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Civil Code - Chile

Relevant Sections

Title 33

Concerning corporate entities.

Article. 545. A corporate entity is an artificial person with the capacity to exercise rights, enter into civil obligations and of being represented judicially and extra-judicially.

There are two types of entities, corporations and public charitable foundations. There are also other corporate entities that include features of both types.

Article 546. Foundations or corporations that are not established by virtue of a law or that have not been approved by the President of the Republic are not legal entities.

Article 547. Industrial corporations are not included in the provisions of this title; depending on their nature, their rights and obligations are regulated by other titles of this Code and by the Code of Commerce.

The provisions of this title are not applicable either to corporations or foundations governed by public law, such as the Nation, the Public Treasury, municipalities, religious communities, and entities funded by the Treasury. These corporations and foundations are governed by special laws and regulations.

Article 548. Bylaws and statutes established by corporations themselves will be submitted for the approval of the President of the Republic. The President will grant approval to those bylaws and statutes approval provided that they are not contrary to the law, public order or to the morality and customary behavior of the Nation.

In order to rectify possible harm to third parties, anyone who may be harmed by a statute of a corporation may appeal to the President. Third party recourse to justice will be expedited against any injury or damage that the application of such statutes has caused or may cause, even after they have been approved.

Article 549. The property of a corporation does not belong either in part or in total to any of the individuals that compose the corporation; and, reciprocally, the debts of a corporation do not give the right for anyone to partly or fully demand them of any of the individuals that compose the corporation; nor do they give anyone the right to take action against the personal assets of the members of the corporation. Only the property of the corporation is subject to such an action or demand.

However, members may expressly commit themselves to such obligations at the same time that the corporation commits itself collectively to such obligations. In this circumstance, so long as the liability is expressly stipulated, the members of the corporation will be liable jointly and severally.

Unless the members of the corporation have expressly committed themselves, liability is not extended to the successors of such members.

If a corporation is not a legal entity according to Article 546, its collective acts make liable each and all of its members jointly and severally.

Article 550. According to its statutes, the number of voting members of the corporation that constitute a quorum will be considered a majority of the entire corporation.

The will of the majority of the quorum is the will of the corporation.

These provisions are not withstanding any modification of the statutes of the corporation concerning this matter.

Article 551. Corporations are represented by individuals who have been conferred this representative capacity by law or by the bylaws of the corporation and in their absence by other agreements of the corporation.

Article 552. As long as they do not exceed the limits of their inherent power, the acts of the representatives of corporations are acts of the corporation. If they exceed such limits, only the representative is liable on a personal level for the acts.

Article 553. The statutes of a corporation are legally binding upon the corporation itself. Its members are obliged to comply with them, under the penalties that the statutes impose.

Article 554. Every corporation has the right to take corrective action over its members as conferred by and in accordance with its statutes.

Article 555. Notwithstanding the stipulations of the common law regarding the same offense, the offenses of fraud, negligence and embezzlement in a corporation shall be prosecuted according to the statutes of the corporation.

Article 556. Corporations shall acquire assets, property, and holdings of any kind and under any title.

Article 557. Repealed.

Article 558. Repealed.

Article 559. Corporations shall not dissolve themselves without the approval of the same authority that had the legal authority to bring them into existence. However, if they compromise the security or interests of the State, or do not correspond to the purpose of the corporation, they shall be dissolved by a State authority or by that which is stipulated by the law, despite the will of their members.

Article 560. If by death or other such accident, or if all of the members of a corporation are absent, or the number of members is reduced to such a minimal number that the purpose for which the corporation was instituted can no longer be fulfilled; and the statutes of the corporation did not foresee a way to reconstitute it in such a situation, it will fall to the authority that brought the corporation into existence to dictate the way in which its reconstitution shall take place.

Article 561. Upon dissolution of a corporation, their assets will be disposed of as prescribed in the statutes of the corporation. If the corporation did not prescribe the manner of the disposal of assets, such assets will devolve to the State, which has the obligation of using them in a manner consistent with the purpose of the corporate institution. It will fall to the President of the Republic to provide guidance as to such purposes.

Article 562. Charitable foundations shall be administrated by a body of individuals and shall be governed by the statutes dictated by the founders of the charity. In the event that the founders did not manifest their will as to the purpose of the charity or had insufficiently done so, this defect will be remedied by the President of the Republic.

Article 563. The stipulations found in articles 549 through 561 concerning corporations and the members that compose them shall be applicable to charitable foundations and the individuals that administer them.

Article 564. The destruction of the assets destined for the maintenance of a foundation will result in the extinction of the foundation.