

LAW
OF THE REPUBLIC OF ARMENIA

Adopted on 26 December 2002

ON FOUNDATIONS

CHAPTER 1

GENERAL PROVISIONS

Article 1. Subject matter of the Law

1. This Law shall, in accordance with the Civil Code of the Republic of Armenia, define the legal status of foundations; regulate the relationships arising during their establishment, reorganisation and liquidation, as well as implementation of their activities.
2. The scope of this Law shall extend to foundations established or being established in the territory of the Republic of Armenia.
3. Specifics and legal status of specific types of foundations shall be defined under other laws.
4. Specifics of legal status of the Deposit Guarantee Fund, those of its founding, management bodies, Charter, rights and obligations of the Fund and the management bodies of the latter, liquidation of the Fund, the funds, including administrative-managerial expenses of the Fund shall be defined by the Law of the Republic of Armenia "On Guaranteeing the Bank Deposits of Natural

Persons". The provisions of this Law shall extend to the Deposit Guarantee Fund unless otherwise prescribed by the Law of the Republic of Armenia "On Guaranteeing the Bank Deposits of Natural Persons".

5. ***(part repealed by HO-323-N of 4 May 2018)***

6. Specifics of the legal status of the Office of the Financial System Mediator Foundation, those of its founding, financing, liquidation, management bodies, Charter, the powers of the Foundation and its management bodies, as well as the use of property shall be defined by the Law of the Republic of Armenia "On the Financial System Mediator". The provisions of this Law shall extend to the Office of the Financial System Mediator Foundation unless otherwise prescribed by the Law of the Republic of Armenia "On the Financial System Mediator".

7. Specifics of the legal status of Insurance Foundation of Servicemen, those of its founding, management bodies, Charter, liquidation, the rights and obligations of the Foundation and its management bodies, the funds, including administrative and managerial expenses of the Foundation shall be defined by the Law of the Republic of Armenia "On the Compensation of Loss of Life or Health of Servicemen Suffered During the Defence of the Republic of Armenia". The provisions of this Law shall extend to the Insurance Foundation of Servicemen unless otherwise prescribed by the Law of the Republic of Armenia "On the Compensation of Loss of Life or Health of Servicemen Suffered During the Defence of the Republic of Armenia".

(Article 1 supplemented by HO-144-N of 24 November 2004, HO-100-N of 26 May 2008, HO-134-N of 17 June 2008, HO-252-N of 15 December 2016, amended by HO-323-N of 4 May 2018)

Article 2. Legislation on foundations

The legislation on foundations consists of the Constitution of the Republic of Armenia, the Civil Code of the Republic of Armenia, this Law, other laws and legal acts, as well as the international agreements of the Republic of Armenia.

Article 3. Legal status of a foundation

1. A foundation is defined as a non-commercial non-membership organisation established on the basis of voluntary property contributions of citizens and/or legal persons for social, charitable, cultural, educational, scientific, healthcare, environmental and/or other benevolent purposes.
2. A foundation shall be deemed to be established from the moment of its state registration as prescribed by law.
3. The foundation shall be a legal entity and have property that is separate from that of its founder and is record-registered in its own balance sheet.
4. A foundation shall have the right to acquire and exercise property and personal non-property rights, bear responsibilities, act as a plaintiff or a respondent in court on its own behalf.
5. A foundation shall have the right to open AMD or foreign currency accounts in the banks of the Republic of Armenia and those of foreign states as prescribed by law. Where the founder of the foundation is the State or a community or a foundation established by the State and/or a community, such foundation or the legal person having established it shall have the right to open bank accounts equally in the treasury of the public administration body authorised by the Government of the Republic of Armenia in the field of public finance management (hereinafter referred to as "the Treasury").

(Article 3 edited by HO-307-N of 14 December 2017)

Article 4. Beneficiaries of a foundation

1. A foundation may have potential and actual beneficiaries.
2. Natural and legal persons in favour of which certain payments may or have been made, services may or have been provided or a certain part of the property of the foundation has been transferred to them under the Charter of the foundation, shall be considered as beneficiaries of the foundation.
3. *(part repealed by HO-109-N of 26 February 2007)*
4. *(part repealed by HO-109-N of 26 February 2007)*

(Article 4 amended, supplemented by HO-109-N of 26 February 2007)

Article 5. Name and logo of a foundation

1. A foundation shall have a name that must include the word “foundation”.
2. The name of the foundation must be different from that of other foundations, including those of the foundations liquidated during the last one year preceding the registration.
3. A foundation may use the name of a well-known natural person in its name only in case of the written consent of the mentioned natural person, and — in case the natural person is deceased — the written consents of all of its heirs having come into an inheritance. Where there are no heirs having come into an inheritance, it shall be allowed to use the name of the person in the name of a foundation where the reputation of the given person has been emerged in a sphere which coincides with the main sphere of activities of the foundation.
- 3¹. *(part repealed by HO-43-N of 19 January 2021)*
4. *(part repealed by HO-59-N of 19 March 2012)*

5. Foundation may have a logo. The image and description of the logo may be included in the Charter of the foundation.
6. The logo of the foundation must not coincide with the state symbols of the Republic of Armenia. Use of the Coat of Arms of the Republic of Armenia as a logo of a foundation shall be prohibited, except for cases provided for by the law.
7. A foundation may have stamps and letterheads, as well as other identification means containing its name.

(Article 5 amended, supplemented by HO-109-N of 26 February 2007, amended by HO-107-N of 13 April 2011, HO-59-N of 19 March 2012, HO-43-N of 19 January 2021)

Article 6. Separated subdivisions and institutions of a foundation

(Article repealed by HO-109-N of 26 February 2007)

Article 7. Place of location of a foundation

1. The place of location of a foundation shall be the place where the executive body of its permanently operating body prescribed by the Charter is located.
2. *(part repealed by HO-109-N of 26 February 2007)*

(Article 7 amended by HO-109-N of 26 February 2007)

Article 8. Property of a foundation

1. A foundation shall own separate property and be responsible for its obligations with that property.
2. Initial assets of a foundation shall be the material and/or financial means transferred by the founder at the time of its establishment.

3. The property contributed by the founder to the foundation shall be deemed to be the ownership of the foundation. The foundation shall use this property in accordance with the purposes prescribed by the Charter of the foundation.
4. The following may also be a source of the property of a foundation:
 - (1) contribution of the founder;
 - (2) gifts and donations by natural and legal persons, including those by foreign natural or legal persons or international organisations;
 - (3) cash inflows from the State Budget;
 - (4) grants;
 - (5) funds received from entrepreneurial activities of a foundation and the economic companies established by it or with its participation;
 - (6) donations — funds received from activities targeted at raising those funds (raising funds through cultural, sports, entertainment and other events);
 - (7) other funds not prohibited by law.
5. ***(part repealed by HO-109-N of 26 February 2007)***
6. Property of a foundation may not be used for the benefit of its founders, members of the bodies of the foundation, as well as employees of the foundation, except for expenses to be compensated for salaries of employees and the duties of members of the bodies of the foundation, as well as when the founders of the foundation, members of the bodies of the foundation, as well as the employees of the foundation are considered as beneficiaries under the Charter.
 - 6.1. The foundation shall maintain a separate record-registration for endowment, as well as funds and property provided for by points 1-3 of part 4 of this Article and include the information thereon in the reports provided for by law and submitted thereby.

