated or executed.

Article 101. Conditional or null negotiations - In negotiations subject to regulating conditions, the intervening broker has a right to the commission from the date of the negotiation. If it has been celebrated under a suspensive condition, the broker has a right to his commission upon the fulfillment of the condition.

The nullity of the contract shall not affect such rights if the broker is not informed of the causes for nullity.

Article 102. Register Book - Brokers shall keep a book called the "Register Book", in which they will note in chronological order all negotiations in which they have intervened, indicating the name and address of the parties, quantity, price of merchandise or assets, their description and the commission received.

This book shall be opened and kept with the same formalities required for accounting books.

Article 103. Duties and obligations of brokers - The following are duties and obligations of brokers:

(1) Substantiating the identity and capacity of the contracting parties;

(2) Proposing the negotiations with clarity and exactitude, abstaining from offering falsities which may

induce the interested parties into error;

(3) Keeping the patterns of the merchandise sold which shall serve as a basis of the negotiation;

(4) Keeping the negotiations he is entrusted with secret, except in the case of judicial order, and

(5) Giving immediate notice to the principal when mis-intervention in the negotiation is not accepted, taking the necessary steps for return of the objects, documents or securities he has received, under liability or repaying damages and losses.

Article 104. Prohibitions - The broker is prohibited from:

(1) Negotiating on his own account and being mandatory, factor, employee or agent of a merchant;

(2) Being charged with collections and payments for another's account or complying with or demanding that the contracting parties comply with their obligations;

(3) Guaranteeing the contracts in which he has intervened; being drawer, acceptor, endorser or beneficiary

of securities he has negotiated, and, in general, contracting any obligation extraneous to his function;

(4) Forming a company, except he is allowed to own stock in companies, but can not be director or

administrator of any;

- (5) Purchasing for himself the merchandise, assets or securities which he is negotiating;
- (6) Incurring any other prohibitions imposed by Law or in the respective regulations.

The violation of those prohibitions shall be sanctioned by the cancellation of the respective authorization.

Article 105. Insurance Brokers - An insurance broker shall be charged habitually with offering insurance, promoting the celebration of such contracts and negotiating their renewal. The broker shall be distinguished from the insurance agent in that the latter is an employee of the insurer, in accordance with a special regulation.

Article 106. Subjection to control of the respective organ - Insurance brokers are subject to control and auditing by the respective specialized administrative organ and must comply with the requirements and conditions set forth in this Code and in the respective Regulations.

Article 107. Inscription and Certification - Insurance brokers must be recorded in the specialized administrative organ which shall issue a certificate authorizing them as insurance brokers, provided they comply with the requirements and conditions set forth in the respective regulations.

Article 108. Use of the term "Broker" Only a person who has complied with the requirement of inscription and who has been issued the certificate by the specialized administrative organization, may use the title, "Broker".

Article 109. Fraudulent bankruptcy - Bankruptcy of a broker shall be considered fraudulent, unless there is proof to the contrary.

CHAPTER IV. AUCTIONEERS

Article 110. Concept - An auctioneer is an individual or legal entity who habitually acts as seller in competitive public bidding, to the highest bidder, of assets of any kind which are entrusted to him for that purpose.

Article 111. Inscription - In order to legally carry on the activities of an auctioneer, recording in the Commercial Register is obligatory.

Article 112. Location and authorization for functioning - The auctioneer, in order to carry out his activity, must have an adequate place open to the public for auctioning and obtain authorization from the respective Municipality.

Article 113. Record of the right to auction - Persons who deliver assets to the auctioneer for competitive bidding must accredit the right of disposal of them. Without such justification the auctioneer may neither receive them nor sell them.

Article 114. Acts of auctioning - The auction shall begin on the day and hour fixed, and previously announced with due anticipation; the auctioneer shall announce the state and characteristics of the assets which are the object of the auction in a loud voice and in an intelligible manner, inviting the public to make bids.

Whether or not a minimum base is established, it shall be enough that a bid is produced in order that the

auction not be suspended.

Final adjudications shall be indicated by means of a blow of the auctioneer in favor of the higher bidder.

Article 115. Adjudication on account - Any action effected by means of an auctioneer shall be on account and he shall extend the respective receipt in favor of the adjudicator.

Notwithstanding the preceding, the adjudicator who may not pay immediately shall deposit at least 10% of

the value of the auctioned asset and shall have a period of three days from the auction to pay the balance

owed, without necessity of any other requirement.

If after three days the balance owed had not been paid, the adjudication shall remain without effect and the deposit shall be confiscated by the owner of the asset and the auctioneer, who will share equally in its

amount.

Article 116. Books - The auctioneer is obligated to keep the following books:

(1) "Consignments", noting in chronological order the assets, merchandise or species that have been

received, indicating the amount, weight or measure and other characteristics, as well as the name and

address of the person for whose account the item is to be auctioned and the estimated price;

(2) "Sales". in which the assets, merchandise or species sold shall be registered specifically, indicating

the name of the purchaser, his address and the price, along with the account and order of the principal.

(3) "Current Accounts", between the auctioneer and each one of the principals.

The three books mentioned above shall have the same value in evidence as accounting books, if they are

kept with the requirements and formalities of the Law.

Article 117. Prohibitions - All the prohibitions set forth for brokers shall be applied to auctioneers.

Article 118. Sanctions - The broker who adjudicates the asset to be auctioned to any person who does not express his bid in a loud voice and in an intelligible manner, shall be fined with a sum equal to the value of auctioned asset. This sanction shall be imposed by the municipal authority without prejudice to those provided in the Penal Code.

Article 119. Rendition of accounts- Within three days from verifying the auction, the auctioneer shall render accounts and, within five days following the auction, shall pay the principal the net balance of the bid.

An auctioneer who is late in rendering the accounts and in paying the net balance of the bid may be sued,

losing in this case his right to commission, without prejudice to corresponding suits for losses occasioned.

Article 120. Commission - In the absence of a rate adequately regulating the commission of an auctioneer, it shall not exceed 10% of the value of the sale including costs of publicity, storage, etc., unless those costs are accountable to the principal due to the nature of the asset to be sold or due to the time exceeding normal time for realizing the competitive bidding and delivery of assets to the purchaser.

Article 121. Bond - Auctioneers, before beginning their activities, must secure a bond to the order of the respective municipality for the amount determined in its ordinances. The bond shall cover the liabilities of the auctioneer.

Article 122. Auctioneers considered consignees - When the owners of the assets are not present at the auctioning, the auctioneers are considered as consignees, and as such subject to the provisions of the chapter, "Commissions and Consignments".

Article 123. Supplementary application of provisions - In the cases not provided in this chapter, the provisions for mandate shall be applied whenever they are

compatible.

Article 124. Fraudulent bankruptcy - Bankruptcy of an auctioneer shall be considered fraudulent unless there is evidence to the contrary.

TITLE III. COMMERCIAL COMPANIES

CHAPTER I. GENERAL PROVISIONS

Article 125. Concept - For a commercial company contract, two or more persons shall be obligated to make contributions to be applied for the benefit of the common purpose and the profits or losses from the activity are to be divided between them.

Article 126. Types of companies - Commercial companies whatever their object, may only be constituted in one of the following types:

- (1) Collective or General Partnership (Sociedad Colectiva);
- (2) Simple Limited Partnership (Sociedad en Comandita Simple);
- (3) Limited Liability Company (Sociedad de Responsabilidad Limitada);
- (4) Corporation (Sociedad Anonima);
- (5) Partnership Limited by Shares (Sociedad en Comandita por Acciones);
- (6) Joint Venture or Accidental Associations (Cuentas en Participacion or Association Accidental).

Cooperative companies shall be regulated by a special law. The prescriptions of the limited liability

companies shall be applicable to them also, insofar as such prescriptions are not contrary to the special

law: but, if they engage in any commercial activity apart from their object, they shall remain subject to the

provisions of this Code insofar as it is pertinent.

Article 127. Content of the Articles of Association - The articles of association of commercial companies must contain at least the following:

- (1) Place and date of execution of the act;
- (2) Name, age, civil estate, nationality, profession, domicile and identity card number of individuals, and
name, nature, nationality and domicile of legal entities who are constituting the company;
- (3) Firm name or trade name and domicile of the company;

(4) Business object, which must be precise and determined;

(5) Amount of capital stock, indicating the minimum amount if it is variable;

(6) Amount of contribution made by each associate in cash, assets, securities or services and their

valuation. In corporations the authorized capital, subscribed and paid in, must also be indicated; the

class, number, nominal value and nature and other characteristics of stock issues; the form and term in

which the promised contributions must be paid in (which may not exceed two years). If such is the case,

rules for increasing authorized capital must also be recorded;

(7) Period of duration, which must be determined;

(8) Form of organization of the administration; method of designating directors, administrators or legal

representatives; internal control organ and its powers, which depends upon the type of company; time of

duration of offices;

(9) Rules for distributing profits or losses. In case of absence of such rules, profits or losses shall be

distributed in proportion to contributions;

(10) Provisions for the constitution or reserves;

(11) Necessary clauses relating to rights and obligations of partners or shareholders among themselves

and with respect to third parties;

(12) Clauses on winding up the company and the bases for liquidation, as well as the manner of

designating liquidators;

(13) Agreement on arbitral jurisdiction, if necessary;

(14) In corporations, the time and manner of convening meetings or of constituting shareholder meetings,

ordinary or extraordinary sessions for directors; the form of deliberating and making agreements in the

matters of their competency.

In addition to the general requirements set forth herein, the articles must contain requisites specially

established for each type of company.

If requirements listed in Nos. (6) to (14) are omitted, the pertinent provisions of this title must be applied.

Article 128. Articles of Association - The contract of association or modification of a company, shall be authorized by public instrument, except in the case of accidental association or joint ventures, which may be authorized by private instrument.

Any person who is a partner or shareholder may summarily request the authorization of the public

document and its recording.

Article 129. Registration, steps and appeals - In the case of collective companies, simple limited partnerships and limited liability companies, the constituting contract or its amendments is subject to registration in the Commercial Registry, which shall proceed as a consequence of fulfilling all the legal and fiscal requirements.

In case of refusal of the Commercial Registry to register this type of company, the formulated observations

shall be corrected or, if such is the case, within five days of notification of the refusal, it may be appealed

before the Superior Court of Justice of the District in which the company is legally domiciled, The decision of the court is final and no other appeal is allowed.

Article 130. Request for approval of the articles of association and by-laws of stock companies -

For registration in the Commercial Registry, corporations and companies limited by shares shall request

approval of the articles of association and by-laws as well as their amendments, along with the act of

foundation and other necessary documents, from the Director of Stock Companies.

Article 131. Resolution - The Director of Stock Companies shall make sure that all legal and fiscal requirements have been fulfilled and, on the basis of this, shall, within a maximum period of ten days from the date of the request was presented, dictate a resolution approving or disapproving the request. In the first case, registration in the Commercial Registry, is resolved and may not be refused. In the second case, antecedents for correcting the deficiencies or observations shall be developed.

Article 132. Publication - The articles of association, amendments and winding-up of companies in general shall be published once in a periodical with ample national circulation, except in the case of accidental associations or joint ventures.

The interest parties must present a copy of the publication to the Commercial Registry for its verification

and records.

Article 133. Judicial personality of companies and annulment of the Act of Constitution

Companies shall acquire juridical personality, that is, a quality subjecting them to the law as established in

this title, from the moment of registration in the Commercial Registry, without necessity of any other

requirement.

Annulment of the Act of Constitution, declared judicially, shall have no retroactive effect and shall determine the winding up and liquidation of the company.

Article 134. Irregular companies, accidental companies and joint ventures (sociedades dehecho)

Authorized types of companies which are not constituted regularly and "sociedades de hecho" affecting

third parties, shall be considered existent solely for the purposes of liability towards third parties, and for

exercising rights emerging from validly executed contracts.

In such cases, the partners listed in the partnership contract may not exercise rights or reclaim loans; their

reciprocal relations shall be regulated by common law.

Article 135. Liabilities - Whoever operates in the name of an irregular company or a "sociedad de hecho" and those who act as their juridical representatives shall be jointly and severally and unlimitedly liable before third parties.

Any interested party and even the partners who are not at fault for the irregularity, may demand payment of

damages and losses from the guilty parties and from the representatives or mandators of the company.

Any partner may demand the winding up and separation of the company. The liquidation shall be

regulated by the norms set forth in this title.

Article 136. Action for proving the regular existence of a company - Interested third parties may, by way of summary action, demand proof from the court of the regular existence of a company. If the company is not registered in the Commercial Registry, the court shall order its liquidation and shall designate liquidators.

Article 137. Nullity of typical companies - The constitution of commercial companies is null when they have a different structure from the types authorized by this code.

If the essential requirements for typical companies are absent, the contract is voidable; notwithstanding,

they may be corrected by means other than judicial action.

Article 138. Absence of consent - Absence of consent, declared judicially, when it affects the obligation of the partners, shall annul the contract only in relation to that partner; except when the participation of that partner is essential to the object of the company contract, the company shall proceed to be wound up and liquidated.

Article 139. Illegal Object - A company having an illegal purpose is null. The managing partners and whoever acts in company management shall be unlimitedly and jointly and severally liable for the company's liabilities and for losses caused. The nullity may be demanded by any interested party or by the Public Ministry, and the court shall sustain it summarily.

No partner may invoke the existence of the company in order to reclaim his contributions, division of gains

or losses, neither may he reclaim from third parties.

Third parties in good faith may plead the existence of the company against the partners, without which they

may oppose the nullity.

Once the nullity is judicially declared, the company shall be liquidated by whoever is designated by the

court; whatever remains, after the assets are realized and the liabilities are paid, shall be delivered to the

State.

Article 140 Illegal or prohibited activity - When a company with a legal purpose engages in activities which are illegal or prohibited by legal provisions, the court, upon demand of an interested party or by the Public Minister, shall order the suspension of those activities or resolve the company be wound up and liquidated, in accordance with the provision of the preceding article.

Article 141. Null stipulations - Any of the following stipulations are null and void:

- (1) That a partner shall not be excluded from the company even with just cause;
- (2) That the contributions of the limited partners shall be returned to them with a pre-established premium, or with their yields or an additional amount, whether or not gains are made;
- (3) Guaranteeing the integrity of a partner's contribution or guaranteeing eventual gains;
- (4) The entire gains or obligations of a company, belongs to the surviving partner or partners;
- (5) That any partner will not suffer losses, or that others shall only receive gains or that any should be deprived of benefits.;
- (6) The establishment, in order to acquire the share of one partner for another, of an exaggerated price at the time of the transaction.