7. *(part repealed by HO-109-N of 26 February 2007)*
8. *(part repealed by HO-109-N of 26 February 2007)*
9. *(part repealed by HO-109-N of 26 February 2007)*
10. *(part repealed by HO-109-N of 26 February 2007)*

(Article 8 amended, edited by HO-109-N of 26 February 2007, supplemented by HO-23-N of 16 December 2016)

CHAPTER 2.

ESTABLISHMENT OF A FOUNDATION

Article 9. Establishment of a foundation

A foundation may be established by way of founding by the founders or by way of re-organisation of the already-existing foundation (foundations) as prescribed by this Law, as well as by restructuring of non-commercial organisations as prescribed by law.

Article 10. Founding of a foundation

1. Establishment of a foundation through founding shall be carried out upon the decision of the founders. A foundation may also be established by one person.
2. *(part repealed by HO-109-N of 26 February 2007)*
3. *(part repealed by HO-109-N of 26 February 2007)*
4. Founding of a foundation by the Republic of Armenia or community or with their participation shall be carried out upon a decree of the Government of the

Republic of Armenia or that of the Head of a community, respectively, with the approval of the Council of Elders of the relevant community.

(Article 10 amended by HO-109-N of 26 February 2007)

Article 11. Founding of a foundation based on a will

(Article repealed by HO-109-N of 26 February 2007)

Article 12. Founders of a foundation

1. Founders of a foundation may be citizens of the Republic of Armenia, foreign citizens, stateless persons, legal persons of the Republic of Armenia and those of foreign countries, except for persons whose participation in the foundation is proscribed or restricted by law.
2. ***(part repealed by HO-109-N of 26 February 2007)***
3. The Republic of Armenia and communities may be founders of a foundation on the same grounds as citizens and legal persons.
4. State or local self-government bodies may not be founders of a foundation.
5. Founders (the founder) shall not bear responsibility for the obligations of the foundation, and the foundation shall not bear responsibility for the obligations of its founders (founder).
6. Founders of a foundation shall bear joint and several liability for the obligations having arisen in connection with the establishment of the foundation before state registration of the foundation.

(paragraph repealed by HO-109-N of 26 February 2007)

(Article 12 amended by HO-109-N of 26 February 2007)

Article 13. Decision on founding a foundation

(title edited by HO-109-N of 26 February 2007)

1. While rendering a decision on founding a foundation, the founders must unanimously:
 - (1) approve the Charter of the foundation;
 - (2) appoint the Head of the Executive Body of the foundation (hereinafter referred to as "the Manager") or the Acting Head of the Executive Body (hereinafter referred to as "Acting manager").

The decision must contain information about the founders.

2. The Government decree on founding foundations with the participation of the Republic of Armenia must also contain provisions on the public administration body (bodies) acting on behalf of the founder.
3. The decree on founding foundations with the participation of a community must also contain provisions on the authorised persons acting on behalf of the founder.
4. The Board of Trustees shall be formed within a three-month period following the state registration of the foundation.

(Article 13 edited by HO-109-N of 26 February 2007, HO-43-N of 19 January 2021)

Article 14. A foundation having not been established

A foundation shall be deemed to be not established:

- (1) *(point repealed by HO-109-N of 26 February 2007)*
- (2) where the foundation failed to comply with the prescribed procedure for applying for state registration within two months after the decision on founding the foundation was adopted;

- (3) in case the state registration of the foundation was rejected and the rejection has not been challenged before court within three months, or, in case the decision has been challenged, the application has been rejected by a court judgment having entered into legal force.

(Article 14 amended, edited by HO-109-N of 26 February 2007)

Article 15. Charter of a foundation

1. The founding document of a foundation is the Charter of the foundation (hereinafter referred to as “the Charter”).
2. The Charter shall define:
 - (1) the name of the foundation;
 - (2) the place of location of the foundation;
 - (3) the objectives of the foundation;
 - (4) the list of entrepreneurial activities in which the foundation may be involved in person;
 - (5) information about the founders (the founder):
 - for natural persons — citizenship, name, surname, passport data, place of residence or address of record-registration;
 - for legal persons — the country in which it was founded, full name (trade name), state registration data, address of place of location;
 - for communities — full name of the community;
 - for the State — full name of the State, full name of the authorised body;
 - (6) the procedure for disposing and managing the property of the foundation;
 - (7) the groups of beneficiaries of the foundation;

- (8) the term of operation of the foundation, where the foundation is established for a fixed term;
 - (9) the procedure for establishment of the bodies of the foundation; the quantitative composition of the Board of Trustees; the powers of the bodies of the foundation; the procedure for adopting decisions by the bodies of the foundation, including on matters the decisions whereon are adopted unanimously or by qualified majority vote;
 - (10) the procedure for liquidation of the foundation;
 - (11) other provisions not contradicting the law.
- 2.1. The Charter of an endowment foundation shall contain equally the amount and types of the initial funds of the endowment, including the funds contributed by every donor, as well as other initial property granted by the founder of the foundation (hereinafter referred to as "the founder") or attached thereto, as well as the powers of the auditor.
3. Where the provisions of the Charter of the foundation contradict the legislation of the Republic of Armenia, the provisions of the legislation shall apply.
4. The founders of the foundation may introduce amendments to the Charter of the foundation upon an unanimous decision. The Board of Trustees of the foundation may, as prescribed by the Charter, introduce amendments to the Charter of the foundation provided that a possibility to make such amendments is provided for by the Charter. These amendments to the Charter may not cover the objectives or beneficiaries of the foundation.
5. Where not making any amendments to the Charter may cause consequences that were not possible to predict at the time of establishing the foundation, neither does the Charter provide for a possibility to amend it, or the body having the power to make amendments to the Charter does not proceed to it, or the amendments have to cover the objectives or beneficiaries of the foundation, the

right to make amendments shall be exercised by the court, based on the application of the bodies of the foundation or one of the founders or the ad hoc Board of Trustees set up pursuant to this Law.

(Article 15 supplemented, edited, amended by HO-109-N of 26 February 2007, supplemented by HO-23-N of 16 December 2016)

Article 16. State registration of foundations

1. Foundations shall be subject to state registration as prescribed by law.
2. For state registration, a foundation shall, no later than within 2 months from the day of adopting a decision on founding of the foundation, submit the following to the State Register of Legal Entities:
 - (1) application on state registration, signed by the Manager or Ad hoc Manager of the foundation;
 - (2) the Charter of the foundation in at least two copies;
 - (3) the decision on founding the foundation;
 - (4) ***(point repealed by HO-109-N of 26 February 2007)***
 - (5) state duty payment receipt.

Where the name of the foundation contains a name of a well-known natural person, the consent referred to in part 3 of Article 5 of this Law is equally required to submit.

3. Supplements and amendments to the Charter, as well as the Charter approved with a new edition shall be subject to state registration under the procedure established by the Law "On State Registration of Legal Entities, Record-registration of Separated Subdivisions of Legal Entities, Enterprises and Individual Entrepreneurs" and this Law.

(Article 16 edited, amended by HO-109-N of 26 February 2007, supplemented, amended by HO-43-N of 19 January 2021)

Article 17. Time frame for registration of a foundation and the grounds for its rejection

1. Within no later than 10 working days after submitting all the required documents to the State Register of Legal Entities and making a note about it in the register for acceptance of the documents on the same day, the State Register of Legal Entities shall carry out state registration of those documents.
2. State registration of a foundation shall be rejected, if:
 - (1) the procedure established by this Law for formation of the foundation is violated;
 - (2) the Charter of the foundation contradicts the law;
 - (3) the name of the foundation coincides with the name of another previously registered foundation;
 - (4) not all the documents required for state registration and prescribed by law have been submitted.
3. Rejection of state registration of a foundation may be appealed against in court.
4. Rejection of registration of a foundation on the motive of its inexpediency shall be prohibited.
5. Rejection of registration of a foundation shall not be an impediment for submitting a new application for state registration.

(Article 17 amended by HO-109-N of 26 February 2007, HO-43-N of 19 January 2021)

CHAPTER 3.

RIGHTS AND OBLIGATIONS OF A FOUNDATION

RESPONSIBILITY OF A FOUNDATION

Article 18. Rights of a foundation

1. A foundation shall, in conformity with its statutory objectives, have the right to:
 - (1) ***(point repealed by HO-109-N of 26 February 2007)***
 - (2) freely disseminate information on its activities;
 - (3) found press and other mass media outlets;
 - (4) receive from state and local self-government bodies information that is necessary for implementing its statutory objectives;
 - (5) create separated subdivisions (branches, representations) and institutions;
 - (6) establish economic companies or participate therein.
 - (7) ***(point repealed by HO-109-N of 26 February 2007)***
 - (8) ***(point repealed by HO-109-N of 26 February 2007)***
 - (9) ***(point repealed by HO-109-N of 26 February 2007)***
 - (10) carry out other activities not prohibited by law.
2. The foundation may, in accordance with the legislation of the Republic of Armenia and its Charter, join international and foreign non-state organisations.

(Article 18 amended by HO-109-N of 26 February 2007)

Article 19. Entrepreneurial activities of a foundation

1. A foundation may carry out entrepreneurial activities exclusively where this serves the achievement of the objectives for which it has been established and complies with these objectives. A foundation may carry out entrepreneurial activities in person or establish economic companies for this purpose or participate therein.
2. A foundation shall have the right to be personally involved only in entrepreneurial activities that are provided for in its Charter.

(Article 19 edited by HO-109-N of 26 February 2007)

Article 20. Obligations and responsibility of a foundation

1. A foundation shall be obliged to:
 - (1) act in accordance with the Constitution of the Republic of Armenia, this Law and other laws and legal acts, as well as its Charter;
 - (2) maintain records management and accounting as prescribed by law;
 - (3) submit information and reports to state bodies in the cases and as provided for by law;
 - (4) perform other obligations prescribed by this Law and other laws.
2. The foundation shall, upon the request of the persons provided for in points 1 and 2 of part 4 of Article 8 of this Law, as well as competent state bodies authorised by law, be obliged to provide, within a five-day period, an opportunity to get acquainted with the Charter and the supplements and amendments to it. The foundation shall be obliged to provide a copy of the Charter to the person upon his or her request. The fee charged for providing a copy of the Charter may not exceed the costs for making the copy.

Competent state bodies authorised by law shall be entitled to receive the mentioned documents free-of-charge.

3. *(part repealed by HO-109-N of 26 February 2007)*

(Article 20 supplemented, amended by HO-109-N of 26 February 2007)

CHAPTER 4.

BODIES OF A FOUNDATION

Article 21. Bodies of a foundation

1. A foundation shall carry out its activities through its bodies. The bodies of the foundation shall be:
 - (1) the Board of Trustees;
 - (2) the Manager (Head; Chief Executive Officer or General Head; Rector).
- 1.1. An endowment foundation shall have an Auditor.
2. Other bodies may also be established under the Charter of the foundation (including collegial executive bodies).

(Article 21 supplemented, amended by HO-109-N of 26 February 2007, supplemented by HO-23-N of 16 December 2016, HO-43-N of 19 January 2021)

Article 22. Board of Trustees of a foundation

1. The highest management and supervising body of a foundation shall be the Board of Trustees of the foundation.

2. Natural persons having active legal capacity and having attained the age of 18 may be members of the Board of Trustees of the foundation, including founders. The Board of Trustees may not have less than 3 members.
3. The Board of Trustees of a foundation shall be formed through the procedure established by the Charter, and where such procedure is not established under the Charter — under the following rule: one founder as one member of Board of Trustees.
4. Members of the Board of Trustees of a foundation may not be members of another body of the foundation.
5. Unless otherwise provided for by the Charter, the Chairperson or Co-Chairs of the Board of Trustees shall be elected by the members of the Board of Trustees from among the members of the Board by majority of votes of their total number, unless a larger number of votes is provided for by the Charter.
6. The Chairperson, Co-Chairs and the other members of the Board of Trustees of the foundation are not deemed to be persons holding a position at the foundation and shall perform their duties without remuneration, i.e. on a voluntary basis. A compensation for the expenses borne in connection with the fulfilment of the duties of a Board member may be established for members of the Board of Trustees of the foundation. The procedure for payment for the compensation shall be established by the Board of Trustees.
7. Honourable members of the Board of Trustees may participate in the activities of the Board of Trustees with a consultative vote. The title of an Honourable member of the Board of Trustees shall be granted by the Board of Trustees in the cases and as prescribed by the Charter.
8. Where the Charter of the foundation has provided for a member or Chairperson (Co-Chairs) of the Board of Trustees to be appointed ex officio, the powers of this person shall be deemed to be terminated following entry into force of the

decision of the authorised body on appointing another person to the position held by that person or abolishing the position held by him or her.