Article 142. Authorized Capital - The authorized capital shall be established in a precise manner, but may be increased or decreased in accordance with clauses established in the

articles of association or the by-laws, unless legal provisions establish minimum capital for certain commercial activities.

The resolution increasing or reducing the capital shall be established in a precise manner, but may be

increased or decreased in accordance with clauses established in the articles of association or the

by-laws, unless legal provisions establish minimum capital for certain commercial activities.

Increase of capital by re-valuation of assets shall be subject to the legal provisions regulating the matter.

Article 143. Opposition to Reduction - Company creditors may judicially oppose such reduction within 30 days following the publication mentioned in the preceding article. In that case the reduction may be made effective only when the company pays off the credits of the opposing creditors or guarantees them to their satisfaction or to that of the court, or if the court should reject the demand of the opposing creditors.

Article 144. Husband and Wife Company - For the liability derived from the types of company recognized by this Code, spouses, among themselves and with third parties, may only participate in stock companies or limited liability companies. When they participate in a general or simple limited partnership, such a company must be transformed into a stock company or limited liability company within 6 months, or the share of one of the spouses must be transferred to the other or to a third party within the same period.

Non-compliance with the preceding provision shall result in the annulment of the partnership contract and

the liquidation of the company.

Article 145. Minor Heirs - When a surviving spouse and minor children receive an enterprise in an inheritance, they have a right to continue its operations, either in common or with the participation of third parties.

In this case, and even in the constitution of a new company, minors may only participate in stock companies or limited liability companies, under approval of the competent court.

If a conflict of interest exists between the surviving spouse, a guardian shall be designated for execution of

the contract and for control of the administration of the company.

Violation of this rule shall necessitate the transformation of the company into an authorized type, without

prejudice to the liability of the legal representative for damages and losses occasioned by the minors.

Article 146. Participation in Other Companies - Only corporations and partnerships limited by shares may form part of stock companies or limited liability companies.

No company, except those whose object is financial or for investment, may acquire or maintain a

participation in one or more other companies for an amount exceeding one-third of the capital and free

reserves of the other company.

The participation, whether in quotas or shares, which exceed that limit, must be alienated within six months

following the general balance sheet in which such excess appears; the contrary shall result in a

proportional reduction of authorized capital with re-distribution of the excess capital.

Article 147. Reciprocal Participation - The constitution of companies or the increase of their capital by means of reciprocal participation is null, whether in shares of interest, quotas or stock.

Violation of this rule shall cause the founders, directors, administrators and auditors to be jointly and

severally, unlimitedly liable.

Once the violation is proved, the unduly integrated capital must be reduced within a period of thirty days

from written notification.

Article 148. Commencement of rights and obligations - The contractual rights and obligations of partners or shareholders in relation to the company shall commence from the date set forth in the company contract.

Article 149. Liability of the new partner - A new partner shall be liable, in accordance with the type of company, for all the business, obligations contracted before his

admission, even when the firm or trade name has been changed. Any agreement to the contrary is not opposable before third party creditors.

Article 150. Contributions in Kind - In the case of contributions in kind, the goods must be determined and understood that they are the object of a transference of ownership. Such goods shall be in the charge of the company from the moment of delivery.

If the delivery is not made, the obligation of the partner shall be converted into an equivalent sum of money which he must pay in within 30 days.

In the case of real property, the corresponding public documents must be written up and recorded in the

Office of the Registry of Real Rights and in the Commercial Registry.

The contribution of property rights on assets shall not exempt the contributor from guarantees of

indemnification for eviction and defects.

Article 151. Contribution of Encumbered Assets - Encumbered assets are contributable provided that their value is subject to deduction of the real encumbrance affecting them, which must be clearly specified by the contributor.

Article 152. Contribution of Rights - Rights belonging to contributable assets are contributable, as long as they are not subject to litigation and are duly documented.

Article 153. Contribution of Credits - Contributions of credits against third parties shall be transferred to the company by transfer or endorsement, in accordance with their nature, at which moment the partner shall guarantee the legitimacy of the title and the fulfillment of the obligation. If the credits are not paid by their maturity date, the partner shall be liable for contributing an equivalent sum of money or other assets to the satisfaction of the company, which must be made within 30 days.

Article 154. Contribution of a Commercial Establishment - If the contribution consists of a commercial establishment, its transference may be made in the same document of constitution or by means of a separate public document. In any case, inventory, valuation and a balance sheet must be taken on the date of transference, proceeding to recording in the Commercial Registry.

Article 155. Contribution of the Use and Enjoyment of an Asset - If a partner contributes the right to use and enjoy an asset, the loss of same or of its rights shall cancel the contribution of the partner and shall authorize his separation from the company, unless he pays the corresponding value.

Contributions of use and enjoyment shall not be admissible in corporations and limited liability companies.

Article 156. Contribution of work and services - If the promised contribution consists in the rendering of personal services and the partner does not comply with his obligations, the company has the right to separate him from the company. If the non-compliance is due to negligence or fraud, he may also be judicially ordered to restore the damages and losses he has caused.

This class of contributions must be specifically stipulated, Its value shall not form part of the authorized

capital. It shall have a right to gains in the agreed proportion, and shall not suffer the losses.

This class of contributions is in admissible in corporations and limited liability companies.

Article 157. Contribution of Securities - If the contribution consists of quotable securities, they shall be accepted up to the quotation value. If they are not quotable, or if they have not be quoted in a period of three months prior to the contribution, they shall be valued in accordance with the procedure of the following article.

Article 158. Valuation of contributions in Kind - Contributions in kind shall be valued in the manner provided in the contract with an indication of antecedents justifying the valuation.

In the absence of an express stipulation, valuation shall be made by means of local prices or by one or

more judicially designated experts.

Article 159. Delaying the contribution - If a partner, for any reason, does to deliver his contribution under the conditions and periods agreed upon, the company may proceed executively against his assets or declare him separated from the company, without other requirements. He must also restore any losses and damages caused with interest. Articles 243 and 246 shall be applied in the case of stock companies.

Article 160. Undue use of funds or effects of the company - A partner who uses to his own advantage or to that of third parties the funds or effects of the company is obligated to cede to the company's favor all gains resulting, the losses and damages being his exclusive liability.

Also, he shall be liable for the damages from his abuse or his position as partner, where he has received

advantages or personal benefits affecting the rights of the other partners to the profits of the company.

Article 161. Execution of sentence against company - A sentence ordering the company to comply with any obligation may be executed subsidiarily against the general partners of a company, in accordance with the type of company.

Article 162. Garnishment by partners' private creditors - In general and simple limited partnerships, creditors of a partner may collect his indebtedness to them with the amount of his profits and his liquidation quota, but may not obligate him to sell his share or interest. If the obligation is not paid in the manner provided above, the company contract may not be extended and may not carry prescription terms for creditor rights.

In stock companies and limited liability companies, the shares or quotas owned by the stockholder may be

attached and the stockholder forced to sell them, under the conditions of the applicable provisions.

Article 163. Administration and representation - All acts comprising the activity provided as the object of the company or those necessary for compliance with the same which are executed by the administrators or representatives of the company in accordance with the contract or by provision of the Law, shall obligate it insofar as they are not notoriously extraneous to its business. Also, they shall obligate the company within the limits of its objective, even when the representation is jointly liable, in the case of obligations contracted by means of securities, for contracts in absentia or contracts of a cession, unless the third party recognizes that the act was realized in transgression of the joint representation.

These legal faculties of the administrators or representatives of the company in respect to third parties,

shall not free them from internal liabilities for violation of contractual restrictions.

Article 164. Liability of administrators and representatives - The administrators and representatives of the company must act with diligence, prudence and loyalty, under penalty of being unlimitedly, jointly and severally liable for damages and losses resulting from their action or omission.

Article 165. Registration of the appointment and retirement of administrators and representatives

The appointment and retirement of administrators and representatives must be recorded in the

Commercial Registry with an express indication of the powers granted in the document of constitution or in the power conferred before a Notary Public. Failure to record shall not prejudice third parties.

Article 166. Liability for fraudulent acts - Administrators and representatives of the company shall be liable, with respect to third parties, unlimitedly and jointly and severally for fraudulent acts performed in their name, without prejudice to the provision of Article 140.

Article 167. Violation of rules of the administration and auditors - The directors, administrators and auditors who violate the rules regulating the administration and control of companies, are liable for damages and losses occasioned by the company and shall be separated, provisionally or finally, from their functions, in accordance with that established in the company contract or the provisions of the Law, in accordance with the type of company.

Article 168. Requirements for Distribution of Profits - Distribution of profits may only be made when they have been effected and paid, resulting from a balance drawn up in accordance with the Law and by-laws, and approved by the partners or the competent business organ. Any other stipulation to the contrary is null and void.

The company as well as the creditors may demand restitution for the distribution of profits made in violation of the provision of this article, from the persons benefiting from same, or demand reimbursement from the administrators who have authorized such distribution, being one or more of them jointly and severally liable for the distribution.

Article 169. Legal Reserve - In corporations and limited liability companies a 5% minimum reserve must be constituted from profits effected and paid, up to half of the paid in capital, except in the case of establishment of special laws.

The reserve must be reconstituted with the profits obtained before their distribution, when it has diminished

for any reason.

A company, whatever its type, may accord, however, the formation of special reserves which shall be

reasonable and liable to prudent administration. Their percentages, limited and determined shall be

accorded by the partners or by the meeting of shareholders.

Article 170. Non-compliance with the constitution of reserves - The directors, administrators and auditors are jointly and severally liable for non-compliance with the provision in the first part of the preceding article and, if such is the case, remain obligated

to deliver an amount equal to the reserve which should have been constituted to the company, claiming restitution from the partners for the amount unduly distributed.

Article 171. Losses from preceding fiscal years - Profits may not be distributed if losses from previous fiscal years have not been covered.

When directors, administrators and auditors are remunerated with a percentage of profits, the meeting of

shareholders or the competent business organ, may arrange for their pay in each case, even when losses

from preceding fiscal years have not been covered.

Article 172. Remuneration to directors, administrators and auditors - Partners or shareholders who exercise functions of directors, administrators and auditors of the company, may, unless there is an agreement to the contrary, be remunerated with a fixed sum or a percentage of the profits of the fiscal year, assigned in the company contract or by-laws or by resolution in the meeting of shareholders or the competent business organ, but not by themselves.

CHAPTER II. GENERAL PARTNERSHIP

Article 173. Characteristics - (Amended by Decree Law No. 15184 of December, 1977)

In a general partnership all the partners are liable for company obligations unlimitedly, jointly and severally.

Article 174. Firm Name - The name must contain the words "general partnership" or their abbreviation.

When acting under a firm name, the firm name must be composed of the surname of one or more of the

partners, and when all the partners' names are not used, the words "and company" or its abbreviation must

be added.

In the event of a firm name which has served another company, whose rights and obligations have been

transferred to the new company, the words "successors of" must be added.

A person who permits his name to be included in the firm name of a general partnership, without being a

partner, is liable for business debts unlimitedly, jointly and severally with the partners.

Article 175. Administration - The contract shall set up the regulation of the administration. In its absence, the company may be administrated by any of the partners.

One or more administrators may be designated, whether partners or not, whose attributions and powers

may be exercised jointly or separately. In the absence of precise stipulations, it shall be understood that

they may perform any act of administration. If it has been stipulated that the administration shall be joint,

one administrator may not act without the other or others, none of them may work individually;

notwithstanding that which, with respect to third parties, shall be applied in accordance with the provision of Article 163.

Article 176. Removal of Administrators - The administrator, whether a partner or not, may be removed at any time, without necessity of giving a cause, by decision of the majority, unless there is an agreement to the contrary.

If just cause for removal is demanded in the contract, the administrator shall maintain his position until the

case is judicially resolved, unless provisional separation is ordered by the competent court.

Any partner may request the removal of the administrators if he can prove just cause.

The following constitutes just cause for removal of administrators; fraudulent or guilty acts against the

common interest, incapacity or non-compliance with obligations and impediment or prohibition from

carrying on business.

Article 177. Revocation of Powers - If administrative powers are conferred by the public constituting document, such powers must be revoked by another public instrument.

Article 178. Resignation and Liability of Administrators - An administrator, whether a partner or not, may resign at any time, unless subject to a period of contractual compromise.

If the resignation was fraudulent or without due notice, the administrator is liable for damages and losses

occasioned by the company.

Article 179. Control of Partners - The non-administrative partners may supervise the acts of the administrators and examine the accounting system, books and documents of the company at any time.

Article 180. Authorization of Powers - (Amended by Decree Law No. 15184 of Dec. 1977)

The administrators, under their own liability, may not delegate totally or partially their mandate, except upon express authorization of the principal.

Article 181. Admission and withdrawal of Partners - The admission of new partners or the transference of interested parties into the company shall require the consent of all the partners, unless there is an agreement to the contrary, and shall imply the amendment of the company contract.

The effects of the withdrawal of a partner are exceptionable by third parties up to the registration of the

withdrawal on the Commercial Registry.

Article 182. Resolutions - The resolutions shall be adopted by absolute majority of votes with respect to capital, unless a different rule is set up in the contract.

Article 183. Competitive Acts - The partners may not, neither for themselves, through an intermediary agent, nor for the account of third parties, be dedicated independently to negotiations the same in nature as the object of the company, or carry on any other competitive act, except under the express consent of all the other partners.

In case of violation, they separate the partner and demand payment for damages and losses.

CHAPTER III. SIMPLE LIMITED PARTNERSHIPS

Article 184. Characteristics - The simple limited partnership is constituted by one or more limited partners who shall be liable up to the amount of their capital contributions for the debts of the company, and by one or more managing or general partners who shall be unlimitedly liable, jointly and severally for the debts of the company, whether or not they have contributed to the authorized capital of the company.

Article 185. Firm Name - The name must include the words "sociedad en comandita simple" (Simple limited partnership) or its abbreviation.

When acting under a firm name, the firm name must be composed of the surname of one or more of the

managing or general partners, adding "sociedad en comandita simple (simple limited partnership) or its

abbreviations; "S. en C.S." or "S.C.S.". The omission of the preceding provision shall result in the company being considered a general partnership.

Article 186. Sanction against including the name of a limited partner in the firm name

A limited partner or any other person who permits his name to be included in the firm name of the company shall become subject to the liability of the managing or general partners, simultaneously.

Article 188. Administration - The administration and representation shall be the duty of the general partners or third parties which they shall designate; the rules for administration of general partnerships shall be applied.

Limited partners may not interfere in any act of administration or act as attorneys for the company. If the

limited partner violates this provision, he shall be liable as if he were a managing or general partner with

respect to such acts.

If the limited partner habitually intervenes in the administration of the negotiations of the company he shall

have the same liability, even in operations in which he has not taken part.