(Article 22 supplemented, edited, amended by HO-109-N of 26 February 2007, amended by HO-308-N of 23 March 2018)

Article 22¹. Rights and responsibilities of members of the Board of Trustees

1. Members of the Board of Trustees shall have the right to:
 - (1) submit recommendations on the agenda of the meetings of the Board of Trustees and on issues being discussed there;
 - (2) prepare questions, recommendations and drafts of decisions and submit them to the Board of Trustees of the foundation for consideration;
 - (3) receive information regarding any issue concerning the activities of the foundation;
 - (4) receive compensation for expenses borne in connection with the fulfilment of its duties.

2. Members of the Board of Trustees shall be obliged to:
 - (1) attend the meetings of the Board of Trustees of the foundation;
 - (2) act in the interest of the foundation when fulfilling their obligations.

(Article 22¹ supplemented by HO-109-N of 26 February 2007)

Article 23. Term of powers of members of the Board of Trustees and the procedure for their election

1. The term of powers of members of the Board of Trustees shall not be restricted, unless otherwise provided for by the Charter.

The term of powers of the first composition of the Board of Trustees shall begin the day after expiry of the three-month period following the state registration of the foundation, and where all members of the Board of Trustees of the foundation have been appointed — the day after that.

2. The powers of a member of the Board of Trustees shall terminate:
 - (1) upon the written application submitted to the Chairperson of the Board of Trustees of the foundation;
 - (2) in case of failure by a member of a Board of Trustees to properly fulfil his or her obligations, by at least 3/4 of the votes of the remaining members of the Board of Trustees, where such possibility is provided for by the Charter of the foundation;
 - (3) in case of termination of the term of powers, where the Charter envisages such a term;
 - (4) where the powers of half or more than half of the total number of members of the Board of Trustees of the foundation have terminated;
 - (5) in case of being declared as having no active legal capacity under a court judgement having entered into force;
 - (6) upon the decision of the person having nominated him or her, where he or she was nominated by the Republic of Armenia or a community;
 - (7) in case of his or her death;
 - (8) where he or she has been appointed ex officio, i.e., in case of appointing another person to the position held by a Board member or abolishment of the position held by the latter.

3. In case of termination of the powers of a member of the Board of Trustees, a new member shall be appointed in his or her position under the procedure for appointment of the former member no later than within 30 days from the day of receiving the notice of the Manager on the vacant position of member of the Board of Trustees.

The Manager of the foundation shall inform the founders, the persons or bodies having appointed members of the Board of Trustees and the bodies of the foundation no later than within 10 days from the day of being informed about the vacant position of member of the Board of Trustees.

4. *(part repealed by HO-109-N of 26 February 2007)*

5. *(part repealed by HO-109-N of 26 February 2007)*

6. *(part repealed by HO-109-N of 26 February 2007)*

7. Where more than half of the members of the Board of Trustees are not appointed within a two-month period in case of termination of the powers of all members of the Board of Trustees, the Minister of Justice of the Republic of Armenia shall, within a two-month period, appoint an ad hoc Board comprising 3 members.

The ad hoc Board shall be obliged to take actions to replenish the composition of the Board of Trustees as prescribed by this Law.

The ad hoc Board shall be entitled to:

- (1) exercise the powers reserved by this Law for the Board of Trustees to continue the activities of the foundation;
- (2) apply to court for liquidating the foundation.

Where more than half of the members of the Board of Trustees are not appointed within a six-month period after appointment of the ad hoc Board, the ad hoc Board shall be obliged to apply to court for liquidating the foundation.

(Article 23 supplemented, edited, amended by HO-109-N of 26 February 2007)

(to declare point 2 of paragraph 3 and paragraph 4 of part 7 of Article 23 — with respect to the power to apply to court for liquidation of state higher education institutions as contradicting part 3 of Article 38 and Article 78 of the Constitution of the Republic of Armenia and invalidate upon Decision SDO-1629 of 22 February 2022)

Article 24. Decisions of the Board of Trustees

1. The Board of Trustees shall carry out its activities through meetings. The meeting of the Board of Trustees shall be quorate if attended by more than half of the members of the Board of Trustees. During voting, each member of the Board shall have one vote. The decisions of the Board of Trustees shall be adopted by the majority of votes of the members attending the meeting, unless this Law or the Charter of the foundation provide for a higher number of votes.
2. The decisions on election or dismissal of the Chairperson of the Board of Trustees, that of the Manager of the foundation, as well as on change of the name of the foundation, liquidation of the foundation and amendment to the Charter or approval of the Charter with a new edition shall be adopted by the majority of votes of the total number of members of the Board of Trustees, unless the Charter of the foundation provides for a higher number of votes.

Where the Charter provides for such a possibility, the Board of Trustees shall adopt decisions on the restructuring of the foundation by the qualified majority (2/3) of votes of the total number of members of the Board of Trustees, unless the Charter of the foundation provides for a higher number of votes.

3. Where an issue regarding the property interests or other interests of any member of the Board of Trustees of the foundation or of a person associated to a Board member (parent, spouse, child, sibling, parent, child, sibling of spouse) is being discussed during the meeting of the Board of Trustees, the relevant member of the Board of Trustees shall not participate in the voting.

(Article 24 amended, supplemented, edited by HO-109-N of 26 February 2007, amended by HO-308-N of 23 March 2018)

Article 25. Competences of the Board of Trustees

1. The Board of Trustees shall be entitled to:
 - (1) approve the Strategic plan(s) of the foundation;
 - (1¹) define the types of entrepreneurial activities being carried out by the foundation (including in person);
 - (2) approve the budget of the foundation and changes therein, annual financial reports and annual reports on the activities of the foundation;
 - (3) approve the procedure for disposing the property of the foundation;
 - (4) adopt a decision on re-organisation of the foundation, where the Charter provides for the possibility of re-organisation;
 - (4¹) adopt a decision on applying to court for liquidation of the foundation;
 - (4²) appoint a Liquidation Committee (Liquidator) of the foundation, establishing the procedure and terms for liquidation, approving the interim liquidation balance, approving the liquidation balance;
 - (5) adopt decisions on early termination of powers of the members of the Board of Trustees;

- (6) adopt decisions on election of the Chairperson, Manager of the Board of Trustees and other bodies prescribed by the Charter and on early termination of their powers;
 - (7) establish other bodies of the foundation provided for by the Charter;
 - (8) adopt decisions on making amendments and supplements to the Charter of the foundation, amendment to the Charter, approving the Charter with the new edition where the Charter provides for a possibility to make amendments;
 - (9) adopt decisions on establishment of economic companies or participation therein, as well as on establishment of separated subdivisions and institutions and approval of the Charters thereof;
 - (10) oversee the financial and economic activities of the foundation;
 - (11) hear the reports of the Manager in the frequency established by the Charter;
 - (12) oversee implementation of its decisions;
 - (13) select the person carrying out the audit of the foundation (Auditor);
 - (13¹) approve the structure of the foundation;
 - (13²) approve the staff list of the foundation;
 - (14) exercise powers provided for by this Law, the Charter, as well as other powers not vested in other bodies of the foundation.
- 1.1. Approving the forms, areas and amounts for allocation of the funds of the foundation, selecting a dealer, approving the annual endowment plan and the supplements or amendments thereto shall also be under the competence of the Board of Trustees of an endowment foundation.

2. The Charter may not provide for the possibility of transferring the issues under the competence of the Board of Trustees to another body.
3. The Board of Trustees shall have the right to become familiar with all the documents of the foundation.

(Article 25 supplemented, amended, edited by HO-109-N of 26 February 2007, supplemented by HO-23-N of 16 December 2016)

Article 26. Chairperson of the Board of Trustees

1. The Chairperson of the Board of Trustees shall be elected by the members of the Board in the procedure prescribed by this Law and the Charter.

The Board of Trustees may re-elect the Chairperson or elect a new Chairperson any time, by the majority of votes of the total number of the members thereof.

2. The Chairperson of the Board shall:
 - (1) organise the activities of the Board of Trustees; may, upon necessity, establish ad hoc committees of the Board of Trustees for overseeing the financial-economic activities of the foundation as provided for by point 10 of part 1 of Article 25 of this Law (checking, studying, etc.) and preliminary consideration of the issues provided for by points 2, 3, 8 and 9 of part 1 of Article 25 and submitting opinions (statements of information) thereon to the Board of Trustees;
 - (2) convene and chair the meetings of the Board of Trustees;
 - (3) organise the process of minuting the meetings;
 - (4) submit — in the cases provided for by point 2 of part 2 of Article 23 of this Law — the draft of the decision on termination of powers of the members of the Board of Trustees to the Board of Trustees for consideration.

3. In case the Chairperson of the Board of Trustees is absent, his or her duties shall — upon the decision of the Board of Trustees — be performed by one of the members of the Board.
4. The meetings of the Board of Trustees shall be convened by the Chairperson of the Board of Trustees not less than once a year.

The meetings of the Board of Trustees may also be convened by the Chairperson of the Board of Trustees upon the request of 1/3 of members of the Board of Trustees within 30 days after the relevant request is submitted. The meetings of the Board of Trustees may be held through electronic mail or other means of communication, as well as through inquiries.

Where the Chairperson of the Board of Trustees fails to convene a meeting in the specified period, the meeting may be convened by the persons having submitted such a request.

5. The powers of the Chairperson of the Board of Trustees may be exercised by the elected Co-Chairs under the procedure and conditions established by the Charter.

(Article 26 supplemented by HO-109-N of 26 February 2007)

Article 27. The Manager of a foundation

1. Management of the day-to-day activities of a foundation shall be performed by the Manager.
2. All the issues pertaining to the management of the day-to-day activities of the foundation shall be under the competence of the Manager.

The Manager shall organise the implementation of the decisions of the Board of Trustees.

The Manager shall be elected or dismissed from office by the Board of Trustees.

(sentence deleted by HO-43-N of 19 January 2021)

The rights and obligations of the Manager shall be defined by this Law, the Charter of the foundation and the contract concluded with him or her. On behalf of the foundation, the contract shall be signed by the Chairperson of the Board of Trustees or another person authorised by the Board of Trustees.

3. The Manager shall:

- (1) manage the property of the foundation, including the funds and conclude transactions on behalf of the foundation;
- (2) represent the foundation in the Republic of Armenia and foreign states;
- (3) act without a power of attorney;
- (4) issue a power of attorney;
- (5) conclude contracts, including employment contracts under the established procedure;
- (6) open settlement (including foreign currency) and other bank accounts for the foundation (moreover, if the founder of the foundation is the State or a community or a foundation established by them, the Manager may also open accounts in the treasury);
- (7) submit the internal work regulations, charters of separated subdivisions or institutions of the foundation, as well as those of economic companies being established by the foundation, the administrative-organisational structure and staff list of the foundation to the Board of Trustees for approval;
- (8) issue orders, directives within the scope of its competences, give binding instructions and oversee fulfilment thereof;
- (9) hire or dismiss employees of the foundation, including the heads and employees of separated subdivisions and institutions of the foundation;
- (10) apply incentives and disciplinary liability measures with respect to employees.

The Charter may also define other competences for the Manager.

- 3.1. The Manager of an endowment foundation shall also be entitled to implement the management of the endowment; conclude service provision contracts with dealers and/or treasury custodians for acquisition and servicing of bonds and oversee it; submit the annual endowment plan and the supplements or amendments thereto to the Board of Trustees of the foundation for their approval, as well as exercise other powers prescribed by law and the Charter.
4. The Manager may hold paid positions in other organisations only upon the consent of the Board of Trustees.
5. The Board of Trustees shall have the right to rescind the contract concluded with the Manager at any time in the procedure prescribed by law, the Charter of the foundation and the contract concerned.

(Article 27 amended by HO-109-N of 26 February 2007, supplemented by HO-23-N of 16 December 2016, edited by HO-307-N of 14 December 2017, amended by HO-43-N of 19 January 2021)

Article 28. Minutes of the meetings of the bodies of a foundation

1. Meetings of the bodies of a foundation shall be minuted. The minutes shall be signed by the Chairperson of the body of the foundation and the Secretary of the meeting. The Chairperson of the body of the foundation shall bear liability for the authenticity of the information contained in the minutes of the meeting.
2. The minutes shall contain the following:
 - (1) the year, month, date and place of the meeting;
 - (2) the number of persons having the right to attend the meeting (including members of the Management body);

- (3) the number and names of persons having attended the meeting (including members of the Management body), including the status of the members of the Board of Trustees of the foundation or the position held at the foundation;
- (4) the agenda of the meeting.

The minutes must contain the main points of the speeches made during the meeting, the matters put to voting, the results of the voting for such matters, as well as the decisions adopted during the meeting.

3. The minutes of meetings of the bodies of the foundation shall be drawn up in Armenian. They may also be drawn up in a foreign language. In case there are discrepancies between the texts, the Armenian version shall prevail.
4. The excerpts of the minutes of meetings of the bodies of the foundation must include the information referred to in points 1-3 of part 2 of this Article, and as for other information referred to in point 4 and prescribed by this Article, the excerpts may partially include such information. The excerpts must include information about persons (including those having submitted a special opinion) who signed the minutes. Conformity of the excerpt with the minutes shall be certified by the Chairperson or Manager of the relevant body of the foundation.
5. The decisions of the Board of Trustees of the foundation shall be signed by the Chairperson of the Board of Trustees of the foundation.