Article 189. Non-Administrative Acts - Examination, inspection, control and auditing authorized in the constituting document, as well as opinion or counsel are not acts of administration.

Article 190. Examination of books and balance sheets - Limited partners may examine accounting books, documents and balance sheets of the company, in the period provided in the articles of association and, if not provided, at the time or immediately after the accounting statements have been presented to the competent authorities. They have the right, also, to demand the delivery of a copy of the balance sheet and any complementary statements which are necessary; such delivery must be made within a period no greater than thirty days from the date of presentation, under the liability of the managing or general partners.

Article 191. Resolutions - Any modification of the articles of association shall require the consent of all the partners, including a transference of a share of interest in the company, unless there is agreement to the contrary.

With respect to other resolutions, Article 182 shall be applied.

Limited partners have the right to vote on the consideration of the accounting statements and the

designation of an administrator.

Article 192. Appointment of Administrators or managers - Appointment of administrators or managers shall necessarily be made by proposition of the managing or general partners and by majority vote of the limited partners, in proportion to the contributed capital. However, any managing or general partners who have made contributions to the authorized capital shall participate in the vote.

Article 193. Rules applicable to the partners - The rules established for members of limited liability companies shall be applicable to limited partners whenever pertinent.

Managing or general partners shall be subject to the rules regulating general partnerships, where pertinent.

Article 194. Exception for limited partners - In case of death, bankruptcy, incapacity, or incompetence of all the managing or general partners, the limited partner, stating the provision in Article 188, may carry out urgent acts of management of the negotiations of the company until the situation is regularized, without incurring the liabilities of managing or general partners.

The company shall be wound up if, in the period of ninety days, the situation has not been regularized or the company transformed, under penalty of the limited partners becoming unlimitedly, jointly and severally

liable.

CHAPTER IV. LIMITED LIABILITY COMPANY

Article 195. Characteristics - In limited liability companies the members are liable up to the amount of their contributions.

The common fund is divided up into shares (or quotas) of capital, which in no case may be represented by

stock or securities.

Article 196. Number of members - The limited liability company may not have more than 25 members.

Article 197. Name or Firm Name - The limited liability company must use the name of one or more of its members in its firm name. To this name shall be added: "sociedad de responsabilidad limitada" (limited liability company) or its abbreviation, "S.R.L." or, simply the word "Limitada" (Limited) or the abbreviation "Ltds." If this requirement is omitted the company shall be considered as a general partnership.

Article 198. Capital in quotas of equal value - The authorized capital shall be divided in quotas of equal value, which shall be 100 Bolivian Pesos or multiples thereof.

Article 199. Totally Paid-in Contributions - (Amended by Decree Law No. 15184 of Dec. 1977.)

In this type of company the authorized capital must be paid in full, at the act of constitution.

Article 200. Contributions in cash and in kind - Contributions in cash and in kind must be paid in fully at the constitution of the company. Fulfillment of this requirement shall be shown expressly in the constituting document and, if it is not fulfilled, the members shall become unlimitedly, jointly and severally liable.

Contributions in kind must be valued before the authorization of the constituting document, in accordance with Article 158.

Article 201. Increase in Capital - (Amended by Decree Law No. 15184 of December 1977.)

Increase in the authorized capital may be granted by means of a vote of the members representing the

majority of authorized capital. The members shall have preferential right in proportion to their capital

shares. Any resolution to increase the capital shall be communicated to those who did not meet in the

assembly in which the increase was approved by means of certified mail, return receipt requested. If none

of these persons exercise their rights within thirty days following receipt of the notification, their waiver shall be presumed and the capital increase may be subscribed by the other partners or by persons outside the company; in the latter case, the assembly must have given its express authorization.

No agreement or provision in the constituting document may deprive the members of their preferential right to subscribe to the increase of authorized capital.

Before publication and registration in the Commercial Registry, the members are obligated to pay in their

new subscription.

Article 202. Registry of Members - The company shall keep a registry book of members, where their names, addresses, amount of contributions, and if such is the case, the transference of their shares of capital, as well as attachments and encumbrances shall be kept.

A transference shall be effective before third parties only after its recording in the Commercial Registry.

Any person with a legitimate interest has the power of consulting the registry book, which shall remain in the care of the administrators, who shall be personally, jointly and severally liable for its regular existence and for the exactitude of its data.

Article 203. Administration of the company - The administration of a limited liability company shall be handled by one or more managers or administrators, whether members or not, designated for either a fixed or indefinite period.

Their removal, revoking their powers and liabilities shall be subject to the provisions in Articles 176, 177

and 178.

If the administration is joint, in charge of a directorate or administration council, the rules established for

corporations under directorate shall be applied.

Article 204. Assembly of members and its powers - The assembly of members shall have the following powers.

(1) To discuss, approve, modify or to contradict the general balance sheet corresponding to the fiscal year

in question;

(2) To approve and distribute profits;

(3) To appoint and remove managers or administrators;

(4) To constitute the directorate or administration council and to appoint among the members an internal

control organ;

(5) To approve the regulations;

(6) To authorize any increase or reduction of authorized capital, as well as the transfer of capital shares and

the admission of new members. The reduction of capital is obligatory in the terms and manner set forth in

Article 354, in that which is pertinent;

(7) Amendment of the constituting document;

(8) Decisions relating to the winding up of the company, as well as the withdrawal of members; and

(9) Others given by the articles of association.

Article 205. Annual Meeting - An ordinary meeting shall convene at least once a year at the address and at the time set forth in the articles of association and, at the latest, within three months of the closing of the fiscal year of the company.

The constituting document may establish cases in which certain items shall not require the approval of the

meeting; in order to adopt agreements on such items the texts of the propositions shall be remitted to the

members. Their votes shall be issued in writing.

At the request of the managers or administrators or of the members representing more than one-fourth of the authorized capital, an extraordinary meeting may be convened, even when the constituting document only demands a vote by correspondence. In such meetings only the items set forth in the notice or convocation may be discussed, under penalty of nullity.

Article 206. Convocation to meetings - Meetings shall be called by managers or administrators and, in their absence, by the directorate or administrative council and, in their absence or failure, by members representing more than one-fourth of authorized capital.

If the articles of association does not establish the form and method of giving the convocation notice, it shall be given by certified letter.

The publication or notice must contain the order of the day and shall be given eight days before the date

set up for the meeting.

Article 207. Legal quorum - A legal quorum for a meeting is constituted with the presence of members representing at least half of the authorized the constituting document requires a larger representation.

Participation of the members in the deliberations and decisions of the meetings may be personal or by

means of a representative or mandate, in the manner determined by the articles of association.

Article 208. Vote of the members - Every member shall have a right to participate in the decisions of the company and shall have one vote for each capital share (quota), except for limitations stipulated in the articles of association.

Article 209. Votes necessary for resolutions - In order to amend the articles of association, change the object of the company, increase or reduce authorized capital, admit new members, authorize the transference of capital shares and wind up the company, the vote of members representing two thirds of the capital shall be required.

Other resolutions shall be approved by the vote of members constituting one half of authorized capital.

Article 210. Concentration of capital shares - A limited liability company shall be wound up as a matter of law when all the capital shares are concentrated in the hands of one member only, this member shall be unlimitedly liable for the business obligations until the total liquidation of the company.

Legal action may be taken by any person with a legitimate interest, duly proceeding in a summary

proceeding. Proof being established, the court shall appoint the respective liquidators.

The action may not be weakened by the inclusion or appearance of former members.

Article 211. Control - Members have a right to examine the accounting, books and documents of the company at any time. An organ of control and audit may also be established, whose functions and faculties shall be regulated by the rules established for auditors in corporations.

Creation of a permanent control organ shall not mean the loss of the right to individual control on the part of the members.

Article 212. Transference because of death - The transference of shares because of the death of any of the members shall be regulated by Article 209 when a different stipulation does not exist in the contract. If the articles of association permit the incorporation of the members' heirs, the agreement shall be obligatory for the members. In the other hand, the members shall have the right to acquire the shares of the deceased member in proportion to the shares of capital and for their commercial value on the date of his death. If no agreement has been made with respect to the price and conditions of payment, such shall be determined by experts designated by the parties or by the court.

Article 213. Co-ownership - When one share of the business is co-owned, the provisions of joint ownership shall apply. The company may demand unification of representation for exercising rights and fulfilling business obligations.

Article 214. Transfer of shares among members - Shares may be transferred freely among members, except for any limitations established in the articles of association.

The transfer of shares, even between members, implies the reform of the constituting document.

Article 215. Preference of the other members in the offer of transfer - A member who proposes to transfer his shares, shall notify the other members in writing, in order that they might within 15 days of receiving the notice, show whether they have an interest in acquiring them.

If the other members do not express their interest within the period set forth, it shall be presumed that they

have waived their right and the officer is free to sell his shares to third parties.

Article 216. Disagreement of the members in the transfer - If the members have not taken advantage of their preference, only partially exercised it or if they have not given the authorization of the majority provided for the admission of new members, the company is obligated, within 60 days of the offer, one or more person to acquire the shares.

If the transfer has not been totally made within the following 20 days, the other members shall choose

between winding up the company or excluding the member interested in transferring his shares, by paying

their price established by expert appraisal.

CHAPTER V. CORPORATIONS (SOCIEDAD ANONIMA)

SECTION I. GENERAL PROVISIONS

Article 217. Characteristics - In the corporation the capital is represented by shares of stock. The liability of the members remain limited to the amount of the shares of stock they have subscribed.

Article 218. Firm Name - The corporation shall have a name referring to the principal object of its business, followed the words "Sociedad Anonima" Corporation), or its abbreviation "S.A."

The name must be different from any other existing company.

SECTION II. CONSTITUTION

Article 219. Form of Constitution - A corporation may be constituted in a single act by the founders or by means of public subscription of shares.

Article 220. Requirements for constituting by a single act - In order to constitute a corporation in a single act, the document of constitution must contain, in addition to the items set forth in Article 127, the following requirements:

- (1) There must be at least three shareholders;
- (2) The capital stock must have been totally subscribed, and must not be less than 50% of authorized

capital. For the purpose of this Chapter, "capital stock" and "subscribed capital" shall have the same

meaning;

- (3) Each subscribed share must be at least 25% paid up at the moment of execution of the constituting

contract;

- (4) The by-laws of the company must be approved by the shareholders.

Article 221. Contributions in cash - The founding shareholders shall open a current account in a bank in the name of t in formation, and shall deposit any cash contributions therein. The expenses of constitution of the company may be charged to this account, in accordance with the directives established in the articles of incorporation.

Article 222. Constitution by public subscription - If the constitution of the corporation shall be by public subscription, the promoters must formulate a foundation program

subscribed by them to submit to the Directorate of Stock Companies for approval; such program must contain:

(1) Name, age, civil estate, nationality, profession, and domicile of the promoters and their identity card

numbers;

(2) Class and value of shares, amount of programmed issues, conditions of the subscription contract and

advance payments to which the subscribers are obligated;

(3) Number of promoters' shares;

(4) Development of by-laws;

(5) Possible advantages or benefits which the promoters shall reserve for themselves;

(6) Subscription period, which shall not exceed six months from the date of approval of the program by the

Directorate of Stock Companies;

(7) Contract between a Bank and the promoters, by which the Bank shall prepare the corresponding

documentation, receive the subscriptions and the advance payments in cash.

Article 223. Approval of the program for offering shares on public subscription - In order to offer shares on public subscription, approval of the foundation program and authorization for its publicity must be obtained from the Directorate of Stock Companies, after fulfillment of the legal provisions

and regulations. Subscription of shares by the public shall not be authorized unless the exactitude of the

valuation of assets contributed in kind and the entire subscription of the part of capital stock belonging to

the founding shareholders has been previously verified.

Once the program is approved, it must be recorded in the Commercial Registry within a period of fifteen

days; if it is not recorded, the authorization shall be canceled automatically.

Article 224. Subscription contract - The subscription contract shall be prepared by the Bank in two copies, and shall contain the transcription of the program, as well as:

- (1) The name, nationality and domicile of the subscriber;
- (2) The number of subscribed shares, their class and value;
- (3) Advance payment of cash fulfilled in that act and the manner and period in which the subscriber shall

make payments on the corresponding balance;

- (4) In the case of contribution of assets which are not in cash, the precise determination of their value in

accordance with the provisions of this Title;

- (5) The notice calling the constituting meeting and the rules to which it shall be subject in its development

and the order of the day. This meeting shall take place within a period no longer than three months from the date of maturity of the subscription period;

- (6) The declaration stating that the subscriber knows and accepts the plan of the by-laws. The receipt of

payment made and a copy of the document delivered to the subscriber as well as the original shall remain

in possession of the Bank;

- (7) Place and date of subscription.

Article 225. Cash deposit of the subscription - Cash contributions must be deposited in the Bank designated to receive subscriptions.

Article 226. Contributions of assets - Trust - Contributions of assets which are not in cash shall be paid to the company once it is constituted. In the meantime, such contributions shall be entered into trust at the Bank charged with receiving the subscriptions and contributions.

Article 227. Failure of subscription - Return of Contributions - If the legal period or the period set up in the program for the subscription of stock comes due, and the minimum capital stock required has not been subscribed, or for any other reason the company has not been constituted, the promotion of the company shall be terminated and the Bank

shall immediately restore the sums of money deposited and the assets given in trust to each interested party, without any discount.

Article 228. Excessive subscription - If the subscription exceed the amount of capital provided, the constituting meeting shall decide its increase up to the amount of the subscriptions of their pro rate reduction.

Article 229. Notice calling the general constituting meeting - Once the capital required in the program is subscribed, the promoters shall call a general constituting meeting which shall be executed in the presence of the representative of the intervening Bank, in the presence of an official of the Directorate of Stock Companies and with the concurrence of at least one-half plus one of the subscribed shares.

Article 230. Duties of the general constituting meeting - The duties of the general constituting meeting are as follows:

- (1) To verify the existence of cash deposits as well as the contributions in kind;
- (2) To approve the valuation of assets contributed in kind or to determine a new valuation by experts.

Subscribers whose contributions are in question shall not have voting rights until the valuation is definite;

- (3) To approve or reject the negotiations and expenses made by the promoters, after their report;

- (4) To approve or modify the advantages of benefits the promoters have reserved for themselves;

- (5) To analyze and approve the by-laws;

- (6) To appoint the directors, representatives or administrators of the company;

- (7) To appoint auditors;

- (8) To appoint two subscribers to sign the act of the general meetings; as well as appointing shareholders

to subscribe the public document of constitution;

- (9) To consider the period established for the payment of the balance of the subscribed shares;

- (10) To consider and resolve any other matter of interest of the company.