(Article 28 edited, supplemented by HO-109-N of 26 February 2007, amended by HO-308-N of 23 March 2018, amended, supplemented by HO-43-N of 19 January 2021)

CHAPTER 5.

REORGANISATION AND LIQUIDATION OF A FOUNDATION

Article 29. Reorganisation of a foundation

1. A foundation may be reorganised only in the form of consolidation or merger of the foundation with another foundation in case it is provided for by the Charter.
2. Reorganisation of the foundation shall be carried out upon the unanimous decision of the founders. Reorganisation of the foundation may be carried out also upon the decision of the Board of Trustees in case it is provided for by the Charter of the foundation.
3. In case the reorganisation is being made in the form of merger, the foundation shall be deemed to be reorganised from the moment of state registration of the newly established foundation.

In case the reorganisation is being made in the form of consolidation with another foundation, both foundations shall be deemed to be reorganised from the moment of state registration of termination of the activities of the consolidated foundation.

4. Within 30 days after adopting a decision on reorganisation of the foundation, the foundation shall be obliged to notify thereon in writing to all its creditors. The notice must contain information on the date of the decision on reorganisation, the type of reorganisation and the participants, as well as legal succession of the liabilities of the foundation.
5. Within 30 days after notifying on reorganisation, the creditor of the foundation being reorganised shall have the right to demand from the foundation additional guarantees for fulfilment of liabilities, termination or early fulfilment of the liabilities, as well as compensation for damage.

(Article 29 edited by HO-109-N of 26 February 2007)

Article 30. Merger of foundations

1. A merger of foundations shall be deemed to be the establishment of a new foundation with the transfer of rights and obligations of two or more merging foundations and discontinuation of their separate operations.
2. The merging foundations shall conclude a merger contract. The merger contract, transfer act, procedure and terms and conditions of a merger should also be approved by the Decision on reorganisation in the form of a merger.
3. The decision on establishing the foundation by a merger shall be adopted by all founders of merging foundations in the manner prescribed by law and in the time limits mentioned in the merger contract. The merger contract(s) and transfer acts should also be approved by the Decision.
4. In case of a merger of foundations, the rights and obligations of each of them shall be transferred to the newly established foundation in accordance with the transfer act.
5. The merger contract, transfer acts and other required documents prescribed by law shall — for the purpose of state registrations of a merger — be submitted to the body authorised for state registration of legal entities.

(Article 30 amended, edited by HO-109-N of 26 February 2007)

Article 31. Consolidation of foundations

1. Consolidation of foundations shall be the discontinuation of activities of one or several foundations with their rights and obligations being transferred to another foundation.
2. Foundations being consolidated shall conclude a consolidation contract. The consolidation contract, transfer act, terms and conditions of consolidation must also be approved by the Decision on reorganisation in the form of consolidation.

3. The Board of Trustees of the foundation expanded due to consolidation shall adopt decisions on making necessary amendments and supplements to its Charter, on approving the consolidation agreement and the transfer act, and — where necessary — on other matters as well.
4. In case of consolidation of foundations, the rights and obligations of each of the foundations consolidated due to consolidation of companies shall — in accordance with the transfer act — be transferred to the company expanded due to consolidation.
5. The consolidation contract(s), transfer act(s) and other required documents prescribed by law shall — for the purpose of state registration of a consolidation — be submitted to the body authorised for state registration of legal entities.

(Article 31 amended by HO-109-N of 26 February 2007)

Article 32. Merger (consolidation) contract

1. The merger (consolidation) contract shall be concluded between foundations involved in merger (consolidation), signed by Managers and is subject to approval by a Decision on reorganisation.
2. The merger (consolidation) contract must contain:
 - (1) the name, location, information on state registration of the parties involved;
 - (2) the time limits, procedure and terms and conditions of the merger (consolidation);
 - (3) the time limit, the procedure for convening and holding the meeting of the Board of Trustees of the Foundation expanded due to consolidation, or the time limit for adopting a decision on establishing the foundation by way of merger;
 - (4) ***(point repealed by HO-109-N of 26 February 2007)***

- (5) other information at the discretion of parties involved in the merger (consolidation).

(Article 32 amended, edited by HO-109-N of 26 February 2007)

Article 33. Transfer act

The transfer act must contain provisions on the property of the reorganised foundation(s) and the legal succession of all liabilities related to creditors and debtors, including the disputed liabilities.

Article 34. Liquidation of a foundation

1. Liquidation is the discontinuation of activities of a foundation without transfer through legal succession of rights and obligations to other entity.
2. A decision on the liquidation of a foundation may be taken only by the court upon the request of interested persons.
3. A foundation may be liquidated where:
 - (1) the property of a foundation is insufficient for carrying out its activities and the possibility for receiving the required property is not feasible;
 - (2) the foundation has engaged in activities other than those provided for in the objectives envisaged by the Charter;
 - (3) it is impossible to attain the objectives of the foundation or to make adjustments therein;
 - (4) The activities of the foundation endanger the state and public safety, public order, public health and morals, as well as the rights and freedoms of others;

- (5) the organisation has enacted numerous or gross violations of law or, has periodically engaged in activities contradicting the objectives referred to in its Charter;
 - (6) the founder has enacted substantive violations of law or fraud when establishing the foundation. A violation is deemed to be substantive when it has occurred after registration of the foundation and serve as a ground for rejection of registration of the foundation in accordance with Article 36 of the Law of the Republic of Armenia "On State Registration of Legal Entities, Record-registration of Separated Subdivisions of Legal Entities, Enterprises and Individual Entrepreneurs ".
- 3.1. After satisfying the claims of creditors in the manner prescribed by law, as well as in the case when the foundation does not have liabilities before the creditors at the moment of approval of the interim liquidation balance sheet, the property of the foundation shall be transferred to donators — proportionate to the amount but not exceeding the funds contributed by them to the foundation, and — where it is impossible — the funds shall be transferred to State Budget, and the other property shall be transferred to the Republic of Armenia (represented by the Government) by the right of ownership, except for cases prescribed by law.
7. A foundation may also be liquidated in cases provided for by law.

(Article 34 supplemented by HO-109-N of 26 February 2007, edited, supplemented by HO-23-N of 16 December 2016, edited by HO-62-N of 23 March 2022)

Article 35. Procedure for liquidation of a foundation

1. Upon adoption by the court of a decision on liquidation of a foundation, the Board of Trustees of the Foundation shall appoint a Liquidation Committee (Liquidator) and establish the procedure and time limits for liquidation in accordance with the Civil Code of the Republic of Armenia and this Law.