Article 231. Voting rights - For the purposes of the preceding article, each subscriber has a right to as many votes as shares to which he has subscribed and paid in the corresponding advance payment.

The decisions shall be adopted by the majority of subscribers present who shall represent not less than

one-third of the subscribed capital with voting rights, unless there is a different stipulation.

The promoters may be subscribers, but may vote on item (3) of the preceding article.

Article 232. Registration, procedure, recourse and publicity - Once the constitution of the corporation is approved by the general constituting meeting, the procedure shall follow Articles 129 and 132.

Article 233. Founders - The following persons are founders of a corporation:

(1) The persons who authorize the document of constitution of the company when it is constituted by a single act;

(2) In the case of formation by public by public subscription, those that sign the program.

Article 234. Delivery of funds to the administrators - At the presentation of the certificate of registration of the company in the Commercial Registry, the fiduciary Bank shall place the funds and assets received from the subscribers at the disposal of the administrators of the company.

Article 235. Delivery of documentation by the promoters - The promoters are obligated to deliver all documentation related to the organization of the company and any corresponding to acts carried out during the formation of the company to the directors or administrators, as well as documents pertaining to acts not approved by the meeting of shareholders.

Article 236. Liability of the founders - The founders are unlimitedly, jointly and severally liable for obligations contracted for the constitution and formation of the company, including expenses and commissions of the fiduciary Bank, even in the case of failure of the program.

Once the company is constituted, it shall assume the obligations legitimately contracted by the founders,

reimbursing them for their expenses, after approval of the general meeting.

Article 237. Benefits for promoters and founders - Promoters and founders may not receive any benefit that will reduce the capital stock. Any agreement to the contrary is null and void.

The return on annual profits granted to promoters and founders shall not exceed in any case 10%, neither

may they receive such return for more than ten years from the constitution of the company. This return may not be paid unless a minimum dividend of 5% on the paid in value of their shares is paid to the

shareholders.

SECTION III. SHARES

Article 238. Concept and nominal value - The capital stock shall be divided into shares of equal value. Such shares shall have nominal value of 100 Bolivian pesos or multiples thereof.

Article 239. Titles or provisional certificates - Titles may represent one or more shares and be nominative or to the bearer.

If the shares have not been fully paid up, the company shall only issue provisional certificate in nominative

from. In this case bearer certificates are null and void.

Once the total amount of the shares is paid in, the interested parties may demand that final titles be given

them. In the meanwhile, until the final titles are delivered, the provisional certificate shall be considered as

final and negotiable.

Article 240. Indivisibility of the shares and joint ownership - Shares are indivisible with relation to the company.

In case of the existence of several co-owners, the company shall recognize only one common

representative for exercising the rights and fulfilling the business obligations; such common representative

shall be named by the co-owners or by the court in the event of a disagreement.

In that case, the provisions of the Civil Code on matters of joint ownership shall be applied.

Article 241. Prohibition of issuing shares under par - Corporations may not, in any case, issue shares for a price less than their nominal value.

Shares may be issued with a bonus authorized by an extraordinary meeting, conserving their equality in

each issue.

The amount of the bonus, discounting the costs of issuance, shall constitute a special reserve.

Article 242. Issuing bearer shares - Bearer shares shall be issued only when the value of the shares is fully paid in.

Article 243. Non-payment of shares - When a period for making payments and their amounts is contained in the subscription contract or in the by-laws, and such payments are not made in the allotted period, the shareholder is considered in default and the company shall proceed to demand executively the fulfillment of payment, the sale of the shares or shall use any other method provided in the articles of incorporation or the by-laws.

Article 244. Delay in payment of subscribed shares - In case of delay in the payment of subscribed shares, the rights of the shareholder shall be automatically suspended.

Article 245. Sale and application of the product - Court costs, auction or sales expenses and late interest are payable by the default subscriber, without prejudice to his liability for damages caused by his non-payment.

Article 246. Cancellation of shares - If in the period of thirty days from the day on which payment must have been made, executive action has not been initiated for the balance of the debt, or if it has not been possible to sell the shares, the consequent extinction or suspension of the rights of the defaulted shareholder shall be accomplished. At that time the company shall proceed to the reduction of capital stock and return the subscriber's balance to him after deduction of expenses, or the amount not paid in shall be reduced, in which case fully paid up shares shall only be delivered for the amount of the payments.

Article 247. Content of titles or provisional certificates - Titles representative of shares or provisional certificates shall be taken from numbered notebooks and shall contain the following items:

- (1) Name of the shareholder, if it is nominative;
- (2) Firm name and domicile of the company, date and place of constitution and duration;

- (3) Date of registration in the Commercial Registry;
- (4) Amount of capital stock and of authorized capital;
- (5) Nominal value of each share, series to which it corresponds, whether common or preferred, total number of shares in which the series is divided and rights belonging to it;
- (6) Number of shares representing the title;
- (7) Place and date of their issue and correlative number;
- (8) On provisional certificates, notation of payments to be made;
- (9) Autographed signatures of not less than two directors or administrators and the auditor.

Article 248. Liability for the issue of titles and certificates - Signatories of titles or provisional certificates shall be jointly and severally liable for the omission of essential requirements or for the violation of legal provisions or statutes, as well as for payment of damages and losses to their holders.

Article 249. Adhered coupons - Titles of shares may have coupons attached for the collection of dividends, which shall make them to the bearer even when the shares are nominative.

Article 250. Share register book - Corporations shall keep a register of shares with the formalities of accounting books, for free consultation by the shareholders; the share register books shall contain:

- (1) Name, nationality and domicile of the shareholder;
- (2) Number, series, class and other particularities of the shares;
- (3) Name of the subscribers and statement of payment of the shares;
- (4) In the case of bearer shares, the numbers and in the case of nominative shares, the detail of transmissions with an indication of the dates and name of purchasers;
- (5) Liens which have been put upon the shares;
- (6) Conversion of the titles with data on the new ones;
- (7) Any other information deriving from the juridical situation of the shares, and from their possible modifications.

Article 251. Registration of shares - The company shall consider that nominative shares are owned by whoever is recorded as owner on the title and in the share register. Unjustified removal of a shareholder's registration in the register, shall obligate the company and its directors or administrators to be jointly and severally liable for damages and losses occasioned.

Article 252. Transfer of shares - The transferor who has not completed payment for the shares shall be jointly and severally liable for the payments with the successive transferees. A transferor who makes any payment is co-owner of the shares in proportion to the payments made.

Article 253. Transmission of shares - The transmission of shares shall be free; however, the articles of incorporation may impose conditions on the transmission of nominative shares which, in no case, signify a limitation, such conditions must be shown on the Title.

Article 254. Bearer or nominative shares - Transmission of bearer shares shall be accomplished by simple delivery.

Transmission of nominative shares shall be accomplished by means of endorsement and shall be

effective before the company and third parties from registration in the share register.

Article 255. Preferential right - Shareholders shall have preferential right for subscribing to new shares in proportion to the number they possess.

The company shall make the offer by means of notices in a printed organ of national circulation for three

consecutive days. The shareholders may exercise their preferential right within the period of thirty days,

from the date of the last publication, if the by-laws do not prevent a longer period.

Article 256. New Issues - The issuance of new shares may only take place when preceding issues have been entirely subscribed.

Article 257. Prohibition of a company from acquiring its own shares - Corporations may not acquire their own shares, except for judicial adjudication in payment of credits to the company.

Such shares shall be sold in the period of 90 days from the date of their adjudication and, if that is not

possible, the capital shall be reduced, leaving such shares without value. While they belong to the

company, they may not be represented in the meeting of shareholders.

Article 258. Other prohibitions- Under no condition may corporations make loans, advances or negotiations with the guarantee of their own shares.

Article 259. Liability - The directors or administrators are, personally and jointly and severally liable for damages and losses that they cause to the company or to third parties by violation of the two preceding articles.

Article 260. Applicable rules - The rules on securities in this Code are applicable to shares, when compatible with the present Title.

SECTION IV. CLASSES OF SHARES

Article 261. Classes of shares - Shares may be common or preferred. The articles of incorporation shall establish the rights and obligations that each class of shares shall give to its holders, with regard to the provisions of this Code.

In classes of shares are not established in the articles of incorporation, it shall be understood that all shares

are common.

Article 262. Common shares - Each common share gives the right to one vote in general meetings.

Article 263. Preferred shares - Preferred shares are those which establish preferential benefits. They shall not vote in ordinary meetings, only in extraordinary meetings, without prejudice to the attending of ordinary assemblies with a right to a voice in discussions.

Article 264. Right of preferred shares - A dividend no greater than that established in the by-laws shall be assigned to preferred shares before dividends for common shares are established.

When in any company fiscal year dividends are not paid or are less than that which is set forth, the

dividends or the difference shall be paid in the following years with the indicated preference.

The by-laws may state that a higher dividend may be fixed for preferred shares than for common shares.

In liquidation of the company preferred shares shall be refunded before common shares.

Preferred shares on which dividends have not been distributed for more than three fiscal years, even when

the years are not consecutive, shall acquire the voting right and other rights of common shares, until the

amount of dividends owed is paid.

Shareholders who own preferred shares have the rights that this Code confers upon minorities opposing

resolutions of general meetings, in that which affects them.

Article 265. Redemption and transformation of preferred shares - Preferred shares are redeemable and may be transformed into common shares, under the conditions and periods established at the time of their issue.

Article 266. Amount of preferred shares - Preferred shares shall not exceed half of the subscribed capital.

Article 267. Prohibited shares - The issuance of shares with a plural vote is prohibited to corporations, and shall be null and void.

SECTION V. SHAREHOLDERS

Article 268. Quality of shareholders - Those who are registered in the registry of shareholders of the company are considered shareholders, if the shares are nominative, and if they are to the bearer, the holder is considered a shareholder.

Article 269. Shareholders' rights - The following are fundamental rights of a shareholder, which shall be exercised in accordance with the provisions of this Code and with the prescriptions of the by-laws:

(1) To intervene in general meetings with a right to a voice and a vote;

(2) To fill the elective organs of administration and internal control;

(3) To participate in company profits, duly observing equality of treatment for the shareholders of the same

class;

(4) To participate, under the same conditions established in the preceding item, in the distribution of the

company assets, in case of liquidation;

(5) To receive preferential right to the subscription of new shares;

(6) To impugn the resolution of general meetings and of the directorate in accordance with the provisions of this Code. A shareholder who is a debtor in default of the company for any reason may not exercise this

right, if the obligation is shown by certified title and is incontestable;

(7) To freely negotiate their shares, excepting the provision in Article 253.

Article 270. Distribution of profits and right of credit - The shareholder has a right to request that the general meeting called to consider the balance sheet deliberate upon the distribution of profits consigned in that document.

The profits shall be distributed in proportion to the amount paid on the shares.

The approval of the distribution of profits by the general meeting of shareholders confers a right of credit for collecting the corresponding dividends from the company.

Dividends shall be paid in cash, unless a shareholder allows payment in other assets.

Article 271. Quota - At the liquidation of a company the shareholders shall receive their quota share of the patrimony, in proportion to the value paid for their shares.

Article 272. Restrictions on the right to vote - Restrictions on the right to vote may be established in the by-laws for preferred stock; nevertheless, for no reason may preferred shares be restricted in extraordinary meetings which are held for the following purposes:

(1) To modify the period of duration of the company;

(2) To change the purpose of the company;

(3) To approve its merger or transformation;

(4) To authorize the issue of bonds or debentures;

(5) To approve the reform of the articles of association;

(6) To resolve to increase or reduce capital stock.

Article 273. Representation in general meetings - Shareholders may be represented in general meetings by another shareholder or by a person outside the company. In the absence of a statutory rule regulating the constitution of representatives, it shall be made in writing.

Directors, administrators, auditors and other employees of the company may not be mandates or

representatives.

Article 274. Shares given in pledge, usufruct or lien - In the case of shares constituted in pledge, encumbered in usufruct, sequestered or attached, the right to vote shall be exercised by the owner of the shares.

In order to facilitate the rights of the owner, the creditor shall be obligated to deposit the shares or choose

another procedure that shall guarantee the rights of the owner.

Article 275. Null provisions - Any statutory provision that restrains the liberty of the vote of the shareholders is null and void, except that established for the preferred stock.

Article 276. Prohibition of administrators and auditors from voting - Directors or administrators, auditors and managers of the company may not vote on the approval of the balance sheet and accounts related to their management, neither may they vote on resolutions in reference to their liability.

In case of violation of this provision, they shall be liable for the damages and losses suffered by the

company or by third parties.

Article 277. Propositions affecting a particular class of shares - If there are several classes of shareholders, any proposition that may prejudice the rights of one of them must be approved by an absolute majority of votes from the shares belonging to the affected class reunited in a special meeting.

Article 278. Rights recognized by Law - Neither the constituting document nor the by-laws may discount the rights granted to shareholders by Law.

SECTION VI. TITLES OF PARTICIPATION

Article 279. Founder Bonds - Founder bonds shall be issued to accredit a founder, as defined in Article 233; a founder only has the right to participate in the profits provided in the title. Such bonds shall not give a right to intervene in the administration of the company; they may not be converted into shares, neither shall they represent participation in the capital stock.

Article 280. Contents of founders bonds - Titles representing founders' bonds must contain:

- (1) Mention of the founder's bond inserted in the text of the document;
- (2) Firm name of the company, address, duration, capital stock, date and Commercial Registry registration number;
- (3) Bond number and an indication of the total number of bonds issued;
- (4) The share of profits and the time during which it must be paid, and
- (5) Place and date of issue and signature of the authorized directors or administrators.

Article 281. Rules applicable to founder bonds - The provisions of articles 240, 249 and 260, shall be applied to founder bonds in matters pertaining.

Article 282. Profit-sharing bonds - When so stipulated in the articles of incorporation or the by-laws, profit-sharing bonds may be issued to workers of a company. Such bonds shall only grant the right to participate in the profits of the fiscal year under the conditions established in the by-laws. Such bonds are not transferable and their rights shall expire with the termination of the labor relationship, whatever the cause.

SECTION VIII. SHAREHOLDERS' MEETING

Article 283. Competency of general meetings - The general meeting of shareholders, legally called together and convened, is the highest organ representing the corporate will and has exclusive right to decide the matters stated in articles 285 and 286.

It shall be convened at the corporation address and shall be presided over by the president of the board of

directors or by whoever takes his place in case of his impediment, absence or incapacity, in accordance

with the by-laws, or, if there is no provision in the by-laws,, by the person designated by the meeting itself.

Resolutions of general meetings are obligatory for all the shareholders, even for those who are absent and

dissent, except in the case set forth in Article 302, and must be fulfilled by the board of directors.

Article 284. Classes of general meetings - General meetings may be ordinary or extraordinary.

Article 285. Ordinary meetings and their competency - An ordinary general meeting is obligatory at least once a year, in order to consider and resolve the following matters:

(1) The annual report of the auditors, the general balance sheet and profit and loss statement, and all other

matters relative to the management of the company;

(2) The distribution of profits, or, if such is the case, the treatment of losses;

(3) The appointment and removal of directors and auditors and, the establishment of their remuneration, and

(4) The liabilities of directors and auditors, if they are liable.

In the cases of nos. (1), (2) and (3), the meeting shall be called necessarily within the three months of the

closing of the fiscal year.

Article 286. Extraordinary meetings and their competency - General extraordinary meetings shall consider all matters not within the competency of ordinary meetings, particularly the following:

(1) Modification of the by-laws. Once approved, the procedure set forth in Article 129 must be followed, and they shall duly enter into force from the date of registration;

(2) The issue of new shares;

(3) The issue of bonds or debentures;

(4) The increase of authorized capital and the reduction or reintegration of capital;

(5) The anticipated winding-up of the company, the company's extension, transformation or merger; the

appointment, removal and compensation of liquidations, and

(6) Others established by the Law, the articles of incorporation or the by-laws.

Article 287. Rights not affected by decisions of meetings - Resolutions of general meetings may not affect credit rights of shareholders before the company.

All clauses or acts which damage or cancel rights conferred upon minorities by this Code shall be null and

void.

Agreements which cancel rights granted to shareholders by Law are also null and void.

The general meeting, by majority vote, in accordance with articles 296 and 297, may modify or cancel the

rights conferred by the by-laws to one or more classes of shares, provided that the shareholders who own

them consent in the manner indicated in Article 277.

Article 288. Content of the meeting notice - Notice of the general meeting shall be effected by means of notices published in a periodical having full national circulation and shall indicate the nature of the meeting, the place, hour, order of the day and requirements that must be fulfilled in order to participate in it. Such notices must be published for three discontinuous days, the last notice being published not less than five days and not more than thirty days before the meeting date.

Article 289. Convocation by directors or auditors - Ordinary and extraordinary meetings shall be called by the board of directors or auditors in the legally provided cases or when necessary in the opinion of any of them. In case both the board of directors and the auditors wish to call a meeting, the board of directors shall call it. The matters in question by both the board of directors and the auditors shall be discussed at the same meeting.

Article 290. Rights of minority shareholders - Shareholders representing less than 20% of the capital stock, if the by-laws do not establish a minority representation, shall have the right to request in writing, at any time, the convocation of a general meeting of stockholders, exclusively for the purpose of resolving the matters indicated in their petition.

If the directors or auditors refuse to call a general meeting or if they do not do so within fifteen days following the receipt of the petition, it shall be brought before the Directorate of Stock Companies which shall call the meeting without further procedure. In such cases, the shareholder designated by the meeting shall preside.

Article 291. Right of a holder of only one share - The right set forth in the preceding article may also be exercised by the holder of only one share, in any of the following cases:

(1) If there has been no general meeting for more than one fiscal year;

(2) If the matters set forth by numbers (1),(2) and (3) of Article 285 have not been resolved in general meetings.

When directors or auditors refuse to call the meeting or if they do not do so within fifteen days following the presentation of the request, and the aforementioned cases are substantiated by preconstituted evidence,

the Directorate of Stock Companies shall call a general meeting, after notifying the directors or auditors.

Article 292. Order of the Day - The matters to be submitted to the consideration and resolution of the general meeting shall be consigned to the order of the day and appear in the notice of convocation.

Those who have the right to request the convening on a general meeting also have a right to request the

inclusion of certain matters in the order of the day.

The order of the day in the convening notice must consign concrete matters to be considered and may not

contain expressions in general terms, implicit terms or terms which would induce confusion amongst the

shareholders, under penalty of nullity.

Any resolution on matters not included in the order of the day, except for that provided in Article 299, as well as with respect to the election of shareholders to sign the act, is null and void.

Article 293. Requirements for attending meetings - In order to attend general meetings, owners of nominative titles must be duly registered in the book of the company.

Shareholders with bearer titles must deposit with the company at least three days before the meeting, the

titles of their shares, or a certificate showing that they are deposited in a banking institution. The company

shall grant them the evidences of receipt for participation in the meeting.

The certificates of deposit and the evidences of receipt must specify the class, series and numeration of

the shares or titles. The depositary shall be liable, unlimitedly and jointly and severally, for the existence of the shares.

Article 294. Suspension of the register of transfers - The register of transfers shall remain suspended from the day of the last publication of the notice of meeting until the day after the meeting.

Article 295. Quorum in ordinary and extraordinary meetings - If more than half of the shares with voting rights are represented a quorum is considered to exist in ordinary meetings. For extraordinary meetings, a two-thirds representation is necessary, unless the by-laws establish a larger number to form a quorum.

Article 296. Necessary votes - Resolutions in ordinary meetings shall be made by an absolute majority of votes present which are not impeded from the vote by a relationship with the matter subject to decision, unless the by-laws demand a larger number.

In extraordinary meetings, resolutions shall be made by an absolute majority of votes present which are not

impeded by a relationship with the matter subject to decision, unless the by-laws demanded a greater

number.

Ballots shall be secret if so requested by at least 10% of shares present at the meeting.

Article 297. Second convocation - An ordinary meeting shall function validly, in a second convocation, regardless of the number of shareholders present with voting rights. Such convocation shall be made in accordance with the procedure established in Article 288, except that there shall be only two publications, the last being three days before the meeting, and establishing the fact that this is a second convocation.

Extraordinary meetings shall function validly in second and subsequent convocations, as long as at least

one third of shares with voting rights are present. The decisions shall be made by an absolute majority of

votes unless the by-laws demand a quorum of a larger number of votes.

Article 298. Deferment of ballot - Shareholders constituting 25% of voting shares present, may request a deferment of balloting on any matter up to thirty days, without necessity of a new convocation. this right may be exercised only once on the same matter.

Article 299. Meeting without requiring notice of convocation - A meeting may come together validly without the fulfillment of the requirements provided for convocation, and may resolve any matter within its competency, provided that shareholders representing

100% of capital stock are present. Resolutions shall be adopted by a two-thirds vote of shares with voting rights.

Article 300. Request for reports - All shareholders have the right to request reports related to matters under discussion in general meetings.

Article 301. Acts of the meetings - Acts of the general meetings shall be entered in the book of "Acts" and summarize the matters discussed in the deliberations, the form of ballot and their results, with a complete indication of resolutions adopted; they shall be signed, at the latest, within five days following the meeting, by the presiding officer, the secretary and two shareholder representatives elected for that purpose.

A legalized copy of the acts of extraordinary meetings, posted in the respective book, shall be obtained and recorded in the Commercial Registry, after notifying the Directorate of Stock Companies.

Any shareholder may request, at his own expense, a legalized copy of the act.

If a different procedure is not established, the act of general meetings shall indicate the name of shareholders or their representatives and the number of votes belonging to them.

Article 302. Impugning of nullity - Any resolution of the meeting which violates the provisions of this Code or the by-laws, may be attached as a nullity by the directors, administrators, auditors or controlling administrative authority or by any shareholder who has not participated in it, or if he had participated, had shown his dissidence and, in general, when the resolution is contrary to the public order.

Also, any call to meeting which does not comply with the provisions set forth in this Code or the by-laws may be opposed.

The action must be directed against the company, within sixty days following the meeting or its publication, with documentation supporting the demand, duly proceeding summarily.

Article 303. Proven demand - When the demand has been supported by evidence, the court shall declare the opposed resolution null and void, and may order the suspension of the convocation until the legal aspects are fulfilled.

Article 304. Liability of shareholders - Whoever vote in favor of resolutions which are later declared null, shall be jointly and severally liable for the consequences of them, without prejudice to the liability of directors and auditors.

Article 305. Revocation of the opposed resolution - If the opposed resolution is revoked by a later meeting, the suit shall not proceed, the liability for its effects or direct consequences, however, shall continue until the date of the revocation.

Article 306. Bond for judicial liability - In order to carry out the actions provided in Article 302, the opposing shareholders must constitute a sufficient bond for their liability for damages and losses suffered by the company, as well as for the judicial results.

SECTION VIII. ADMINISTRATION AND REPRESENTATION

Article 307. Composition of the Board of Directors - The administration of every corporation shall be in the hands of a board of directors composed of a minimum of three members, whether shareholders or not, designated by the shareholders' meeting.

The by-laws may establish a larger number of directors which may not exceed twelve.

Article 308. Designation for a determined period and revocability - Directors must be designated by the ordinary general meeting for a determined period, and may be re-elected. Their designation is revocable by the general meeting.

Any other form of designation is null and void.

The by-laws shall regulate the manner of appointing head directors and alternates.

When different classes of shares exist, the by-laws may provide that each one of them elect one or more

directors, regulating the form of election and removal.

Article 309. Capacity required - In order to become a director the person must be able to carry on commerce.

Article 310. Impediments and prohibitions against persons becoming directors

The following may not be directors:

- (1) Those who are impeded and prohibited from carrying on commerce, in accordance with Article 19;
- (2) Those with a conflict of interest, matters in litigation or overdue debts to the company;
- (3) On the same board of directors, those related up to the fourth grade of consanguinity or second grade of affinity, inclusive;
- (4) Auditors or person exercising functions of control in the same way;

(5) Public officers with competency and jurisdiction in matters related to the object of the company, up to two years after leaving office;

(6) Those sentenced for fraud committed in the constitution, operation and liquidation of companies or other

common fraud, up to five years after completing the imposed sentence.

Article 311. Personal responsibility - A director's responsibility is personal and he may not delegate it. Directors may vote by correspondence. Each director has a vote in meetings of the board of directors. Any agreement to the contrary is null and void.

The granting of general or special powers by the board of directors, in no case may signify the modification of the directors' own faculties and attributions, nor may it signify the modification of their obligations and liabilities.

Article 312. Bond - In order to guarantee the liabilities arising from the fulfillment of their offices, directors, before exercising their functions, shall post a bond established by the by-laws.

Directors who are shareholders may give shares from their own company in trust, which shall be deposited

in a company bank.

The bond of directors shall be canceled one year after the approval of the balance sheet and financial

statements of the last fiscal year in which they intervened in their preparation, in accordance with the Law.

Article 313. Election of the president - If the election is entrusted to the board of directors, its members shall elect a president by an absolute majority of votes, unless the by-laws provide for a larger number.

Article 314. Representation of the company - The president of the board of directors shall legally represent the company. The by-laws may provide for the joint representation of one or more directors or managers. In both cases Article 163 shall be applied.

Article 315. Regulations of the by-laws - The by-laws shall establish:

(1) The number of titular components of the board of directors and alternates;

(2) The period of duration of directors' offices, which may not exceed three years, except in the case

provided in Article 308.

(3) The frequency of obligatory meetings and the method of calling them, and

(4) Formation of a quorum and the majority votes necessary for the adoption of resolutions.

Article 316. Appointment of directors by the minority - Minority shareholders representing at least 20% of capital stock with voting rights, have the right to designate one-third of the directors or, if such is the case, a proportion somewhat less than one-third.

Article 317. Fulfillment of functions - Directors are obligated to continue the fulfillment of their functions until those who are newly elected can assume office, unless they become incapacitated or if a legal impediment or prohibition forces them to quit office.

Article 318. Termination of office - Directors shall cease fulfilling their functions at the moment the general meeting resolves to bring judicial action against them. They shall return to office when the judicial authority declares the action brought against them unproved.

Article 319. Resignation - A resignation from office by a director must be presented to the board of directors, which may accept it, provided that it does not affect the normal functioning of the administration, or may refuse it until the next general meeting can resolve the matter. In the meantime, the director must perform his functions with their inherent liabilities.

Article 320. Remunerated offices - Directors' offices may be remunerated, unless the by-laws provide differently. The remuneration shall be fixed by the general meeting.

The total maximum amount of the remunerations received by members of the board of directors and

auditors, may not exceed 20% of the net gains of the corresponding fiscal year.

If no gains exist, or if they are reduced, the general meeting shall expressly authorize the amount of the

remunerations.

Article 321. Directors' liability - Directors are unlimitedly, jointly and severally liable before the company, its shareholders and third parties, in the following cases:

(1) For bad fulfillment of their functions, in accordance with the provision in Article 164.

(2) For non-compliance or violation of the laws, by-laws, regulations or resolutions of the meetings;

(3) For damages arising from negligence, fraud, grave fault or abuse of powers;

(4) For any distribution of profits in violation of Article 168.

Article 322. Joint liability with previous directors - Also, directors shall be jointly liable with those who have preceded them for irregularities committed by them, if they know about such, and do not try to remedy them or do not notify the auditors or the general meeting of them.

Article 323. Liability Suit - A liability suit of the company against the directors and auditors shall be brought against them with the previous approval of the general meeting. Suit against managers shall be brought against by a previous resolution of the board of directors.

A liability suit shall not be brought against dissident directors whose dissidence can be proven. The statute

of limitations is three years from the date of the respective mandate.

The liability of directors and managers before the company shall terminate upon approval of its

management, by voluntary dismissal of suit or by a transaction agreed upon by the general meeting

provided that such liability has not violated the Law.

Article 324. Bankruptcy - If the company is in a state of bankruptcy, a liability suit may be brought against it by its creditors or by the trustee in bankruptcy.

Article 325. Resolutions of the board of directors - Resolutions of the board of directors shall be adopted in meetings called and held in the manner provided in the by-laws, duly drawing up the acts with the formalities prescribed in Article 301.

The president or, if such is the case, the manager, when urgent reasons exist, may adopt adequate

methods in the management of the company business, with responsibility of ratification by the board of

directors in its next meeting.

Article 326. Powers and obligations of the board of directors - The by-laws shall establish, in addition to that prescribed in this Code, the functions, attributions, duties and obligations of the board of directors. The administration, management and representation of the company may not be attributed to any other company organ.

Article 327. Managers - The board of directors may delegate its executive functions of administration by appointing a general or special manager or managers, who may or may not be directors, with powers and obligations expressly set forth. The responsibility of management shall be remunerated and its mandate is revocable at any time by agreement of the board of directors. Managers shall be liable before the company and third parties for the fulfillment of their responsibility in the same manner as the directors. Their designation does not exclude the liability of the directors.

Article 328. Acts of competition - Directors and managers may not carry out for themselves or the account of third parties, private negotiations included in the object of the company, or any other act of competition with the company, except upon express authorization of the general meeting, under penalty of incurring the liabilities set forth in Article 164.