2. From the moment the Liquidation Committee is designated, the powers to manage the affairs of a foundation shall be transferred to it. The Liquidation Committee shall represent the foundation under liquidation in court.
3. Information on the foundation being under liquidation proceedings (start and end of the process of liquidation, composition of the Liquidation Committee) shall — upon the request of the Liquidation Committee — be recorded in the State Register of Legal Entities.
4. The Liquidation Committee shall post an announcement on the official website of public notifications — <http://www.azdarar.am> — about the foundation being under liquidation proceedings and the procedure for and the terms of submission of claims of creditors. That period may not be shorter than two months from the moment of publishing information on liquidation, which shall be deemed to be the beginning of the process of liquidation of a foundation.
5. The Liquidation Committee shall re-evaluate the property, take measures to disclose creditors and collect receivables, as well as inform the creditors about the liquidation of the foundation.
6. During the liquidation, a foundation shall have the right to enter into new deals and assume new obligations only when it is necessary to complete the current activities required for the fulfilment of obligations of the foundation.
7. Upon the end of the term for submission of claims by creditors, the Liquidation Committee shall draw up an interim liquidation balance sheet which contains information on the composition of the property of a foundation under liquidation, the list of claims submitted by creditors, as well as the outcomes of the consideration of claims.
8. The interim liquidation balance sheet shall be approved by the Board of Trustees of the foundation.

9. Upon approval of the interim liquidation balance sheet, where the funds of a foundation under liquidation are insufficient for satisfaction of the claims of creditors, the Liquidation Committee shall, as prescribed by this Law, sell the property of a foundation through public biddings.
10. The Liquidation Committee shall make payments to the creditors of a foundation under liquidation from the moment of its approval, in the order defined by Article 70 of the Civil Code of the Republic of Armenia and in accordance with the interim liquidation balance sheet.
11. Upon satisfying the claims of creditors in the case of liquidation of a foundation, as well as when a foundation does not have any liabilities before the creditors at the moment of approval of the interim liquidation balance sheet, the property of a foundation shall be used for the fulfilment of the objectives provided for by the Charter of a foundation, and in case of impossibility thereof, funds shall be transferred to State Budget, and the other property shall, by the right of ownership, be transferred to the Republic of Armenia, represented by the Government, except for cases prescribed by law.
12. After fully distributing the property of a foundation, the Liquidation Committee shall draw up a liquidation balance sheet and submit it to the approval of the Board of Trustees of the foundation. The Liquidation Committee shall submit the liquidation balance sheet approved by the Board of Trustees of a foundation to the approval of the Court.
13. The Liquidation Committee shall, along with other documents prescribed by law, submit the approved liquidation balance sheet to the State Register of Legal Entities for registering the liquidation of the foundation.
14. The liquidation proceedings of a foundation shall be deemed to be completed and the latter shall be deemed to be terminated upon state registration.

15. In case of failure by the Board of Trustees of the foundation to exercise its powers prescribed by parts 1, 8 and 12 of this Article within a two-month period (from the moment of adoption of a decision by the Court, submitting an interim liquidation balance sheet and liquidation balance sheet by the Liquidation Committee, respectively) The Minister of Justice of the Republic of Armenia shall appoint a temporary Board within a two-month period with the view to exercising the powers pertaining to the liquidation of the foundation.

(Article 35 edited, amended, supplemented by HO-109-N of 26 February 2007, amended by HO-138-N of 19 March 2012, edited by HO-62-N of 23 March 2022)

CHAPTER 6.

ACCOUNTING AND REPORTING;

INFORMATION ON THE FOUNDATION

Article 36. Maintenance of documents of a foundation

(Article repealed by HO-109-N of 26 February 2007)

Article 37. Accounting

1. A foundation shall maintain accounting and submit financial and statistical reports in the manner prescribed by law and other legal acts.

(paragraph repealed by HO-109-N of 26 February 2007)

2. ***(part repealed by HO-109-N of 26 February 2007)***

(Article 37 amended by HO-109-N of 26 February 2007)

Article 38. Supervision over the activities of a foundation

1. Supervision over the compliance by a foundation with the requirements of this Law shall be exercised by the State Revenue Committee and in cases prescribed by law — also by other competent state bodies in accordance with their competences and procedures for inspections and examinations provided for by law.
2. In case of detecting violations by a foundation of the legal requirements which may be eliminated through measures undertaken by the foundation, the body carrying out supervision or the authorised state body shall send a written warning to the foundation by proposing the procedure and time periods for eliminating the violations.
3. *(the sentence deleted by HO-176-N of 25 March 2020)* In case of failure to publish or incomplete publication of the report prescribed by Article 39 of this Law within the prescribed time limit, the State Revenue Committee shall impose disciplinary measures provided for by the Code of Administrative Offences of the Republic of Armenia. In case of failure to properly fulfil within a one-month period following the imposition of the stricter disciplinary measures provided for by the Code of Administrative Offences of the Republic of Armenia the requirement to publish the report, the State Revenue Committee shall apply to court with a claim for liquidation of the foundation.
4. Where a foundation has used the income gained from managing endowment for purposes other than those prescribed by the Annual Plan of use of endowment, the State Revenue Committee shall have the right to demand payment to the donator of a sum equivalent to the income gained from managing the endowment or payment of the mentioned sum to the State Budget.

The income earned from managing endowment shall be paid to the State Budget where that sum is not paid to the donator or where the endowment is not replenished.

5. The State Revenue Committee may exercise the right prescribed by part 4 of this Article within one month following the detection of the violation, after a written notification has been sent to the foundation and the latter has failed to eliminate the violations indicated by the State Revenue Committee within the reasonable period.

(Article 38 edited by HO-109-N of 26 February 2007, HO-34-N of 10 April 2008, amended by HO-138-N of 19 March 2012, amended, supplemented by HO-23-N of 16 December 2016, HO-176-N of 25 March 2020)

Article 39. Publicness of activities of a foundation

Each year a foundation shall, no later than 1 July following the reporting year, publish the following in the system designated for reports subject to publication by the foundations:

- (1) a report on its activities which shall contain information on implemented programmes; funding sources; the total amount of funds used during the financial year; the amount of expenditures aimed at achieving statutory goals; the names and surnames of the Founder, members of the Board of Trustees, Manager if they have used the funds and services of the foundation during the reporting year, as well as the number of persons involved in the staff of the foundation;
- (2) ***(point repealed by HO-109-N of 26 February 2007)***
- (3) financial reports prepared in accordance with legislation regulating the accounting and the auditor's opinion on financial reports where the balance sheet value of the assets of the foundation exceeds 10 million Armenian drams as of the end of the reporting year.

The form and the procedure for publication of the report (which contains the full name, location, state registration data of the foundation and the information prescribed by points 1 and 3 of this Article) shall be defined by the State Revenue Committee.

The donators of the Endowment foundation (in the case of will — also the heirs of the testator and executors of will, and in the case of reorganised legal entity — its legal successor) shall have the right to require information from the foundation on the Charter of the foundation, Annual Plan of use of the endowment, formation, replenishment of the endowment, areas of investment, types, maturity, profitability, means gained from managing the endowment and distributed, as well as the auditor's opinion. Bodies of the foundation shall be obliged to provide the applicant with the required information for free, within a 7-day period from the date of receipt of the request.