Article 329. Removal of Impediments and Prohibitions - (Amended by Decree Law No. 15184 of December 1977.)A director or manager with impediments and prohibitions as set forth in Article 310 may be removed from office by an extraordinary meeting called for that purpose, at the request of the board of directors or the auditor, or on its own initiative, or at the request of any shareholder. The meeting shall be held within thirty days from the request. The removal may be resolved judicially if that is denied.

Article 330. Executive committee - The board of directors, if allowed by the by-laws, may organize and executive committee composed of directors to manage certain determined ordinary negotiations, exercising vigilance and control in its functioning as well as the compliance with legal attributions and statutes. The organization of the committee shall not change the obligations and liabilities of the directors.

Article 331. Publication of the report - The board of directors of every corporation must write up and publish annually the report, after its consideration and approval in a general meeting. It shall contain the general balance sheet, the profit and loss statement of the fiscal year and all other additional information that the shareholders should be aware of, in accordance with the regulations issued by the Directorate of Stock Companies.

The publication of the report must be accomplished within six months following the close of each fiscal year and must be sent to the Directorate of Stock Companies and to the competent taxation authorities, and must be available to shareholders and creditors of the company if they should request a copy.

Violation of this article shall cause the suspension of the president and the manager for a period of up to six

months, in which time the report must be published. The Directorate or Stock Companies shall apply the

established sanction.

SECTION IX. INTERNAL CONTROL OF THE CORPORATION

Article 332. Auditors - The internal and permanent control of the corporation shall be the charge of one or more auditors who may or may not be shareholders, designated by the general meeting called for this purpose. They may be re-elected or their designation revoked by the general meeting.

Minority shareholders have a right to designate auditors in the manner set forth in Article 316.

Notwithstanding, if there are two auditors, one of them necessarily must be elected by the minority

shareholders. Also, an equal number of alternates shall be elected.

Article 333. Requirements - In order to be an auditor, a person must have the capacity to carry on commerce, and must be domiciled in the same place as the company's seat of management.

Article 334. Impediments and prohibitions against being an auditor - The following may not be auditors:

(1) Those who are impeded and prohibited from carrying on commerce in accordance with the provisions

of Article 19;

(2) Directors, managers and employees of the company;

(3) Spouses of directors and managers, as well as relatives up to the fourth grade of consanguinity and up

to the second grade of affinity, inclusive.

Article 335. Attributions and duties of an auditor - The responsibility of the auditor is personal and cannot be delegated.

The following are attributions and duties of auditors, without prejudice to that set forth by this Code or by

the by-laws:

(1) To control the administration of the company, without intervening in the administrative management;

(2) To assist with voice, but without vote, at meetings of the board of directors and, if such is the case, at

meetings of the executive committee, and to necessarily attend general meetings of shareholders;

(3) To examine the books, documents, statements of account and to make audits and verification of values any time it is judged convenient. The auditor may demand the reproduction of balances of proof;

(4) To verify the constitution of bonds for the responsibility of directors, informing the general meeting of

irregularities, without prejudice to the adopting of methods of correction;

(5) To revise the general balance sheet and profit and loss statement, duly presenting a written report to

the ordinary general meeting, dictating the content of same and of the annual report;

(6) To call extraordinary meets when judged convenient, and to call ordinary and special meetings when

the board of directors fails to do so;

(7) To include in the order of the day of any meeting matters he esteems necessary;

(8) To demand compliance with laws, by-laws, regulations and resolutions of the general meeting, to

know the content of audit reports and, if such is the case, to summarize the report of external auditors,

after authorization by the general meeting;

(9) To supervise the liquidation of the company;

(10) To attend the written reports presented by the shareholders and to inform the meeting on investigations conducted concerning them, along with his conclusions and suggestions;

(11) Those set forth expressly by the general meeting of shareholders.

Article 336. Election by classes - Where there are different classes of shares, the by-laws may provide that each one of them shall elect one or more auditors, and regulate the manner of election and removal.

Article 337. Plural controlling board - If the controlling board is plural, it shall operate as a group under the name of "Inspection Commission", and the by-laws shall regulate its organization and functioning. The "Inspection Commission" shall keep a book of acts. A dissident auditor shall exercise individually the duties and attributions of Article 335.

Article 338. Absence of an auditor - An auditor shall be replaced by an alternate in case of temporary or final vacancy or if he is legally impeded or prohibited from carrying on as an auditor. If the alternate is also indisposed, the board of directors, under its liability, shall immediately call either a general meeting or a meeting of the class of shares to which the indisposed auditor and alternate belong, in order to designate others to complete the period.

Article 339. Remuneration of auditors - The position of auditor is remunerated, and the remuneration shall be established by the general meeting, without consideration of profits of the fiscal year.

Article 340. Extension of rights to previous fiscal years - The rights to information and administrative investigation may be extended to previous fiscal years, if so designated.

Article 341. Liability - Auditors are unlimitedly and jointly and severally liable for not fulfilling the obligations set forth by the Law, the by-laws and the regulations. Action shall be carried out in accordance with Article 323.

Auditors are also jointly and severally liable with directors for their acts or omissions even if such have not

produced damage.

Article 342. Applicable norms - The provisions of Articles 312, 315 Nos. (1) and (2), 317, 318, 319 and 329 shall be applied to auditors, it being understood that when such provisions refer to a director or to the board of directors, auditors or the inspection council may be substituted.

SECTION X. INCREASE AND REDUCTION OF CAPITAL

Article 343. Increase of capital - Capital stock may be increased up to the limit of authorized capital by resolution of an extraordinary general meeting, respecting the preferential right of shareholders set forth in Article 255.

In order to increase authorized capital Article 256 must be observed and the by-laws must be modified in

the pertinent parts, and the procedure set forth in Articles 130, 131 and 132 must be carried out.

Article 344. Registration - A resolution to increase authorized capital shall be recorded in the Commercial Registry, in accordance with Article 142.

Article 345. Preferential right-damaged shareholders - If a company disregards the right of a shareholder to preferential subscription established in Article 255, the damaged shareholder may judicially demand such subscriptions be canceled and that the shares to which he has a preferential right be delivered to him.

If it is not possible to annul the subscriptions because the shares have already been delivered to others,

the damaged shareholder has a right to indemnification for damages suffered from the company and the

directors, jointly, The indemnification shall not be less than the nominal value of the shares to which he has

a right, in accordance with Article 255.

The judicial action mentioned in this article must be commenced within the period of six months from

maturity of the subscription period, and shall be initiated by the damaged shareholder or by the auditor.

Article 346. Delivery of shares to new subscribers - Delivery of shares to new subscribers is subject to the termination of the period granted for the exercise of the preferential right of subscription and to the written certification of the administrators in ascertainment that no legitimate request of old shareholders exists.

Article 347. Capitalization of reserves and profits - The proportion of each shareholder shall be respected in the capitalization of reserves and other liberated funds, as well as in the payment of dividends with liberated shares and in similar procedures.

Once the capitalization of profits has been approved in general meeting, no shareholder, even if his vote

was contrary, may demand delivery of his part in cash.

Article 348. Bonds convertible into shares - Shareholders shall also have preferential right to the subscription of bonds which are convertible into shares.

This right may be extended to preferred shares, provided that the by-laws so establish it.

Article 349. Cases of limitation of preferential right - An extraordinary general meeting may resolve, exceptionally, the limitation of the preferential right in the subscription of new shares, only when the interest of the company demands the payment of pre-existent obligations with liberated shares or in the case of contributions of goods in payment of shares.

Article 350. Increase of capital by public subscription - An increase of capital may be realized by a public offering of shares by means of a resolution of an extraordinary general meeting. This shall require prior authorization from the Directorate of Stock Companies, for which a subscription program shall be presented containing:

(1) The name of the company, its address, object, authorized capital, subscribed and paid, nominal value

of shares, classes, privileges and existing series;

(2) The names of the directors, auditors and managers;

(3) The balance sheets, and profit and loss statements of the last three fiscal periods;

(4) The amount and description of the liabilities, the total amount, periods, redemption and other

characteristics of the business obligations; and

(5) The resolution of the general meeting of shareholders which authorized the increase with details on the

amount, the subscription period and the method of payment of the new shares; their class, series, numbers

and proposed privileges.

Article 351. Nullity - Public offerings which do not fulfill legal norms are null and void. The company, directors, and auditors are unlimitedly, jointly and severally liable for the consequences. Any subscriber may request the nullity and demand reparation for damages.

Article 352. Voluntary reduction of capital - Reduction of capital stock shall be made by resolution of an extraordinary general meeting and must be effected with the authorization of the Directorate of Stock Companies. Such reduction shall be published in accordance with Article 142 and shall be observed, with respect to creditors, in accordance with Article 143.

Article 353. Reduction for losses - An extraordinary general meeting may resolve the reduction of the capital in the amount of losses suffered by the company in order to re-

establish the balance between the capital stock and the patrimony, after fulfillment of the requirements set forth in the preceding article.

Article 354. Obligatory reduction - Reduction of capital is obligatory when the losses are in excess of 50% of the capital, including free reserves. This must be communicated to the Directorate of Stock Companies, published in accordance with Article 142 and the provisions of Article 143 must be observed.

If the reduction of capital results in an insufficiency for fulfilling the object of the company, the company must be wound up and liquidated.

Article 355. Exchange or re-stamping of shares - In any reduction of capital the share certificate must be exchanged or re-stamped in accordance with the reduction realized. Shares issued in exchange for those annulled shall be deposited in a Bank. In like manner, shares must be re-stamped by an intermediary Bank.

CHAPTER VI. COMPANIES LIMITED BY SHARES

Article 356. Characteristics - In a company limited by shares managing members shall be liable for the same business obligations as general partners of a general partnership. Limited members are liable only up to the amount of the shares they have subscribed.

Only contributions of limited members shall be represented by shares.

Article 357. Applicable norms - The rules relative to a corporation are applicable to this type of company in all matters not contrary to the contents of this Chapter.

Article 358. Trade name - The name of the company must include the words "Sociedad en Comandita por Acciones" (Company Limited by Shares) or the abbreviation, "S.C.A.". Violation of this rule shall result in the unlimited, joint liability of the administrators and the company for acts accomplished under such conditions.

If the company is to act under a firm name, it must be formed with the surnames of one or more of the

managing members, adding "Sociedad en Comandita por Acciones" or its abbreviation. If the latter is

omitted the company shall be considered as a general partnership.

Article 359. Administration - The administration and representation may be in the hands of one or more managing members or third parties, who shall continue in their offices for the period fixed by the company by-laws; the limitations of Article 315, No. 2, are not applicable in this case.

Article 360. Removal of an administrator member - A managing member may be removed from administration in accordance with the provisions of Article 176, but the limited member may request the removal judicially, if there is just cause, if he represents no less than 10% of the capital.

Once a managing member is removed from administration, he shall have a right to withdraw from the

company or to be changed into a limited member as long as his removal was not due to a felony against

the company.

Article 361. Meeting - The meeting shall be composed of both classes of members. The share of interest of the managing members shall be considered divided into fractions of the same value as the shares with the purpose of computing the quorum and votes. Fractions not adding up to a share shall be disregarded.

Article 362. Prohibitions of administrative members - Under pain of nullity, the administrative members shall have a voice, but no vote in the following matters:

- (1) His removal and liabilities;
- (2) Election and removal of auditors;
- (3) Approval of the administrative management.

Article 363. Transfer of the share of managing members - In order to transfer his share of the business the managing member must necessarily receive the authorization of the extraordinary meeting.

Article 364. Other applicable norms - Without prejudice to Articles 356 and 357, Chapter III of this Code, referring to simple limited partnerships shall be applied supplementarily to companies limited by shares.

CHAPTER VII. ACCIDENTAL ASSOCIATIONS OR JOINT VENTURES (Commercial Code)

Article 365. Characteristics - By the contract of accidental association or joint venture, two or more persons shall take an interest in one or more determined and temporary operations, to be fulfilled by means of common contributions, one or more or all the associates carrying on the operations, in accordance with the contract agreement.

This type of association does not have its own juridical personality and shall not carry a firm or trade name.

Article 366. Absence of formalities - The accidental association or joint venture is not subject to the requirements that regulate the constitution of commercial companies, neither is registration in the Commercial Registry required. Its existence may be ascertained through any methods of evidence.

Article 367. Rights and obligations before third parties - The associates entrusted with operations shall act in their own name. Third parties shall acquire rights and assume obligations only with respect to such associates, who are unlimitedly, jointly and severally liable.

Associates not entrusted with operations shall lack the ability to take direct action against third parties.

Article 368. Consent of the associates - All the associates shall remain obligated, unlimitedly, jointly and severally, before third parties, when with the consent of the other associates, those entrusted with operations have knowledge of their names.

Article 369. Rendering of accounts - Every associate not in charge of operations shall have the right to request a rendering of the accounts of the operations. Upon termination of the joint venture, the partners in charge of operations shall be liquidators and shall render accounts to the other associates.

Article 370. Control of the association - Without prejudice to a contract designating one or more associates to exercise control of management, all the others have the right to examine, inspect, verify and audit the operations encompassed.

Article 371. Supplementary rules - In the absence of special provisions, rules applicable to the general partnership are applicable to the accidental association or the joint venture, in all that is not contrary to this Chapter.

CHAPTER VIII. PARTIAL RESOLUTION AND WINDING UP

SECTION I. PARTIAL RESOLUTION

Article 372. Contractual causes - The constitutive contract may contain causes for partial resolution not contemplated in this Title, provided that the rights of the partners recognized in this Code are protected.

Article 373. Death of a partner - In a general partnership, simple limited partnership and accidental association or joint venture, the death of a partner shall partially resolve the contract. Nevertheless, in general partnerships and in simple limited partnerships, it may be stipulated that the company shall continue with the heirs of the deceased partner if they have the capacity to carry on commerce.

The contract of the limited partnership may carry a condition that the heirs of the deceased partner be

incorporated into the company as long as his share be transformed into a limited share.

The provisions of Article 212 shall be applied to a limited liability company.

Article 374. Exclusion of partners - In all the companies mentioned in the preceding article, any partner may be excluded for just cause.

Just cause is considered to exist when the partner:

- (1) Seriously refuses to fulfill his obligations;
- (2) Commits fraudulent or negligent acts against the company;
- (3) Uses, for his personal benefit, the firm name or the company's patrimony, without authorization;
- (4) Is declared in bankruptcy, losing his capacity to carry on commerce or is declared incompetent to carry

on commerce, except in the case of corporations or limited liability companies.

These causes are also applicable to managing partners of companies limited by shares.