(Article 39, amended, supplemented by HO-109-N of 26 February 2007, amended by HO-138-N of 19 March 2012, amended, supplemented by HO-23-N of 16 December 2016, amended, edited by HO-285-N of 4 December 2019, HO-176-N of 25 March 2020)

CHAPTER 6.1

(Chapter supplemented by HO-23-N of 16 December 2016)

ENDOWMENT OF THE FOUNDATION

Article 39.1. Endowment

1. The endowment of the foundation shall be the group of assets of the foundation which are generated or replenished at the time of establishment of the foundation from the investments of the founder, a will with a testamentary trust, funds contributed for that purpose by foreign nationals, legal entities, international organisations, income gained from managing the endowment, and may not be spent or otherwise alienated leading to the reduction of the nominal value thereof.

Article 39.2. Formation and replenishment of the endowment

1. An endowment may comprise funds and/or state bonds.
2. The endowment is deemed to be formed from the moment of transfer of funds to the bank account of the foundation or transfer of state bonds to the foundation (and where the founder of the foundation is the State or a community — also from the moment of transfer of funds to the treasury account or transfer of state bonds to the foundation).
3. Replenishment of the endowment is the increase of initial funds comprising the endowment.
4. The endowment may be replenished by the Decision of the Board of Trustees of the foundation at the expense of income gained from managing the endowment and not spent during the given financial year.
5. If the acquired property or a part thereof does not meet the requirements of Article 39.1 of this Law and part 1 of this Article, the foundation shall be obliged to return the entire property or the part thereof that fails to meet the requirements of this Law to the donator within a one-month period following the receipt of property, and where it is impossible, transfer it to the State Budget.

(Article 39.2 edited by HO-307-N of 14 December 2017)

Article 39.3. Annual Plan on Use of the Endowment

1. The Annual Plan on Use of the Endowment shall include:
 - (1) statutory goals of the foundation to be carried out during the given year;
 - (2) estimated income and expenses;
 - (3) envisaged measures;
 - (4) beneficiaries;

- (5) procedure for and proportions of distribution of income gained from endowment among beneficiaries;
 - (6) amount of funding of annual administrative and management expenses;
 - (7) other provisions required for implementation of the Plan.
2. The Annual Plan on Use of Income Gained from Endowment shall be approved by the Board of Trustees of the Foundation. Supplements or amendments thereto shall also be made by the latter upon proposal of the Manager of the foundation.
3. Within a five-day period upon adoption of the Annual Plan on Use of the Endowment, as well as the supplements and amendments made thereto by the Board of Trustees of the Foundation, it shall be published in the system for reports subject to publication by the foundations.

(Article 39.3 amended by HO-176-N of 25 March 2020)

Article 39.4. Managing the endowment

1. Endowment may be managed solely by making investments in state bonds, gaining income from the interest payments and redemption thereof and using, in accordance with the Plan, the incomes gained as prescribed by law.
2. An endowment may not be spent or otherwise alienated which may cause a reduction of the nominal value thereof.
3. Funds gained from any redemption (repayment) of funds of endowment, including state bonds shall be invested as prescribed by the legislation of the Republic of Armenia:
 - (1) in the short-term state bonds of the Republic of Armenia — through dealers or the Treasury Direct;

- (2) in the medium-term and long-term state coupon bonds of the Republic of Armenia, as well as in other state bonds — through dealers.
4. In case of making investments at the expense and on behalf of the foundation, the dealer shall purchase such state bonds which ensure a higher level of profitability as of the date of purchase thereof.
 5. In case of purchase by the foundation of state bonds at the expense of foreign currency assets, the invested foreign currency shall be in advance converted into Armenian drams based on the exchange rate not lower than the average exchange rate of the Central Bank of the Republic of Armenia applicable at the date of settlement.
 6. The balance of funds available after purchase of state bonds at the expense of which purchase of a state bond is impossible, shall remain on the bank deposit account of the foundation and shall be invested in state bonds at the earliest opportunity (and where the founder of the Foundation is the State or a community or a foundation founded thereby, it may remain on the treasury deposit account of the Foundation and be invested in state bonds at the earliest opportunity).
 7. The Foundation shall open a separate bank account and shall run a separate record-registration for the endowment reflecting the information thereon in the reports submitted to the Board of Trustees of the Foundation and other reports submitted in cases prescribed by law (and where the founder of the Foundation is the State or a community or a foundation founded thereby, it may also open an account with the Central Treasury and run separate record-registration, reflecting the information thereon in the reports submitted to the Board of Trustees of the Foundation and other reports submitted in cases prescribed by law). An Endowment foundation may open sub-accounts for means granted by the founder and each donator.

(Article 39.4 edited by HO-307-N of 14 December 2017)

Article 39.5. Disposing the income gained from managing the endowment

1. Income gained from managing the endowment shall, in accordance with the Annual Plan on Use of Endowment, be provided to beneficiaries.

Article 39.6. Restrictions on the activities of the Foundation

1. In case of an endowment the Foundation shall not enjoy the rights provided for by point 6 of part 1 of Article 18 and Article 19 of this Law.
2. The Foundation may not be reorganised in case there is endowment.

CHAPTER 7.

FINAL PROVISIONS

Article 40. Entry into force of the Law

1. This Law shall enter into force on the tenth day following its official publication.
2. ***(part repealed by HO-138-N of 19 March 2012)***
3. The foundations established before entry into force of this Law shall not be subject to re-registration. The Charters thereof shall be effective inasmuch as they do not contradict this Law. The restriction defined by part 4 of Article 15 of this Law does not apply to those foundations.
4. The organisations established prior to entry into force of this Law, the organisational and legal form whereof does not correspond to that of a foundation, but the names whereof contain the word "foundation", shall be obliged to change their name (trade name) in the manner prescribed, removing

from their name the word "foundation". In case of failure to meet that requirement, the name of the organisation shall be subject to change through judicial procedure upon the application of the Ministry of Justice of the Republic of Armenia.

5. Provisions of part 4 of this Article do not apply to the commercial legal entities the use of the word "foundation" in the trade name of which is envisaged by other laws.
6. Prior to the operation of the system provided for by this Law designated for reports subject to publication by the foundations, the foundations shall publish the reports on the official website of public notifications of the Republic of Armenia (<http://www.azdarar.am/>).

(Article 40 supplemented by HO-109-N of 26 February 2007, amended by HO-138-N of 19 March 2012, supplemented by HO-176-N of 25 March 2020)

**President
of the Republic of Armenia**

R. Kocharyan

31 January 2003

Yerevan

HO-516-N