Article 375. Effects of exclusion - Exclusion produces the following effects:

- (1) The excluded partner has a right to receive the value of his share of interest, quotas and profit in cash,
from the date of his exclusion;
- (2) In the case of pending operations, the excluded partner shall participate in the profits and support the losses of such operations;
- (3) The company may retain, up to the liquidation of the operations in course, the share of the excluded
partner;
- (4) In the case of contributions or the use of an asset, the restitution of its value shall be paid in cash if it is
indispensable to the company, and
- (5) The excluded partner shall be liable before third parties up to the moment of the recording of the

modification to the company contract in the Commercial Registry.

Article 376. Necessity of a juridical decision - The exclusion of a partner and /or his provisional suspension shall be requested by representatives of the company or by any partner under his personal liability. The court shall proceed summarily.

An exclusion requested by one of the partners shall be sustained by a summons of all the others.

Article 377. Annulment of the right of exclusion - The right to request an exclusion shall be annulled if it is not exercised within 90 days of the date on which the cause for exclusion became known.

SECTION II. WINDING UP

Article 378. Causes of winding up - The company shall be wound up for the following reasons:

- (1) Agreement of the partners;
- (2) Expiration of the term, unless extended or renewed;
- (3) Fulfillment of the condition to which it owed its existence;
- (4) Obtainment of the object for which it was constituted or if impossible to continue in the same object;
- (5) Loss of the capital stock, in accordance with that stipulated in the constituting contract. In the case of

corporations, the provisions in Article 354 shall be applied.

The company shall not be wound up if the partners agree to reintegrate or increase the capital;

- (6) Declaration of bankruptcy, unless a preventive or resolatory agreement is executed;
- (7) Merger, in accordance with Article 405;
- (8) Reduction of the number of partners to only one, and, in the case of corporations, to less than three,

provided that new partners are not incorporated at the end of three months.

After that time the sole partner or the remaining members of the corporation shall be unlimitedly and jointly liable for company obligations contracted;

(9) Other reasons shown in the constituting contract.

Article 379. Extension of the company - The extension of the company must be granted by the partners unanimously, unless there is agreement to the contrary, and except in the case of stock companies and limited liability companies.

The extension and its registration must be granted and requested before the expiration of the period of

duration of the company.

Article 380. Judicially declared winding-up - A judicially declared dissolution shall have effect retroactively from the day on which the cause was produced.

Article 381. Effect on third parties - The winding up of a company shall have effect with respect to third parties from the date of its recording in the Commercial Registry, and in the case of a stock company, from the publication.

Article 382. Powers of the Administrators - Once the dissolution is agreed upon, whether judicially declared or if there is any other cause for proceedings, the administrators shall take the necessary steps to initiate the liquidation of the company, remaining unlimitedly, jointly and severally liable, with respect to third parties and before the members or partners, for any operations performed, without prejudice to the liability of the others.

Article 383. Rule of interpretation - If there is a doubt about the existence of a cause for dissolution, judgment shall be given in favor of the continuance of the company.

CHAPTER IX. LIQUIDATION

Article 384. Liquidation and juridical personality - Once the company has been wound up, its liquidation shall proceed.

A company in liquidation shall maintain its juridical personality for liquidation purposes only.

During the liquidation the rules pertinent to the type of company in liquidation are applicable.

Article 385. Appointment of liquidators - The liquidators of a company shall be in the charge of the administrative organ, unless there exists an agreement to the contrary.

If such is the case, the liquidators shall be appointed by a simple majority of votes within thirty days from the date the liquidation was provided. If liquidators are not designated or if they will not assume the

responsibility, the court shall appoint liquidators upon request of any partner or member.

Appointment and removal of liquidators shall be recorded in the Commercial Registry.

Article 386. Removal of liquidators - The majority required for appointing liquidators may also be required to remove them. The auditors or any partner may demand removal of liquidators for just cause.

Article 387. Obligations and liabilities of liquidators - Liquidators shall assume the obligations and liabilities set forth for administrators, without prejudice to all proved expressly in this Chapter.

Article 388. Inventory and balance - The liquidators shall take a complete inventory and draw up a balance sheet of liquidation; these documents shall be brought to the knowledge and put at the disposal of the partners, within thirty days from the date on which the liquidators assumed their responsibilities. The period set forth may be increased up to 120 days by agreement of a simple majority. Non-compliance with this provision is cause for removal and shall cause the liquidators to be liable for damages and losses.

Article 389. Powers of liquidators - The representation of the company during the liquidation shall be the responsibility of the liquidators, who shall have all faculties for executing the acts necessary to realize the assets and to discharge the debts.

In accordance with the norms pertaining to the type of company, the liquidators shall be subject to the

instructions of the partners.

Non-compliance with the provisions above shall cause the liquidators to be liable for damages and losses

occasioned.

Article 390. Addition to the firm name or trade name - The liquidators shall act in the name of the firm with the addition; "en liquidacion" (in liquidation). The omission of this shall render them unlimitedly, jointly and severally liable.

Article 391. Information to the partners - The liquidators must periodically inform the partners on the state of the liquidation at least every three months. In stock companies this information shall be presented to the auditors.

Throughout the liquidation periodic balance sheets shall be drawn up.

Article 392. Participation and distribution - No partner may receive his participation in the business until the obligations of the company are met or unless they are sufficiently guaranteed.

Any distribution agreement shall be published in the form set forth for the reduction of capital and shall have the same effects.

Article 393. Obligations of the partners or shareholders - The liquidators must demand from the partners the pending contributions which they have not satisfied or the portion of their shares which they have subscribed but have not paid up. They are also obligated to demand contributions from the partners if company funds will not cover its debts, in accordance with the type of company and in conformity with the constituting contract.

Article 394. Final balance sheet and distribution - Once the business liabilities are paid off, the liquidators shall draw up the final balance sheet and a plan of distribution of capital, which shall be submitted for the approval of the partners.

Any objection must be made within fifteen days, and, if such is the case, judicial action must be brought

within the following 60 days.

In stock companies the final balance sheet and the distribution plan shall be subscribed, however, by the auditors, and submitted to an extraordinary general meeting executed with the legal formalities. Dissident shareholders or those absent may judicially object to the balance sheet and the distribution within the periods set forth above, counted from the date of the meeting which approved them.

Article 395. Distribution - Once the final balance sheet and the distribution plan have been approved, they shall be recorded in the Commercial Registry and their execution shall proceed.

Article 396. Deposit of sums not collected - Sums not collected by the partners or shareholders shall be deposited in a bank in their names, within sixty days of the approval of the final balance sheet and the distribution plan. The value of the bearer shares shall be deposited under the number and series of the corresponding titles.

Article 397. Cancellation of registration - The liquidators shall carry out the cancellation of the registration of the company in the Commercial Registry at the end of the liquidation, extinguishing from that moment, the juridical personality of the company.

CHAPTER X. TRANSFORMATION

Article 398. Concept - A company may be transformed into any other type of company as provided in this Code.

When a company is transformed it shall neither be dissolved, nor shall its rights and obligations be changed.

Article 399. Previous liability of the partners - If the partners have been unlimitedly, jointly and severally liable under the previous type of company, transformation shall not modify this liability except by consent of the creditors. This consent shall be presumed:

(1) If the creditor, upon immediate personal notification, does not oppose the transformation within the

following 30 days, and

(2) If the creditor makes a contract with the company after the transformation has been accomplished.

Article 400. Unlimited liability of the partners - If unlimited liability of the partners is assumed under the new type of company, it shall extend to the company obligations previous to the transformation.

Article 401. Requirements - The following requirements must be fulfilled for transformation:

(1) Unanimous agreement of the partners, unless there is a different stipulation in the company contract or if

there is a different legal provision for certain types of companies;

(2) The drawing up of a special balance sheet which shall be approved by the partners and placed at the

disposal of the creditors at the main office of the company for 30 days from their personal notification;

(3) Publication of the instrument of transformation in the manner set forth in Article 132;

(4) Public document of transformation authorized by the competent organs of the company and by the new

incorporators, if any, specifying any partners who may have withdrawn, along with the capital that they

represent, and including a signed copy of the special balance sheet, duly complying with the formalities

corresponding to the new type of company, and

(5) Inscription in the Commercial Registry of all the acts and documents pertaining to the transformation.

Article 402. Separation of partners - When the transformation does not require the unanimous agreement, dissident or absent partners have the right to separate themselves from the company. Nevertheless, their separation shall not affect their liability to third parties for obligations contracted up to the time the transformation was recorded in the Commercial Registry. The separation may not be made effective until the creditors have accepted the transformation.

Article 403. Preferential right of the partners - The transformation shall not affect the preferential right of the partners to acquire shares of interest or quotas of the separated partners, unless there exists an agreement to the contrary.

Article 404. Revocation - The agreement for the transformation may be rendered ineffective if it has not been published and if there exists no loss on the part of the partners and third parties.

The revocation of the transformation shall require the unanimous agreement of the partners, unless there is

a different stipulation in the company contract or if there is a different legal provision for certain types of

companies.

CHAPTER XI. MERGER

Article 405. Concept - Merger exists when two or more companies are dissolved, without being liquidated, in order to constitute a new company, or when one company incorporates another or others which have been dissolved without being liquidated.

The new company created or the incorporator shall acquire the rights and obligations of the dissolved

companies at the time of the transference of the total of their respective capital, as a consequence of the

merger agreement.

Article 406. Preliminary requirements - The following requirements must be fulfilled in order for the merger to proceed:

(1) Merger commitment subscribed by the companies' representatives, approved by the majority of votes

necessary for the modification of the constituting contract of the company, and

(2) Preparation of special balance sheets on the date of the agreement for each of the companies participating in the merger. These balance sheets must be placed at the disposal of the members or partners and the creditors. The creditors may oppose the agreed merger if they have not previously been duly guaranteed their rights. Any discrepancy in regard to such guarantees shall be resolved in summary court.

Article 407. Final agreement - Once the preliminary requirements have been fulfilled, the final merger agreement must contain:

- (1) The approving resolutions of the participating companies;
- (2) The names of the members or partners who shall take advantage of their right to withdraw and the amount of capital they represent;
- (3) The name of the creditors who oppose the merger and the amount of their credits;
- (4) The clauses for the execution of the agreement which also must observe the fulfillment of the rules of dissolution of each company. The participation of the partners of the dissolved companies and their characteristics shall be included clearly and concretely, and
- (5) Inclusion of the special balance sheets.

Article 408. Constitution of the new company - The new company shall be constituted in accordance with the legal norms corresponding to the type of company it is. In the case of an incorporating company (amalgamation), the statutory reform shall proceed in accordance with the pertinent legal norms.

Article 409. Registration - The final merger agreement shall be recorded in the Commercial Registry and shall be published in accordance with that set forth in Article 401, Nos. (3) and (5).

Article 410. Administration during the merger - The administrators of the new company or of the incorporating company shall be representatives of the dissolved companies, with the liabilities of liquidators, without prejudice to the liabilities of their office.

Article 411. Withdrawal of partners and preferential rights - Articles 402 and 403 are applicable to mergers.

Article 412. Revocation - The commitment of merger may be rendered ineffective if the final agreement is not subscribed and insofar as loss has not been caused to the companies, the partners or members and to third parties.

CHAPTER XII. FOREIGN COMPANIES

Article 413. Applicable law - A foreign company shall conform to the laws of the place of its constitution and shall be ruled by those provisions applicable to its form and legal existence. In order to develop activities in Bolivia its juridical capacity shall be recognized, remaining subject to the norms of this Code and other laws of the Republic.

Article 414. A company with its principal object in the Republic - A company constituted abroad in which the principal object of its commercial or industrial operation is in the country, shall be considered a local company for the purposes of that operation, of its functioning, control, fiscalization and of the liquidation of its negotiations in Bolivia, and, if such is the case, for the cancellation of its juridical personality.

Article 415. Isolated acts - A foreign company may carry out isolated or occasional acts in the Republic, but may not habitually exercise commercial acts without first fulfilling the requirements demanded by Bolivian laws.

Article 416. Requirements for the habitual exercise of commercial acts - In order to be registered in the Commercial Registry and to habitually exercise acts contained in its business object, a foreign company must:

(1) Register, after judicial order, with a notary of the place designated to be its domicile in the Republic, the constituting contract of the company, its modifications, its by-laws and regulations accrediting its legal

existence in the country of origin, as well as the legal authorization or resolution of the company's

competent administrative organ to establish a branch or permanent representation in the country, with the

designation of the person or persons who shall represent the company with the ample and sufficient powers

to carry out all the acts included in the business object, and who shall represent the company judicially and

extrajudicially for all legal purposes;

(2) Establish a branch or permanent representation domiciled in the Republic;

(3) Assure that the capital assigned to its operations in Bolivia has been wholly covered, without prejudice

to the minimum necessary set forth by the laws for certain types of activities and other guarantees to its

functioning.

Article 417. Authentication of documents - Documents authorized abroad must be authenticated by the competent officials of the country or origin and legalized by the diplomatic or consular authorities of Bolivia assigned in that country.

Article 418. Non-typical company - A company constituted abroad under a type not provided in this Title, shall request the court to set up the type to which it is most similar, for the purposes of fulfilling the formalities of registration, publicity and others necessary.

Article 419. Accounting - All foreign companies carrying out commercial acts in the country habitually, are obligated to keep complete and separate accounting of all their operations effected in the Republic and to submit to the provisions of this Code with respect to the accounting, papers and registration of merchants.

Article 420. Representatives - The representative or representatives of a foreign company shall have the same liabilities that the law sets forth for administrators. If they are a type not provided in this Code, they shall have the liability of directors of corporations.

Appointment of representatives shall be recorded in the Commercial Registry and shall be legally effective

until a new appointment is recorded.

Article 421. Citation and summons to court - The citation and summons to court of a foreign company may be validly fulfilled in the Republic:

(1) In person of the power of attorney who intervenes in the act or contract, originating the litigation, in the

case of an isolated act;

(2) In the person of the permanent representative in the case of a branch or agency for the habitual exercise

of commercial acts.

Whoever acts in the name of foreign companies, representing them, without observing the rules of this

Chapter, shall be personally, unlimitedly, jointly and severally liable before third parties for the obligations

contracted.

Article 422. Decrease of capital - The capital assigned by a foreign company for the operation of its business in the country may not be reduced except by subjection to that prescribed in this Title relating to the guarantees of creditors established in the country.

Article 423. Constitution of the company - In order to constitute a new company in the Republic, a foreign company must assure that it is organized and legally valid in accordance with the laws of its country of origin, by means of documents authenticated and duly legalized in the manner set forth in this Chapter.

CHAPTER XIII. MIXED ECONOMY COMPANY

Article 424. Characteristics - Mixed economy companies are those formed between the State, prefects, municipalities, corporations, public enterprises or other State entities and private capital, for the operation of enterprises for the collective interest or planting, improving or developing industrial, commercial or service activities.

Article 425. Persons or private right - Mixed economy companies are persons of private right and, except for the special provisions established in this Chapter, shall be subject to the norms for the constitution and winding up of corporations.

Article 426. Name - A mixed economy company must necessarily keep in its name, following "Sociedad Anonima" (Incorporated) or its abbreviation, "S.A.", the word "Mixta" (Mixed) or its abbreviation, "S.A.M."

Article 427. Number of members - Any mixed economy company may be constituted with two or more members.

Article 428. Requirements for the constitution - In order to constitute a mixed economy company the following requirements must be obligatorily fulfilled:

- (1) Proposal of the promoters to the Ministry of the branch or to the State Organization with which they desire to form a company or proposal of the State to private capital;
- (2) Subscription of an agreement between the private interest and the public sector entity for the formation of the company, with approved plans of the articles of constitution and the by-laws;
- (3) A Supreme Decree authorizing the formation of the company, approving the plan of the contract of
constitution and the by-laws and ordering its notarization, and the, recognizing its juridical personality,
setting forth the capital, percentage and participation of the public sector and the privileges the company

shall enjoy, provided that such have been granted;

(4) Deposit of the paid up capital in a bank; and

(5) Registration in the Commercial Register as a mixed economy company.

Article 529. By-laws - The by-laws must contain provisions on the following matters:

(1) The provision of Article 127 and other provisions pertinent to the present Title;

(2) The stock must be issued, necessarily, in series, one of which shall correspond to the public sector.

The State stock shall be nominative and transferable only by means of Supreme Decree.

(3) The other series of stock shall correspond to contributions of private capital, shall be nominative and

transferable under the conditions set forth in this Title for corporation stock.

(4) The number of directors which shall be appointed for each one of the stock series, as well as the manner of designation of the president. When the number of directors for each stock series is not established, it shall be presumed that the representation of the directorate is proportional to the contributions. The directors representing the private capital stock shall be appointed and removed in accordance with the provision in Section VIII, Chapter V of this Title. The directors of the public sector stock may be removed by their mandates at any time. The office of director of the series of private shares is personal and may not be exercised by delegation, and, that of the series of public sector shares shall be exercised by designation;

(5) The movement of the funds must be channelized by means of current bank accounts with the intervention of a representative of each sector, and

(6) The public sector as well as the private shall each have a right to appoint an auditor or representative in

the organization of internal control of the company.

Article 430. State Contributions - The contribution by which the State participates must be fixed in direct negotiations with the private party, whose agreement must be approved and authorized by means of an express Law, effective for:

(1) Contributions of a patrimonial character, in cash, in personal or real property or in a combination of these;

(2) Concession of privileges of exclusivity in its exploitation;

(3) Tariff liberations, preferential treatment or exceptional concessions in taxation matters, fiscal protection or compensation of risks;

(4) Studies, projects or any type of technological contribution;

(5) Concession for the exploitation of a service of a public character;

(6) Natural resources susceptible to exploitation.

Contributions which are not in cash shall be valued previously for the corresponding issue of shares.

When the maintenance of the prevalence of the public sector, as set forth in this article, is established in the

constituting document of companies, any alienation of shares leading to the loss of majority by the same

must be authorized by legal provision. The by-laws shall contain the norms necessary for impeding such

action which, by new issues of shares, might alter that majority.

Article 431. Private contributions - Contributions of private capital may be in cash, in assets or in securities deposited in a Bank, or in studies, projects and technological contributions, contributions in kind or in securities and the number of shares that correspond to private capital for such contributions.

Article 432. Utilization of contributions - Contributions may not be utilized by the new company before share titles can be handed over.

Article 433. Determination of the State participation - The participation of the State sector must be clearly determined in the agreement, the Supreme Decree, the articles of incorporation and by-laws, and shall depend upon the type of activity the company must engage in. Also, it must be established whether the operation is to involve renewable natural resources or not, and whether the private contributions are of national or foreign origin.

Article 434. Reciprocal transference of stock - The articles of incorporation may establish the conditions, modality and manner of payment for the transference of the shares of the private sector to the State or vice versa, when both sectors so agree in the corresponding agreement to form the company. If the shares are all transferred to the State sector, the company shall be converted into a public enterprise. If the transference is made to the private sector, the company shall continue as a private corporation, subject to the legal provisions ruling that type of company.

Article 435. Public services - In the case of companies operating public services, when the period of duration of the company expires, unless extended or renewed, the State may take unto itself the shares belonging to private parties, under the conditions stipulated in the agreement, and transform the mixed company into a public enterprise which shall continue rendering the service.

Article 436. Expert appraisal - In the cases of redemption, liquidation, trade or any other transference of shares between private capital and the State or vice versa, in the absence of an express stipulation in the agreement, both parties shall appoint experts to value the shares, and if such experts cannot agree upon the price, and adjuster shall be designated who shall be appointed by the competent court. The report of the adjuster is not susceptible to any appeal, and the State or the private sector, whichever is the case, shall deposit the value of the shares in a Bank and the holders shall proceed to transfer them, after having paid them up with the cash deposited, unless different payments are agreed upon.

Article 437. Limit of liability - The liability of both sectors is limited to contributions they have made and commitments they have contracted.

Article 438. Investments in other companies - Companies of mixed economy, by decision of their meetings of shareholders, may make investments in other enterprises or acquire shares of other companies, as well as carry out feasibility studies, organize and establish new companies in the country for the installation of other activities related to their object. In this case, the new companies may be constituted as any type of stock companies or limited liability companies, and not necessarily as corporations of mixed economy.

Article 439. Issue of preferred shares and bonds - Mixed economy companies, after authorization from the competent administrative organ, may issue preferred shares or prior lien bonds, setting forth the conditions, period, value and other matters necessary for such issues.

Article 440. State representation - In general meetings of shareholders, the proprietary entity of the public sector shall designate delegates to represent its shares in the meetings, with full faculties, voice and vote, duly accredited with the certificate corresponding to the number, value and series of the shares represented.

Article 441. Budget - During the month of November of each year the administration or management shall present for the consideration of the board of directors, as budget of income and expenses, estimating the results of the next administration.

Article 442. Taxation - This type of company shall remain subject to comply with the tax obligations and all the provisions that regulate the functioning of corporations, with the sole exception of the modalities set forth in this Chapter, and the powers or liberalities which are expressly granted it by the State.

CHAPTER XIV. THE DIRECTORATE OF STOCK COMPANIES

Article 443. Object and jurisdiction - The Directorate of Stock Companies is the administrative organ in charge of vigilance and control of the constitution, functioning and liquidation of stock companies and of mixed economy companies, in order to make sure that such companies subject themselves to the norms of this Code and their own by-laws, as well as any other applicable laws.

The Directorate of Stock Companies, with jurisdiction in all the territory of the Republic, shall exercise

control over every stock company and mixed economy company, with the exception of Banks, credit

entities, insurance companies and others subject to the auditing of a specialized administrative organ, in

accordance with the pertinent legal provisions.

The Directorate of Stock Companies shall be dependent upon the Ministry of Industry, Commerce and Tourism.

Article 444. Attributions and Recourse - The following are attributions of the Directorate of Stock Companies:

(1) To approve the by-laws of corporations and companies limited by shares, as well as their amendments, requiring compliance with the legal requisites set forth in this Code and other norms;

(2) To ascertain that the object of any stock company is not contrary to the law or to public interest;

(3) To authorize the registration of stock companies on the Commercial Register, after substantiating that the legal and fiscal requirements in the constitution of the company have been fulfilled, in accordance with the provisions in Articles 130 and 131;

(4) To intervene in any acts set forth in Articles 222, 223, 229, 290 and 291;

(5) To control, by means of periodic inspections or by demanding the presentation of documents, compliance with the laws and statutes;

(6) To recognize the resolutions of general meetings relative to the constitution or the increase of capital by public subscription of shares, as well as the issuance of bonds or debentures, reporting the situation of the company to the competent administrative organ in charge of the control of the public offering of securities;

(7) To request the administrative organ that exercises control over the public offering of securities, the withdrawal from circulation of the shares or bonds of companies in

irregular situations or those which are not legally constituted and which may compromise the interests of the investors;

(8) To make known to the general meetings of shareholders any violations of the board of directors and administrative organs, demanding their correction or rectification;

(9) To call general meetings, in accordance with that set forth in Article 290, when the ordinary meetings provided in the by-laws have not been held;

(10) To carry out special inspections, when they are so required in the business interest of the shareholders or bond-holders, duly examining the accounting records and other documents for the purpose of determining:

(a) Whether the company is complying with its object and has kept its activities within the terms of the business contract;

(b) Whether the accounting records are being kept in accordance with legal norms and whether the accounting technique is adequate;

(c) Whether the business assets are actual, and whether they have been duly secured by the necessary documentation, as well as whether they are adequately protected;

(d) Whether the dividends correspond, actually, to the liquid profits of each fiscal year, and whether the distribution was made in accordance with the resolution of the general meeting;

(e) Whether the reserves provided by Law and by the by-laws have been constituted;

(f) Whether losses which would determine the winding-up of the company in accordance with this Title and the by-laws, exist;

(g) Whether the books of acts and registry of shareholders have been kept in accordance with the Law;

(11) To attend, by means of a duly authorized official, all general meetings in the cases provided in this Title or when it is so esteemed prudent for the general interest of the shareholders and third party creditors;

(12) To demand the presentation of annual reports and balance sheets on the dates provided, and may request all complementary information, data and antecedents permitting knowledge of the company's economic-financial situation;

(13) To set up general rules for drawing up the balance sheet, in accordance with the type of activity and to demand compliance with the requirement of publication set forth in Article 331;

(14) To protect the interest of the public and of the share subscribers for cases in which stock companies have not been legally constituted and must restore sums received as contributions by promoters and administrators;

(15) To protect the rights of shareholders and to know about accusations of irregularities in convocations to general meetings, computed votes and other matters of similar business interest;

(16) To impose sanctions for transgression of orders and instructions given;

(17) To order the winding-up and liquidation of stock companies that repeatedly violate legal norms and statutes, if they do not subside within the periods set up by Law;

(18) To draw up statistics of general interest, publishing data relative to stock companies, and

(19) To investigate accusations presented by persons legally interested in a stock company, on irregularities or violations of the Law or their by-laws. With the result of the investigation, pertinent methods shall be determined or appeal may be made to the Public Ministry for the consequent purposes.

Against final resolutions pronounced by the Directorate of Stock Companies, the recourse of appeal is

available within three days before the Ministry of Industry, Commerce and Tourism, and against that

Ministry, recourse of cessation before the Supreme Court of Justice is open, this latter recourse must be

requested within the term of eight days.

Article 445. Prohibitions - Officials of the Directorate of Stock Companies may not, directly or indirectly, keep or acquire rights or shares in stock companies, under penalty of dismissal from office after administrative process.

Any official or employee of the Directorate of Stock Companies must keep strict silence about information

obtained in the fulfillment of their labors, they are prohibited from revealing commercial secrets brought to

their attention, under penalty of removal from office, without prejudice to liability for damages.

The directorate of Stock Companies may provide information upon the request of an interested party with a

judicial order.

Article 446. Necessary public information - The following are not to be the object of commercial secret and may be published:

- (1) The annual report of stock companies;
- (2) The condensed balance sheet and resume of the profit and loss statement;
- (3) The dividends granted, and
- (4) The composition of the board of directors, legal representatives, personnel executive and other officials.

Article 447. Regulation - The organization and functioning of the Directorate of Stock Companies shall be the object of regulation.

TITLE VI.

CHAPTER IV. COMMERCIAL AGENCY CONTRACTS

Article 1248. Concept - By the agency contract an independent businessman commits himself to promote, within an established geographical area, the business of specified commercial lines as a representative of one or more principals in relation to one or more products.

Article 1249. Limitation of competition - Any agent may not promote or carry on the same line of business for two or more competing principals, and a principal may not appoint several agents in the same territory for the same line of goods; however, in both cases the contract may provide otherwise.

Article 1250. Content and Commercial Registry - The agency must be recorded in the Commercial Register and shall include the scope of the agent's authority or power, the agent's field of activity, the duration of the contract, and the territory of the agency. Innocent third parties shall not be adversely affected by the omission of any of these conditions required to be included in the agency contract.

Article 1251. Subjection to Bolivian Law - For all purposes, agency contracts executed abroad, which must be enforced in the national territory, are governed by Bolivian Law.

Any stipulation to the contrary is null and void.

Article 1252. Remuneration - In any negotiation, for the fulfillment of his duties the agent has a right to remuneration, which must be established in the contract.

The principal is obligated to reimburse the agent for agency expenses within the limits and conditions

established in the contract, when such obligation is stipulated.

The agent is also entitled to remuneration when the principal transacts business directly within the territory

assigned to the agent, as well as when the transaction is not concluded by the agent through no fault of his

own, unless the parties agreed otherwise.

Article 1253. Period for demanding remuneration - If periods and methods of payment of remuneration have not been agreed upon, remuneration is demandable within thirty days following the conclusion of a transaction.

Article 1254. Obligations of the Agent - The agent has the following obligations to his principal:

(1) To follow the principal's instructions and orders;

(2) To furnish the principal current information on market conditions prevailing in the agent's territory, and to furnish the principal with information which may aid the conclusion of each negotiation:

(3) Upon the principal's express authorization, to collect credits and accounts due the principal; when not

expressly authorized, he may not do so under any circumstances; and

(4) To render account of all commissioned transactions, within the provided periods.

In all cases, the agent is prohibited from changing prices fixed by the principal, granting credits, discounts,

rebates or extending installment payment periods, without prior authorization from the principal.

Article 1255. Termination of the contract - The agency contract may be terminated for any of the following reasons:

(1) Breach by the agent or principal of any obligation contracted in the agency contract;

(2) Any act, or omission, by the principal or the agent, that adversely affects the interests of the other contracting party;

(3) A noticeable decrease in the volume of transactions commissionable to the agent, contrary to

contractual stipulations;

(4) Bankruptcy, death, incapacity or disability of either the agent or the principal including termination of business operations of either of the contracting parties;

(5) Expiration as provided in the agency contract, unless such is extended or renewed.

Article 1256. Right of retention - The agent may retain amounts due his principal, and may exercise a privileged security interest in the principal's goods or property to the extent of his unpaid commissions.

Article 1257. Insurance agents and stock exchange agents - Insurance agents and stock exchange agents shall be regulated by the applicable legal provisions.

Article 1258. Supplementary rules - The governing powers of attorney (mandate) shall apply to the commercial agency relationship, unless covered by the provisions of this Chapter.

Article 1259. Statute of limitations - Legal actions based on the agency contract are subject to a five year statute of limitations.

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